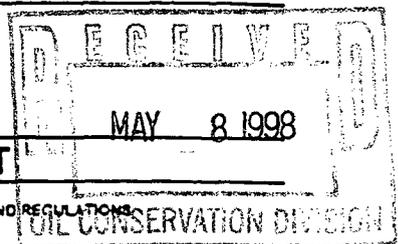


5/8/98	5/28/98	DC	KW	DHC
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1959

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -



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. BRINK  
Print or Type Name

*Gary W. Brink*  
Signature

Production Supt.  
Title

5/6/98  
Date

May 6, 1998

Ms. Lori Wrotenbery  
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.  
Jicarilla 98 #2  
990' FNL, 1190' FEL, Sec. 19, T26N, R3W, NMPM  
Rio Arriba County, New Mexico

Dear Ms. Wrotenbery:

Taurus Exploration U.S.A., Inc. requests administrative approval for downhole commingling the Tapacito Pictured Cliffs and Blanco Mesa Verde pools in the subject well. The well is currently producing as a Pictured Cliffs/Mesa Verde dual completion. The Mesa Verde zone has experienced liquid loading problems and it is felt downhole commingling will eliminate existing mechanical problems and allow the Pictured Cliffs flow stream to aid in keeping the Mesa Verde zone unloaded and producing.

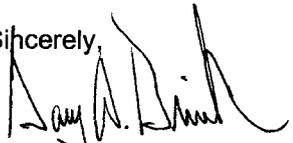
To comply with New Mexico Oil Conservation Rules, Taurus Exploration U.S.A., Inc. is submitting the following data for your approval of the proposed commingling:

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

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-Albuquerque, Offset Operators

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

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

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:

Administrative  Hearing

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

EXISTING WELLBORE

YES  NO

APPLICATION FOR DOWNHOLE COMMINGLING

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

Lease Jicarilla 98 Well No. 2 Unit Ltr. - Sec - Twp - Rge A Sec. 19, T26N, R3W County Rio Arriba County,

OGRID NO. 162928 Property Code 007167 API NO. 30-039-06389 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	Tapacito PC 85920		Blanco MV 72319
2. Top and Bottom of Pay Section (Perforations)	3730 notched		5361-5967
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: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 485 calc.	a.	a. 665 calc.
	b. (Original) 976 calc.	b.	b. 1469 calc.
6. Oil Gravity ( <sup>o</sup> API) or Gas BTU Content)	1180 BTU		1191 BTU
7. Producing or Shut-In?	producing		shut in
Production Marginal? (yes or no)	no		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: Rates:	Date: Rates:	Date: 4/90 Rates: 0/68/0
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 4/3/98 Rates: 0/115/0	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 0% Gas: 63%	Oil: % Gas: %	Oil: 100% Gas: 37%

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 5/5/98

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

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

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

OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

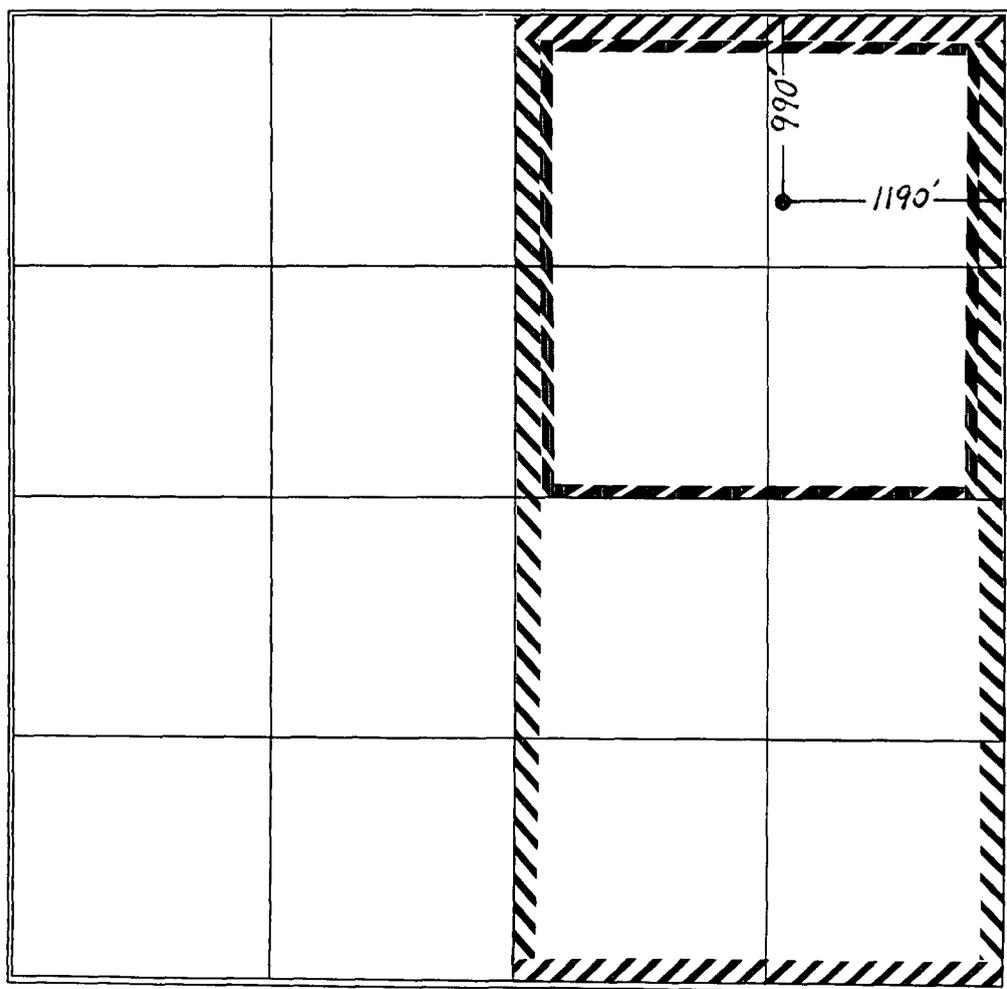
<sup>1</sup> API Number 30-039-06389		<sup>2</sup> Pool Code 85920/72319		<sup>3</sup> Pool Name Tapacito Pictured Cliffs/Blanco Mesa Verde	
<sup>4</sup> Property Code 007167		<sup>5</sup> Property Name Jicarilla 98			<sup>6</sup> Well Number 2
<sup>7</sup> OGRID No. 162928		<sup>8</sup> Operator Name Taurus Exploration, U.S.A., Inc.			<sup>9</sup> Elevation 7019

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
A	19	26N	3W		990	North	1190	East	Rio Arriba

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 160/320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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



<sup>17</sup> OPERATOR CERTIFICATION  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*[Signature]*  
 Signature  
 Gary W. Brink  
 Printed Name  
 Production Superintendent  
 Title  
 5/5/98  
 Date

<sup>18</sup> SURVEYOR CERTIFICATION  
 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.

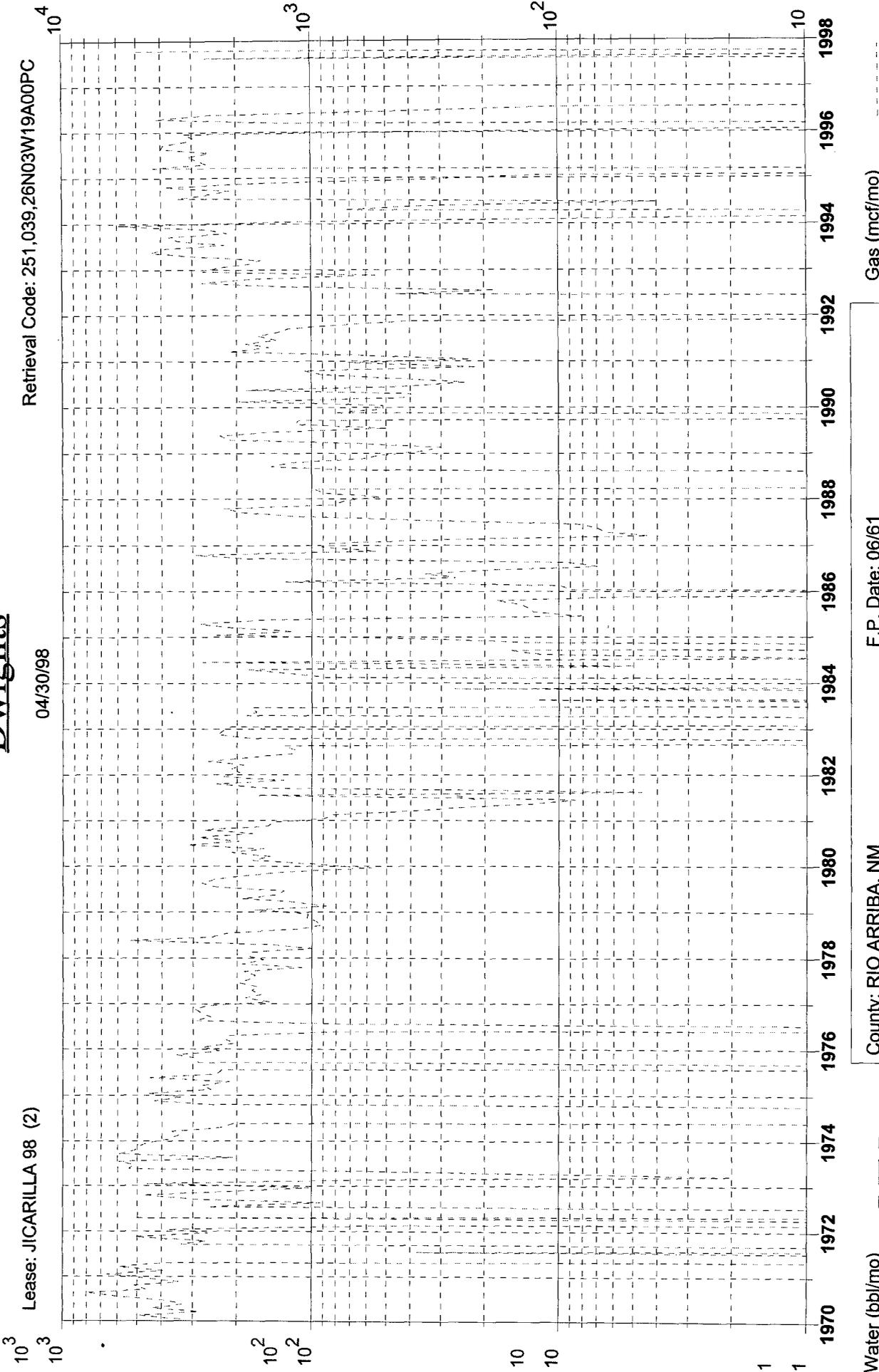
\_\_\_\_\_  
 Date of Survey  
 Signature and Seal of Professional Surveyer:  
 Reissue of original survey  
 \_\_\_\_\_  
 Certificate Number

# Dwights

Lease: JICARILLA 98 (2)

04/30/98

Retrieval Code: 251,039,26N03W19A00PC



Water (bbl/mo)

Oil (bbl/mo)

Gas (mcf/mo)

County: RIO ARRIBA, NM  
Field: TAPACITO (PICTURED CLIFFS) PC  
Reservoir: PICTURED CLIFFS  
Operator: TAURUS EXPLORATION U.S.A.

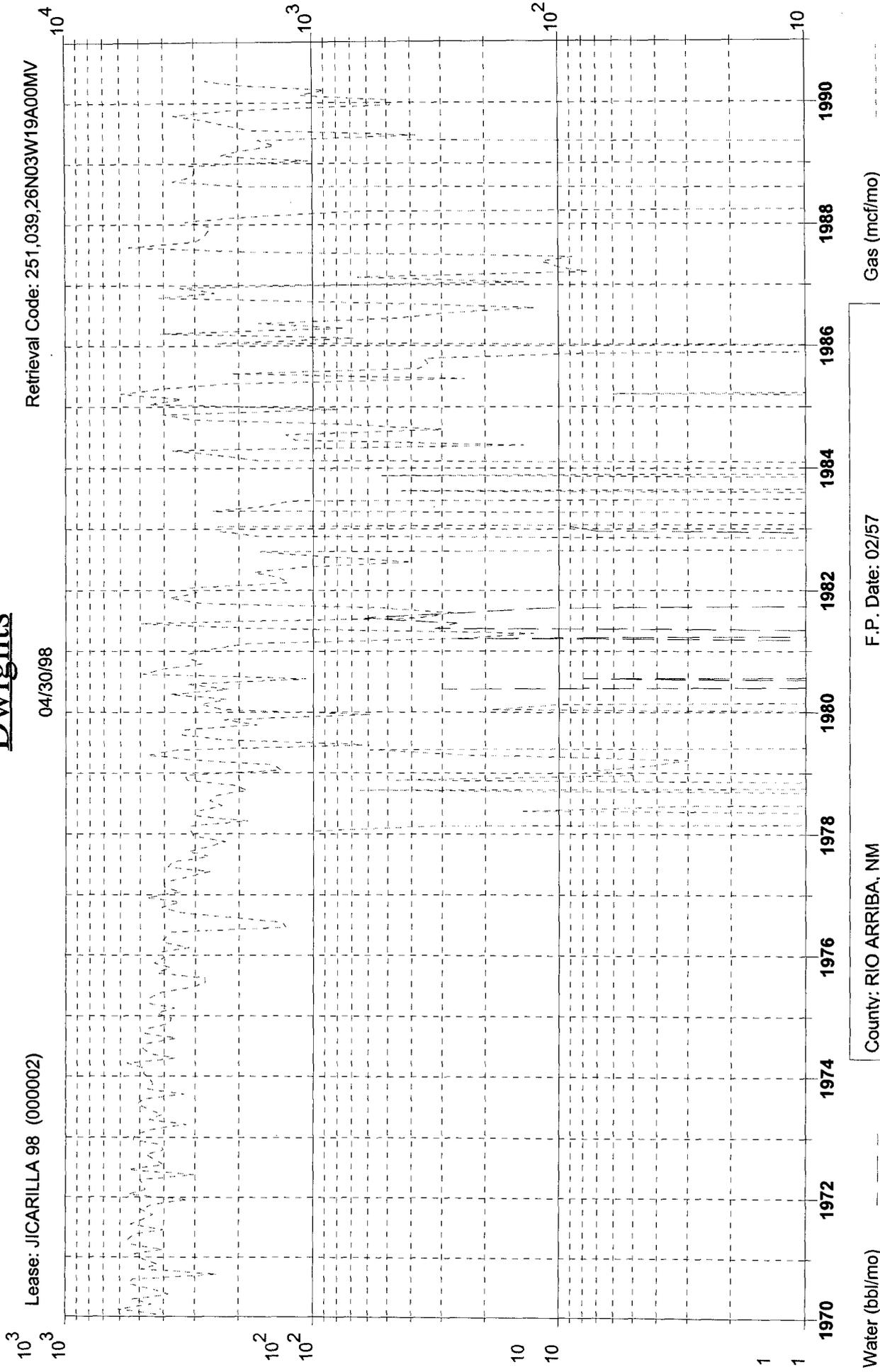
F.P. Date: 06/61  
Oil Cum: 3 bbl  
Gas Cum: 942.3 mmcf  
Location: 19A 26N 3W

# Dwights

Lease: JICARILLA 98 (0000002)

04/30/98

Retrieval Code: 251,039,26N03W19A00MV



Gas (mcf/mo)

F.P. Date: 02/57

County: RIO ARRIBA, NM

Water (bbl/mo)

Oil Cum: 1208 bbl

Field: BLANCO (MESAVERDE) MV

Oil (bbl/mo)

Gas Cum: 1338 mmcf

Reservoir: MESAVERDE

Gas (mcf/mo)

Location: 19A 26N 3W

Operator TAURUS EXPLORATION U.S.A.

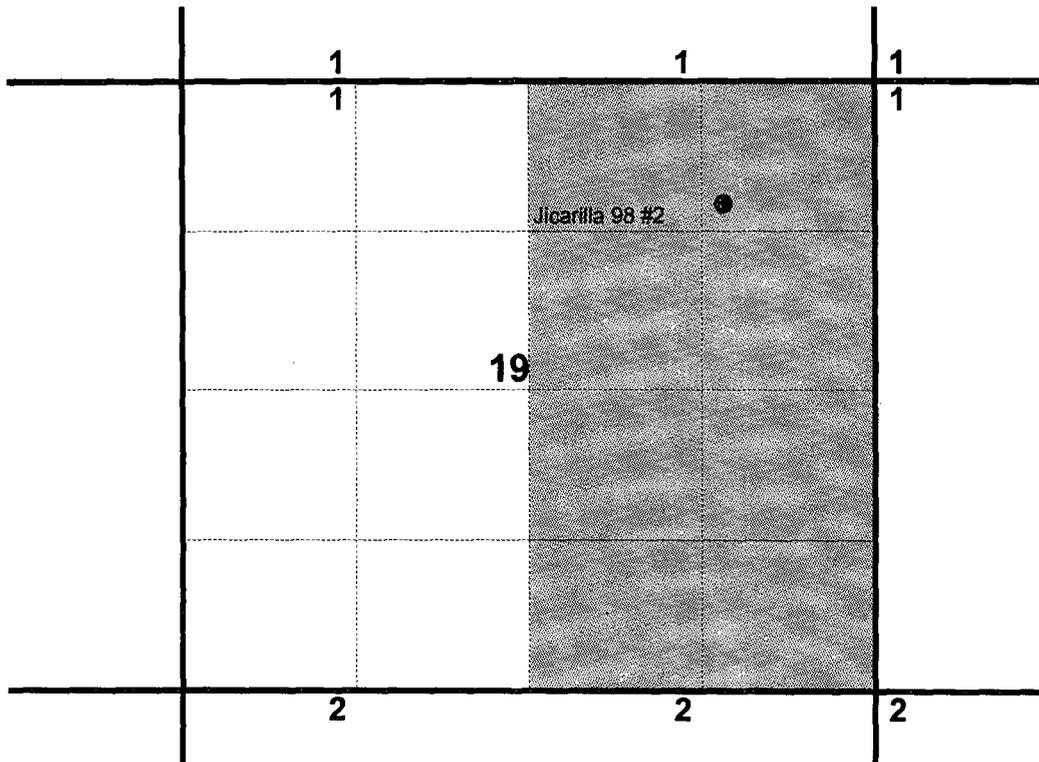
Gas (mcf/mo)

# Taurus Exploration U.S.A., Inc

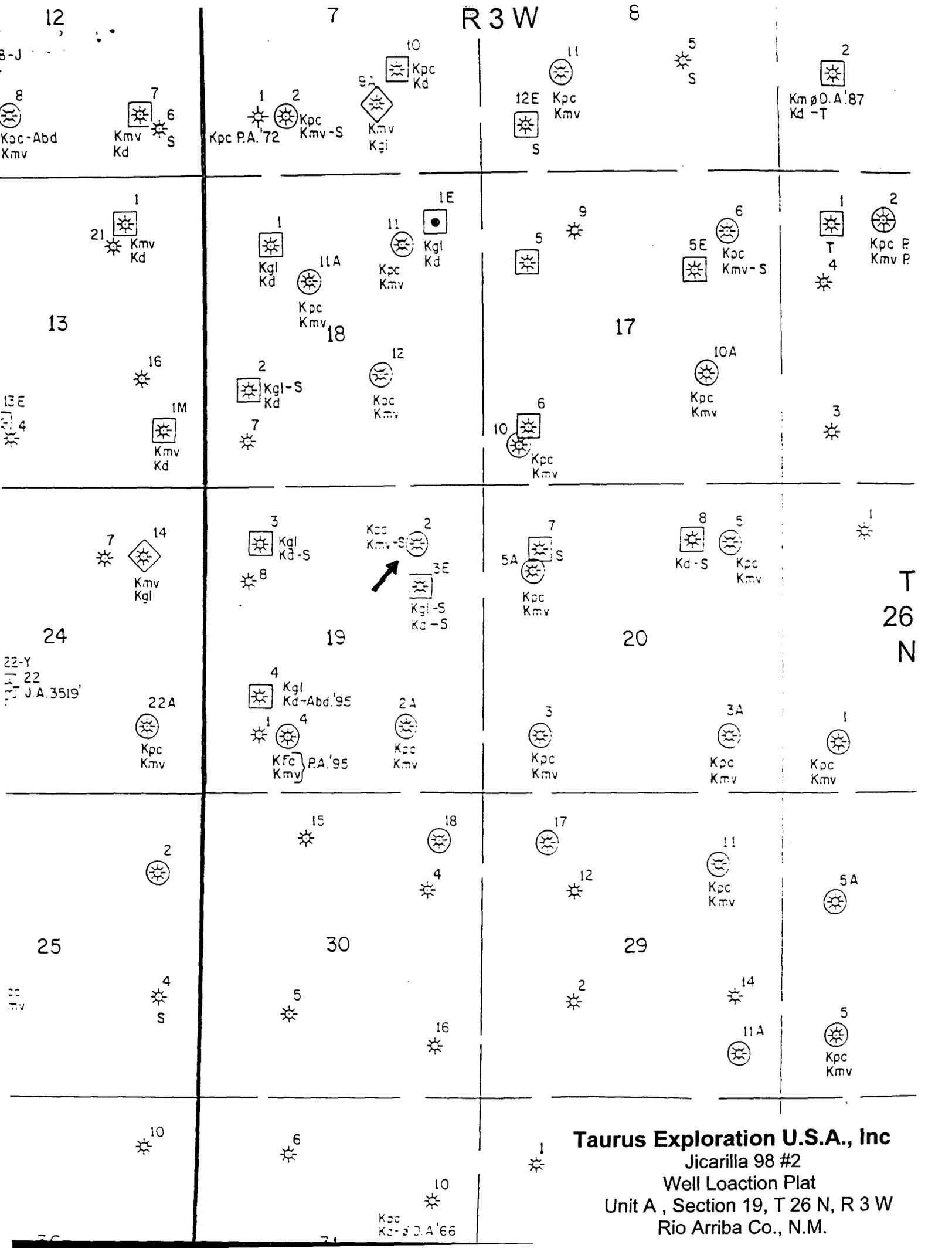
## Jicarilla 98 #2

Offset Operator / Ownership Plat  
Tapicito Pictured Cliffs / Blanco Mesa Verde  
Downhole Commingling

Township 26 N, Range 3 W



- 1) Taurus Exploration U.S.A., Inc
- 2) Conoco, Inc.  
10 Desta Dr. Ste 100W  
Midland Tx 79705-4500



R 3 W

T 26 N

**Taurus Exploration U.S.A., Inc**  
 Jicarilla 98 #2  
 Well Location Plat  
 Unit A, Section 19, T 26 N, R 3 W  
 Rio Arriba Co., N.M.

