

7/6/98	7/28/98	DC	KV	DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

202

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]

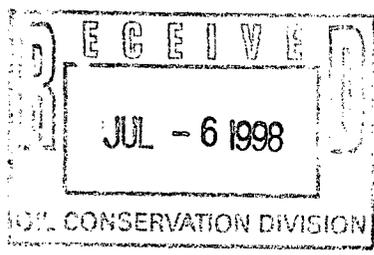
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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

7/1/98
Date

TAURUS

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

July 1, 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 96 #7
990' FSL, 990' FWL, Sec. 1, T26N R3W, NMPM
Rio Arriba County, New Mexico

Dear Ms. Wrotenbery:

Taurus Exploration U.S.A., Inc. requests administrative approval for downhole commingling the Gavilan Pictured Cliffs and Blanco Mesa Verde pools in the subject well. The well is currently producing as a Pictured Cliffs/Mesa Verde dual completion. Additional potential has been identified in the Upper Mesa Verde/Lewis Shale in this wellbore and it is planned to add this pay to the Mesa Verde flowstream. Since the Pictured Cliffs zone has experienced liquid loading problems, it is felt downhole commingling would improve the overall producing efficiency of the well. It is intended to add the additional pay and downhole commingle at the same time.

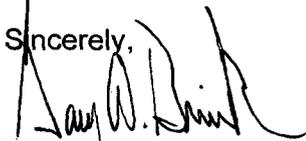
To comply with New Mexico Oil Conservation Rule, Taurus Exploration U.S.A., Inc. is submitting the following data for your approval of the proposed commingling.

1. For C-107A - Application for Downhole Commingling
2. C-102 - Location plat showing each spacing unit and dedicated acreage
3. Production curves for both the Pictured Cliffs and Mesa Verde
4. Offset operator plat
5. Well location plat
6. 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 - Albuquerque, 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

OIL CONSERVATION DIVISION

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

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

APPROVAL PROCESS:

Administrative Hearing

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 96 Well No. 7 Unit Ltr. - Sec - Twp - Rge M Sec. 1 T26N R3W County Rio Arriba

OGRID NO. 162928 Property Code 007165 API NO. 30-039-06659 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	Gavilan PC 77360		Blanco MV 72319
2. Top and Bottom of Pay Section (Perforations)	3605-3675		5423-5897
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) 533 calc.	a.	a. 370 calc.
	b. (Original) 1060 calc.	b.	b. 2004 calc.
6. Oil Gravity (^o API) or Gas BTU Content)	1225 BTU		1225 BTU
7. Producing or Shut-In?	producing		producing
Production Marginal? (yes or no)	yes		no
* 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: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 6/14/98 Rates: 0/14/.25	Date: Rates:	Date: 6/12/98 Rates: .25/131/0
8. Fixed Percentage Allocation Formula -% for each zone	Oil: % Gas: % See attached allocation method	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 7/1/98

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-06659		² Pool Code 77360/72319		³ Pool Name Gavilan PC/Blanco MV	
⁴ Property Code 007165		⁵ Property Name Jicarilla 96			⁶ Well Number 7
⁷ OGRID No. 162928		⁸ Operator Name Taurus Exploration, U.S.A., Inc.			⁹ Elevation 7057' GL

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
M	1	26N	3W		990'	South	990'	West	Rio Arriba

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 160/320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

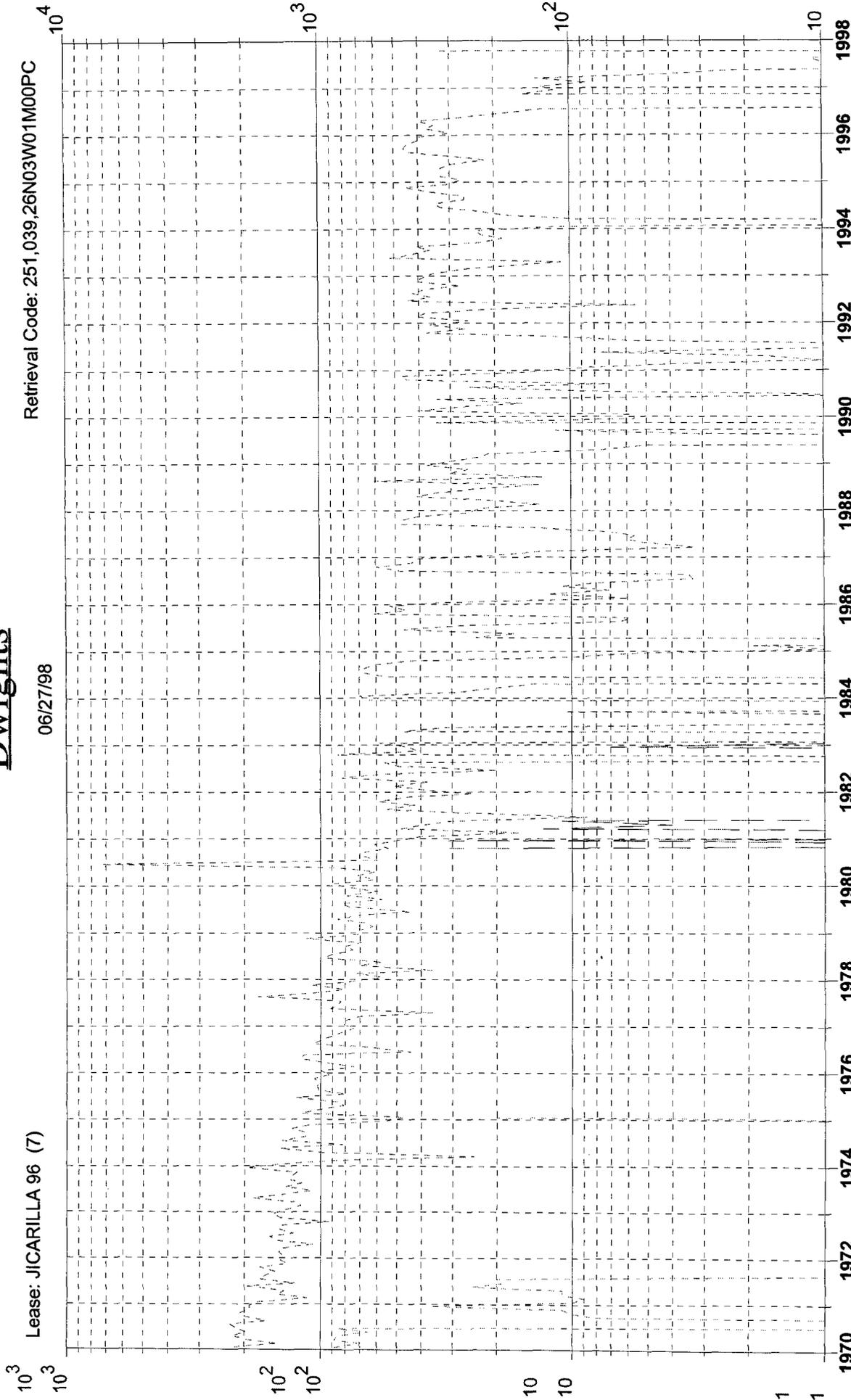
	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p></p> <p>Signature Gary W. Brink Printed Name Production Superintendent Title 7/1/98 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>I 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>10/1/56 Date of Survey Signature and Seal of Professional Surveyer: Re-issue of original survey Certificate Number</p>

Dwights

Lease: JICARILLA 96 (7)

06/27/98

Retrieval Code: 251,039,26N03W01M00PC



Water (bbl/mo) ———

F.P. Date: 12/58

County: RIO ARRIBA, NM

Oil (bbl/mo) - - - - -

Gas (mcf/mo)

Field: GAVILAN (PICTURED CLIFFS) PC

Oil Cum: 3840 bbl

Reservoir: PICTURED CLIFFS

Gas Cum: 519.2 mmcf

Operator: TAURUS EXPLORATION U.S.A.

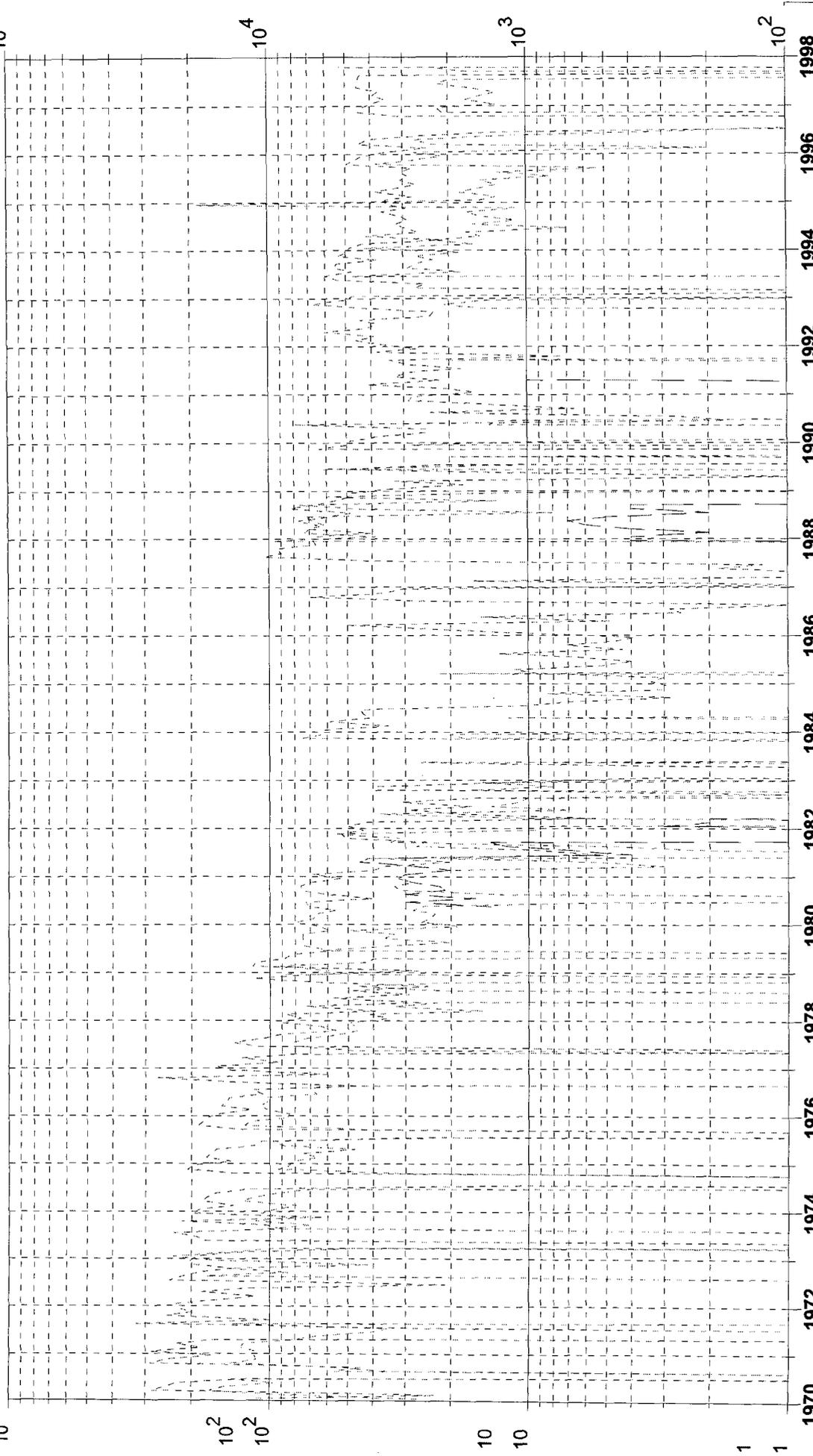
Location: 1M 26N 3W

Dwights

Lease: JICARILLA 96 (7)

06/27/98

Retrieval Code: 251,039,26N03W01M00MV



Gas (mcf/mo)

F.P. Date: 01/59

County: RIO ARRIBA, NM

Water (bbl/mo)

Field: BLANCO (MESAVERDE) MV Oil Cum: 26.70 mbbl

Oil (bbl/mo)

Reservoir: MESAVERDE Gas Cum: 4415 mmcf

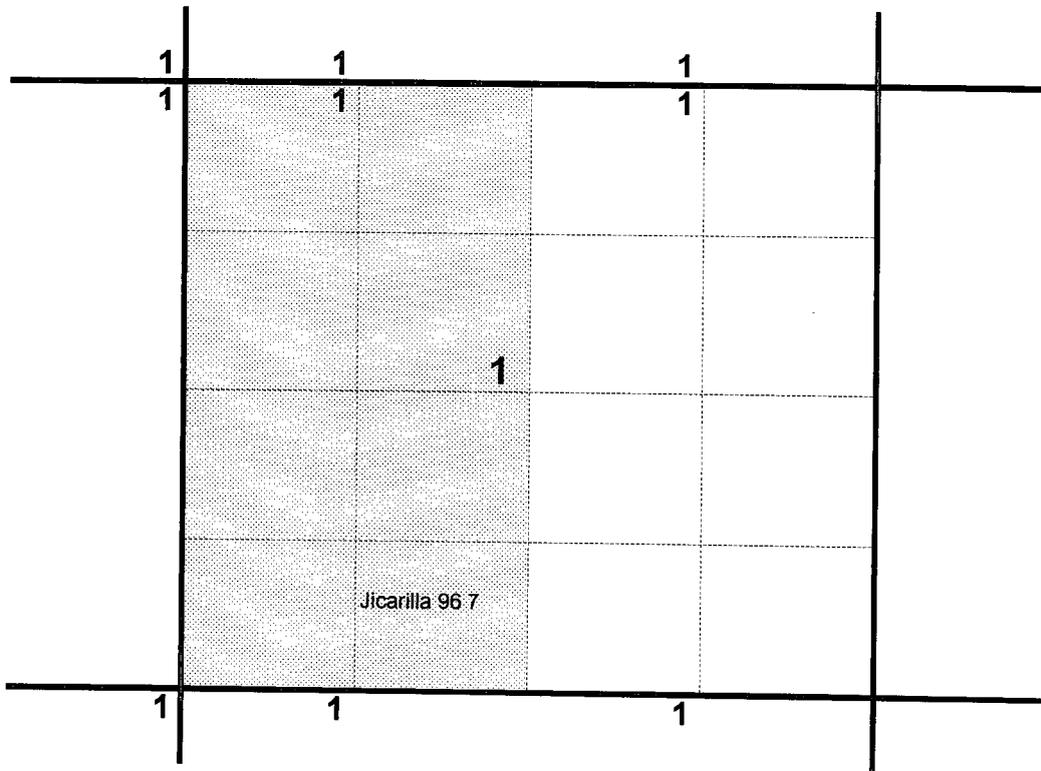
Operator TAURUS EXPLORATION U.S.A. Location: 1M 26N 3W

Taurus Exploration U.S.A., Inc

Jicarilla 96 #7

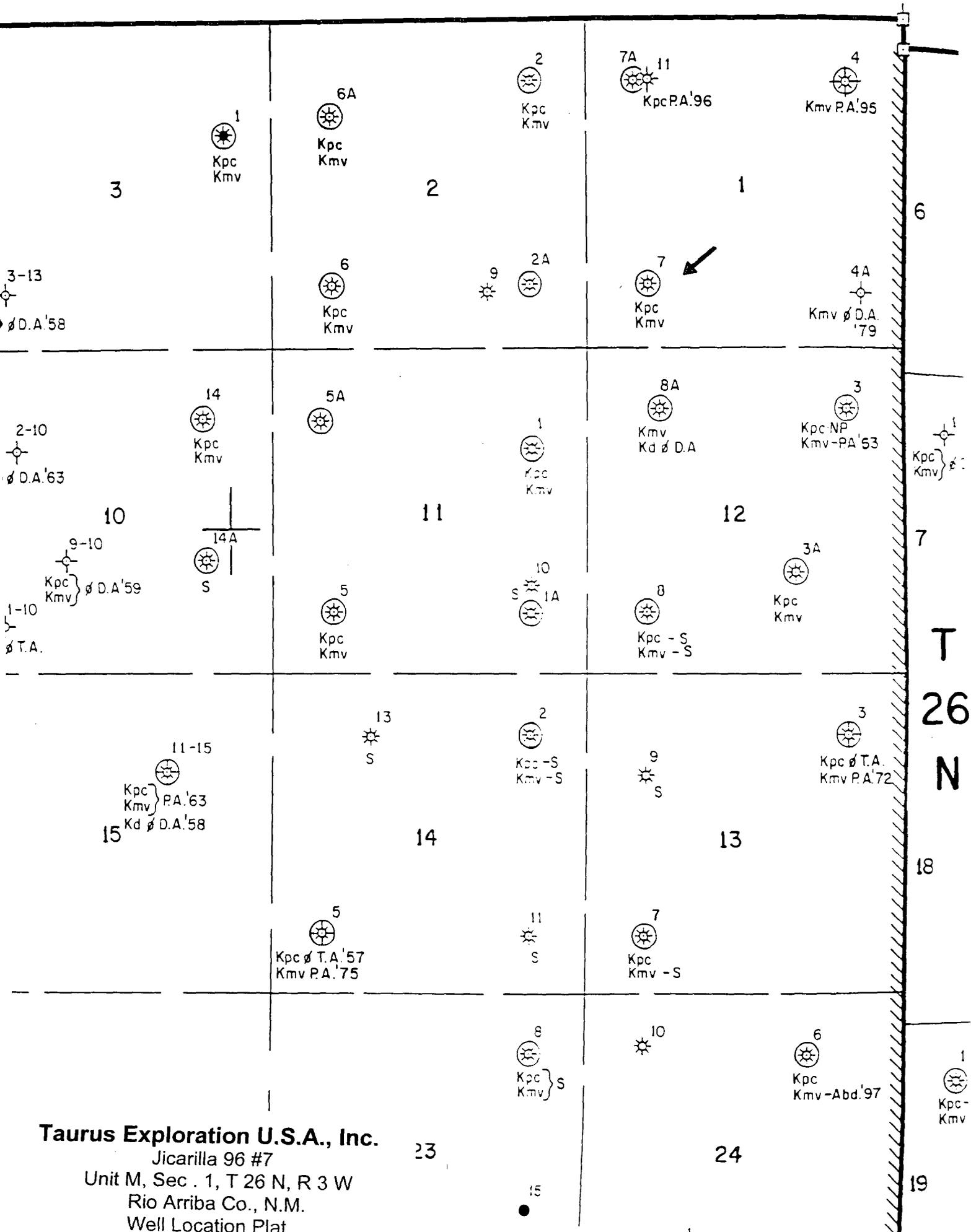
Offset Operator / Ownership Plat
Gavilan Pictured Cliffs/ Blanco Mesa Verde
Downhole Commingling

Township 26 N, Range 3 W



1) Taurus Exploration U.S.A., Inc

R-3-W



Taurus Exploration U.S.A., Inc.
 Jicarilla 96 #7
 Unit M, Sec. 1, T 26 N, R 3 W
 Rio Arriba Co., N.M.
 Well Location Plat

T
26
N

23

24

19

Jicarilla 96 #7
Unit M, Sec.1, T 26 N, R 3 W
Rio Arriba Co., N.M.

Proposed Allocation Method

Produce total well stream for 30 days following upper Mesa Verde pay add
Pay Add projected to add 70 MCFD to Mesa Verde flow stream

Total Stream = X
Pictured Cliffs rate = 14 MCFD

PC Allocation = $14/X$ as a percentage

MV Allocation = $(X - 14)/X$ as a percentage

Oil Allocation = 100 % to Mesa Verde Zone

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