

4/22/98	5/12/98	DC	M	DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

1935

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

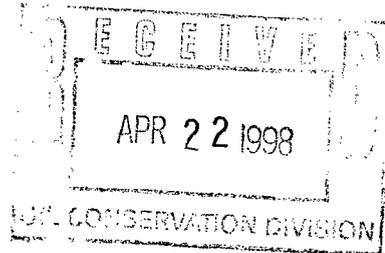
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity

GARY W. BEINK
Print or Type Name

[Signature]
Signature

Production Supt.
Title

4/20/98
Date



TAURUS EXPLORATION, INC.
2198 Bloomfield Highway
Farmington, New Mexico 87401
Telephone (505) 325-6800

April 20, 1998

Ms. Lori Wrotenbury
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Administrative Approval to Downhole Commingle
Taurus Exploration U.S.A., Inc.
Nye Federal #1M
870' FSL, 1015' FEL, Sec. 20, T31N, R12W, NMPM
San Juan County, New Mexico

Dear Mr. LeMay:

Taurus Exploration U.S.A., Inc. requests administrative approval for downhole commingling the Blanco Mesa Verde and Basin Dakota pools in the subject well. The well is currently producing as a Mesa Verde/Dakota dual completion. The Dakota zone has experienced liquid loading problems and it is felt downhole commingling will eliminate excessive swabbing expenditures to keep the zone unloaded and producing.

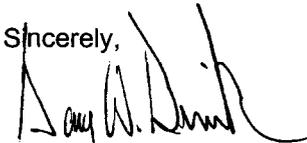
To comply with New Mexico Oil Conservation Rules, Taurus Exploration U.S.A., Inc. is submitting the following data for your approval of the proposed commingling:

1. For C107A - Application for Downhole Commingling
2. C102 - Location plat showing each spacing unit and dedicated acreage
3. Production curves for both the Mesa Verde and Dakota
4. Offset operator plat
5. Well location plat
6. Proposed Allocation Method

In accordance to New Mexico Oil Conservation Division Rule 303C, all offset operators are being notified of this application by certified mail. As an offset operator, if you have no objection to this application, you do not have to respond to this notification.

If additional information is needed, please contact me.

Sincerely,



Gary W. Brink
Production Superintendent

GWB/df

cc: NMOCD-Aztec, BLM-Farmington, Offset Operators

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
811 S. First St., Artesia, NM 88210-2835

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 875054-6429

APPROVAL PROCESS:
 Administrative Hearing

EXISTING WELLBORE
 YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Taurus Exploration U.S.A., Inc. 2198 Bloomfield Highway, Farmington, New Mexico 87401
Operator Address

Nye Federal 1M P 20 31N 12W San Juan
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 162928 Property Code 21356 API NO. 30-045-23536 Spacing Unit Lease Types: (check 1 or more)
Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling.	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blanco/Mesa Verde 72319		Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	4038-4957		6966-7117
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 709 calc.	a.	a. 1243 calc.
	b. (Original) 1210 calc.	b.	b. 1501 calc.
6. Oil Gravity (^o API) or Gas BTU Content)	1190 BTU		1208 BTU
7. Producing or Shut-In?	Shut in		Shut in
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: 7/97 Rates: 0/46/0	Date: Rates:	Date: 6/91 Rates: .1/11/0
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	see attached	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No
11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? Yes No
13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
14. If this well in on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____
16. ATTACHMENTS:
* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
* Production curve for each zone for at least one year. (If not available, attach explanation.)
* For zones with no production history, estimated production rates and supporting data.
* Data to support allocation method or formula.
* Notification list of all offset operators.
* Notification list of working, overriding, and royalty interests for uncommon interest cases.
* Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Prod. Superintendent DATE 4/20/98

TYPE OR PRINT NAME Gary W. Brink TELEPHONE NO. (505) 325-6800

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-23536		² Pool Code 72319/71599		³ Pool Name Blanco Mesa Verde/Basin Dakota	
⁴ Property Code 21356		⁵ Property Name Nye Federal			⁶ Well Number 1M
⁷ OGRID No. 162928		⁸ Operator Name Taurus Exploration, U.S.A., Inc.			⁹ Elevation 6027

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
P	20	31N	12W		870	South	1015	East	San Juan

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County

¹² Dedicated Acres 308.79	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. Com. Pool Unit #156 Com. Agr. #14-08-001-6357
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON--STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

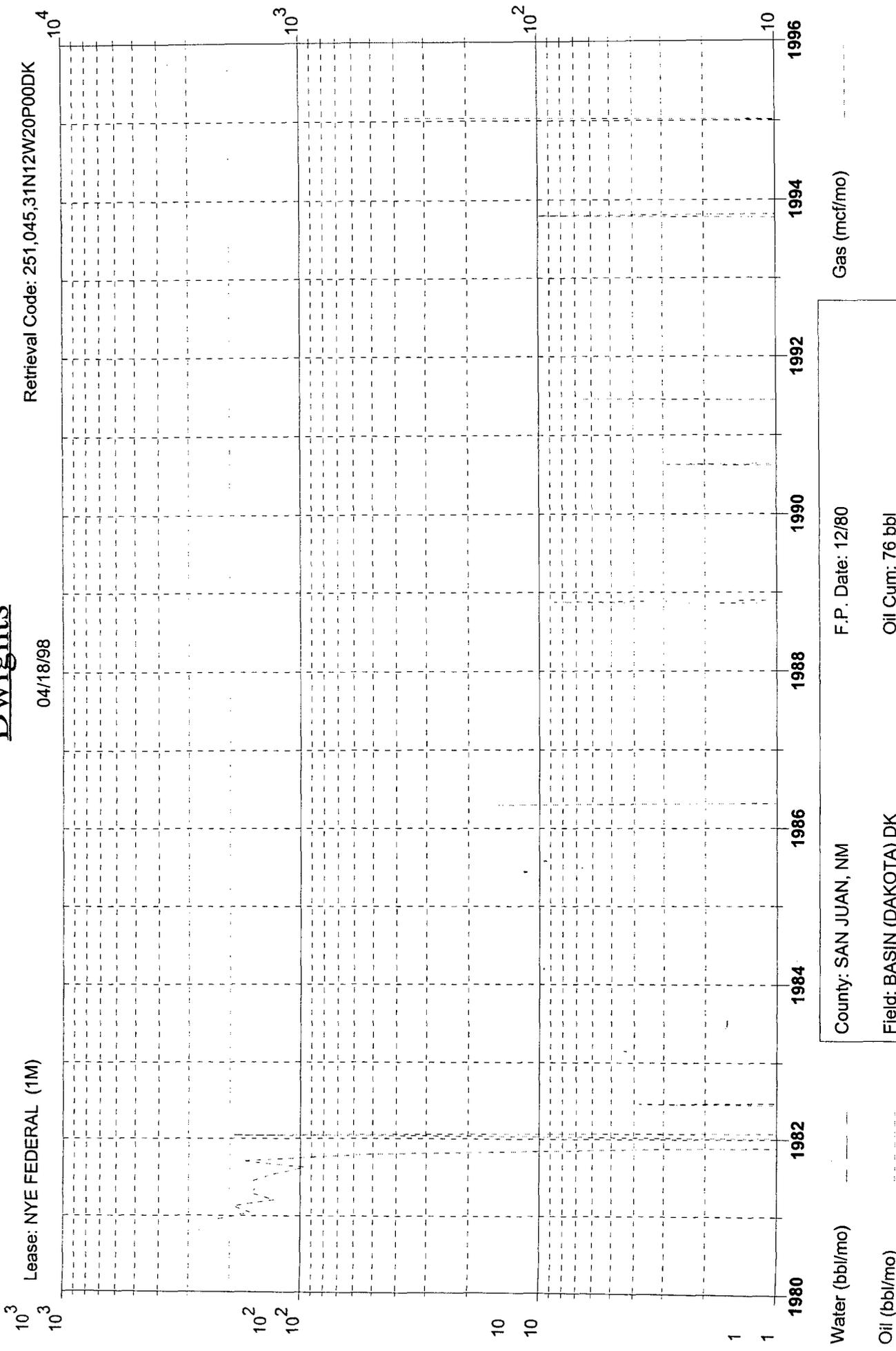
	<p>¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p></p> <p>Signature Gary W. Brink Printed Name Production Superintendent Title Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>April 11, 1979 Date of Survey</p> <p>Signature and Seal of Professional Surveyer: Reissue of original survey by James P. Leese.</p> <p>1463 Certificate Number</p>

Dwights

Lease: NYE FEDERAL (1M)

04/18/98

Retrieval Code: 251,045,31N12W20P00DK



County: SAN JUAN, NM
Field: BASIN (DAKOTA) DK
Reservoir: DAKOTA
Operator: TAURUS EXPLORATION U.S.A.

F.P. Date: 12/80
Oil Cum: 76 bbl
Gas Cum: 18.43 mmcf
Location: 20P 31N 12W

Water (bbl/mo)

Oil (bbl/mo)

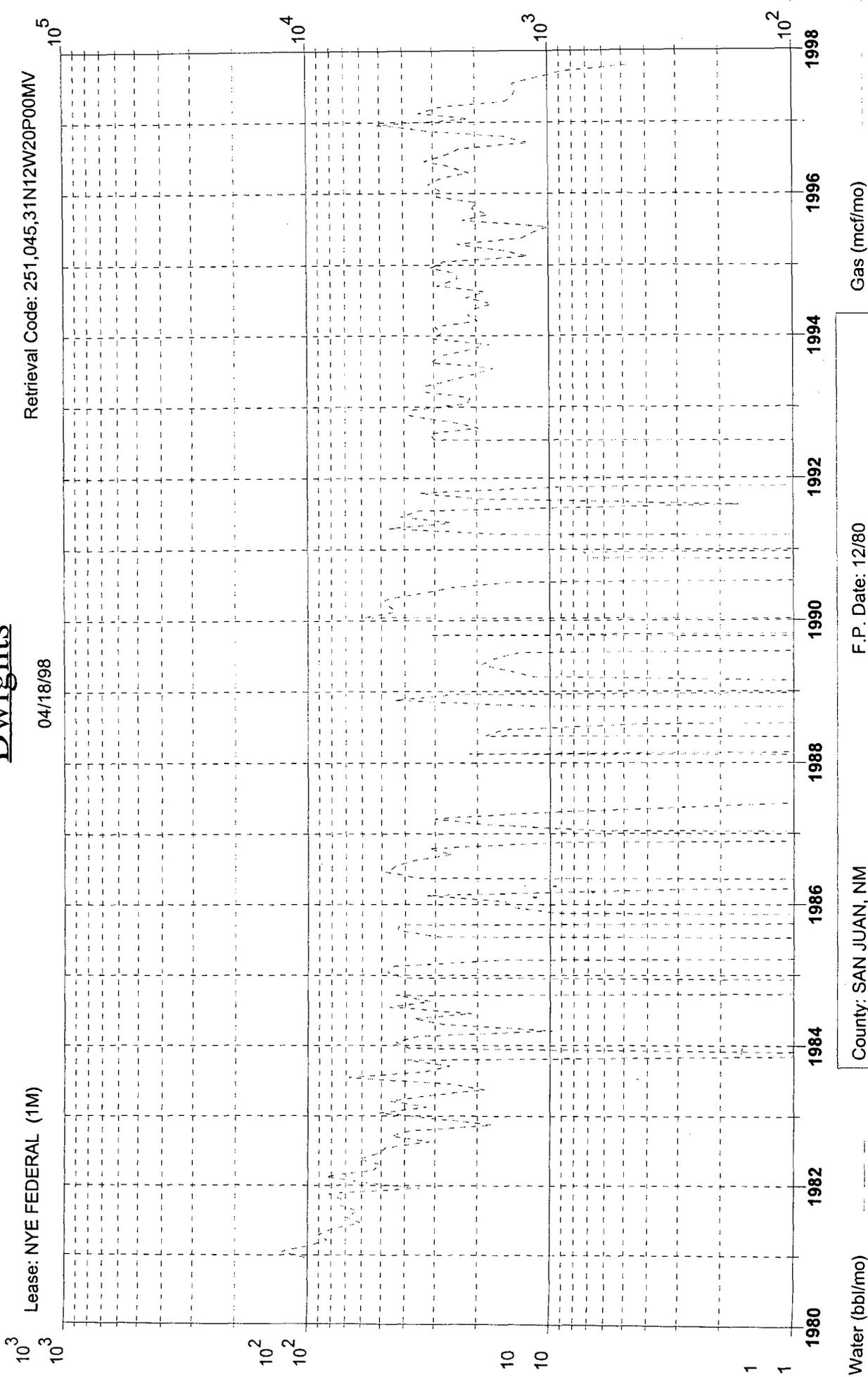
Gas (mcf/mo)

Dwights

Lease: NYE FEDERAL (1M)

04/18/98

Retrieval Code: 251,045,31N12W20P00MV



County: SAN JUAN, NM
Field: BLANCO (MESAVERDE) MV
Reservoir: MESAVERDE
Operator: TAURUS EXPLORATION U.S.A.

F.P. Date: 12/80
Oil Cum: 0 bbl
Gas Cum: 518.7 mmcf
Location: 20P 31N 12W

Water (bbbl/mo)

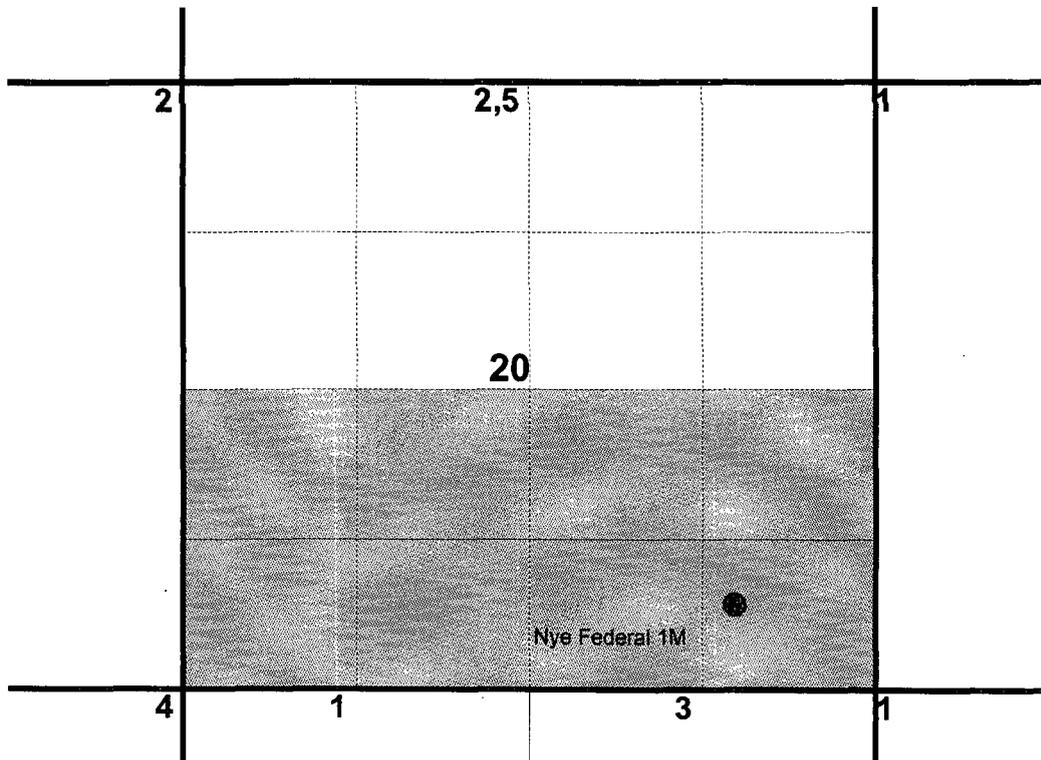
Oil (bbbl/mo)

Gas (mcf/mo)

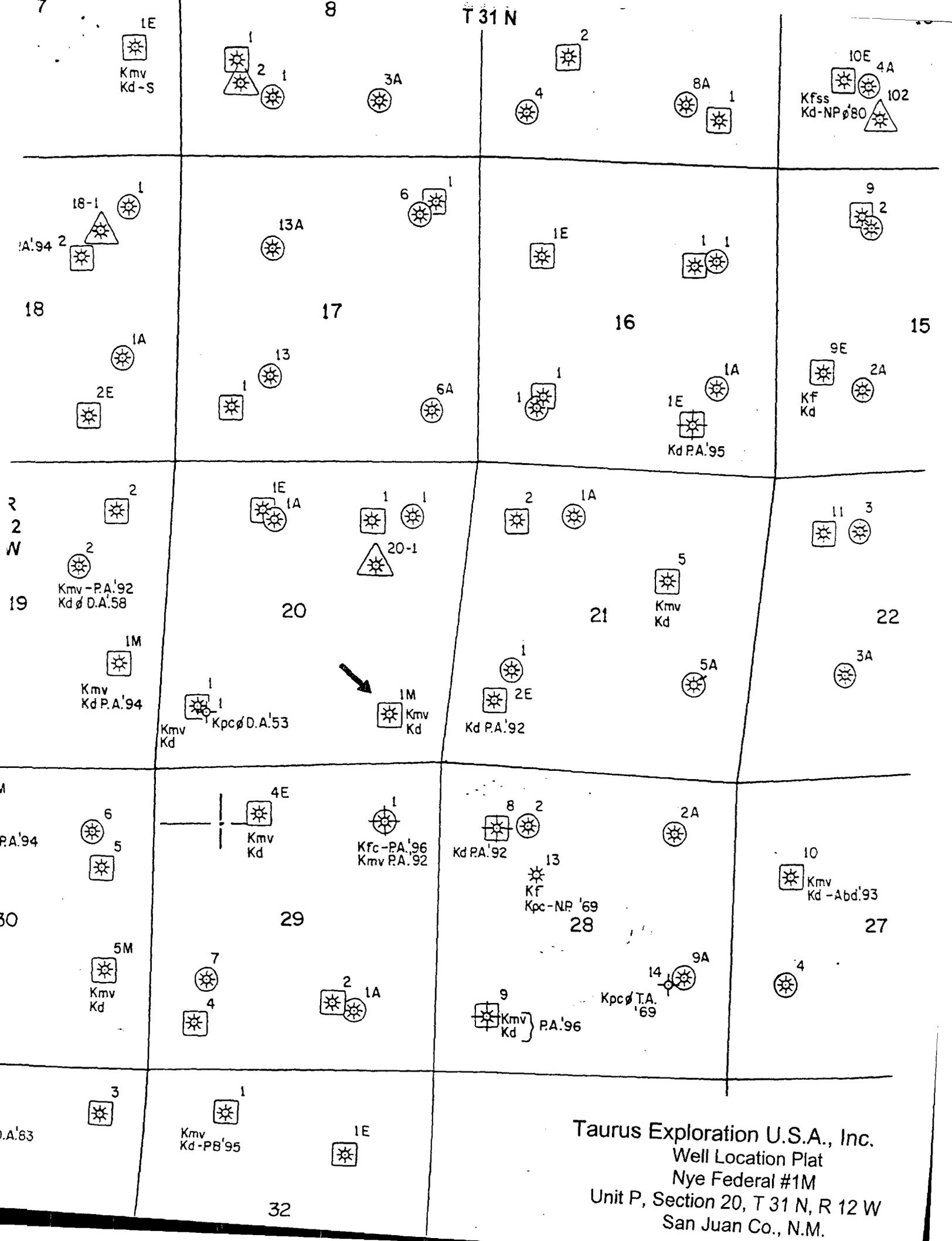
Taurus Exploration U.S.A., Inc

Nye Federal #1M
Offset Operator / Ownership Plat
Blanco Mesa Verde/ Basin Dakota
Downhole Commingling

Township 31 N, Range 12 W



- 1) Burlington Resources
P.O. Box 4289
Farmington, N.M. 87499-4289
- 2) Chateau Oil & Gas, Inc.
5802 Highway 64
Farmington, N.M. 87401
- 3) Cross Timbers
6001 U.S. Hwy 64
Farmington, N.M. 87401
- 4) R C Resources Corp
8340 Meadow Rd., Ste 230
Dallas, Tx. 75231
- 5) Marathon Oil Company
Box 552
Midland, Tx. 79702



Taurus Exploration U.S.A., Inc.
 Well Location Plat
 Nye Federal #1M
 Unit P, Section 20, T 31 N, R 12 W
 San Juan Co., N.M.

Nye Federal #1M

Proposed Allocation Method

Downhole Commingle Well
Install Plunger Lift
Flow well for 30 days to stabilize producing rate

Total Stream = X
Mesa Verde Rate = 46 MCFD

MV Allocation = $46 / X$ as a percentage

DK allocation = $(X - 46) / X$ as a percentage

Oil Allocation = 100 % to Dakota Zone

Rates will be reported to NMOCD - Aztec Office for final allocation determination