

DHC 1980



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

JAN 22 1999

IN REPLY REFER TO:

NMSF-081181
3162.3-2 (07100)

Taurus Exploration USA Inc.
Attn.: Richard Corcoran
2198 Bloomfiled Hwy.,
Farmington, New Mexico 87401

Re: Well No. 14M San Juan 32-5
SESE 26-32N-6W
Lease No. SF-081181
Rio Arriba County, New Mexico

Dear Mr. Corcoran:

Reference is made to your application requesting authorization to down hole commingle gas and associated liquid hydrocarbons from the Mesaverde and Dakota formations in the above referenced well. After reviewing the production histories of the Mesaverde and Dakota Formations in the vicinity of this well, we have determined that these intervals have similar decline rates, pressures, and fluid characteristics. The initial completion data for this well also supports these conclusions. As such, we hereby approve your request for down hole commingling and allocation of production. The fixed allocation factors for the Mesaverde and Dakota production are outlined below:

<u>Formation</u>	<u>Gas</u>	<u>Oil</u>
Dakota	9%	0%
Mesaverde	91%	100%

Commingled production from each zone must be reported in accordance with these established allocation factors. The effective date of commingling will be the date commingling first occurs.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

/s/ Duane W. Spencer

Duane Spencer
Team Leader, Petroleum Management Team

cc:

- ✓ NMOCD, Santa Fe
- NMOCD, Aztec