

11/13/98	12/3/98	DC	KW	DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2137

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

NOV 13 1998

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

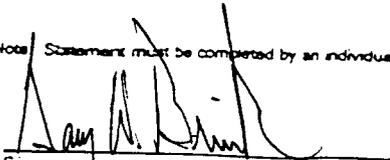
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, 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, J, ORRJ) 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


Signature

Production Supt.
Title

11/12/98
Date



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

November 12, 1998

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

RE: Administrative Approval to Downhole Commingling
Taurus Exploration U.S.A., Inc.
Culpepper Martin 5
1748' FNL, 1773' FWL, Sec. 31, T32N, R12W, N.M.P.M.
San Juan County, New Mexico

Dear Ms. Wrotenberry:

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. 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 Dakota 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 commingling at the same time.

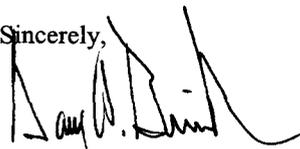
To comply with New Mexico Oil Conservation Rules, Taurus Exploration U.S.A., Inc. is submitting the following data for your approval of the proposed commingling:

1. For C-107A - Application for Downhole Commingling
2. C-102 - 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. Allocation method.

In accordance with 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/mt

cc: NMOCD - Aztec, Offset operators
F:\MONICA\PRODUCT\NOCDFEE 8 9-98.DOC

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

APPROVAL PROCESS:
 Administrative Hearing

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

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

EXISTING WELLBORE

APPLICATION FOR DOWNHOLE COMMINGLING

YES NO

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

Lease Culpepper Martin Well No. 5 Unit Ltr. - Sec - Twp - Rge F Sec. 31 T32N R12W County San Juan

OGRID NO. 162928 Property Code 21197 API NO. 30-045-24301 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)	4498-4774		6729-6838
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) 618 CaLc	a.	a. 1100 CaLc
	b. (Original) 1133 CaLc	b.	b. 1668 CaLc
6. Oil Gravity (°API) or Gas BTU Content)	1170 BTU		1170 BTU
7. Producing or Shut-In?	Producing		Producing
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: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 10/10/98 Rates: .1/116/.1	Date: Rates:	Date: 10/30/98 Rates: 0/27/.5
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: %	Oil: See % Gas: Attached %	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 11/12/98

TYPE OR PRINT NAME Gary 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

¹ API Number 30-035-24301	² Pool Code 72319/71599	³ Pool Name Blanco Mesa Verde/Basin Dakota
⁴ Property Code 21197	⁵ Property Name Culpepper Martin	
⁷ OGRID No. 162928	⁸ Operator Name Taurus Exploration U.S.A., Inc.	⁶ Well Number 5
		⁹ Elevation 5820'

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
F	31	32N	12W		1748	North	1773	West	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 310.2/310.2	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

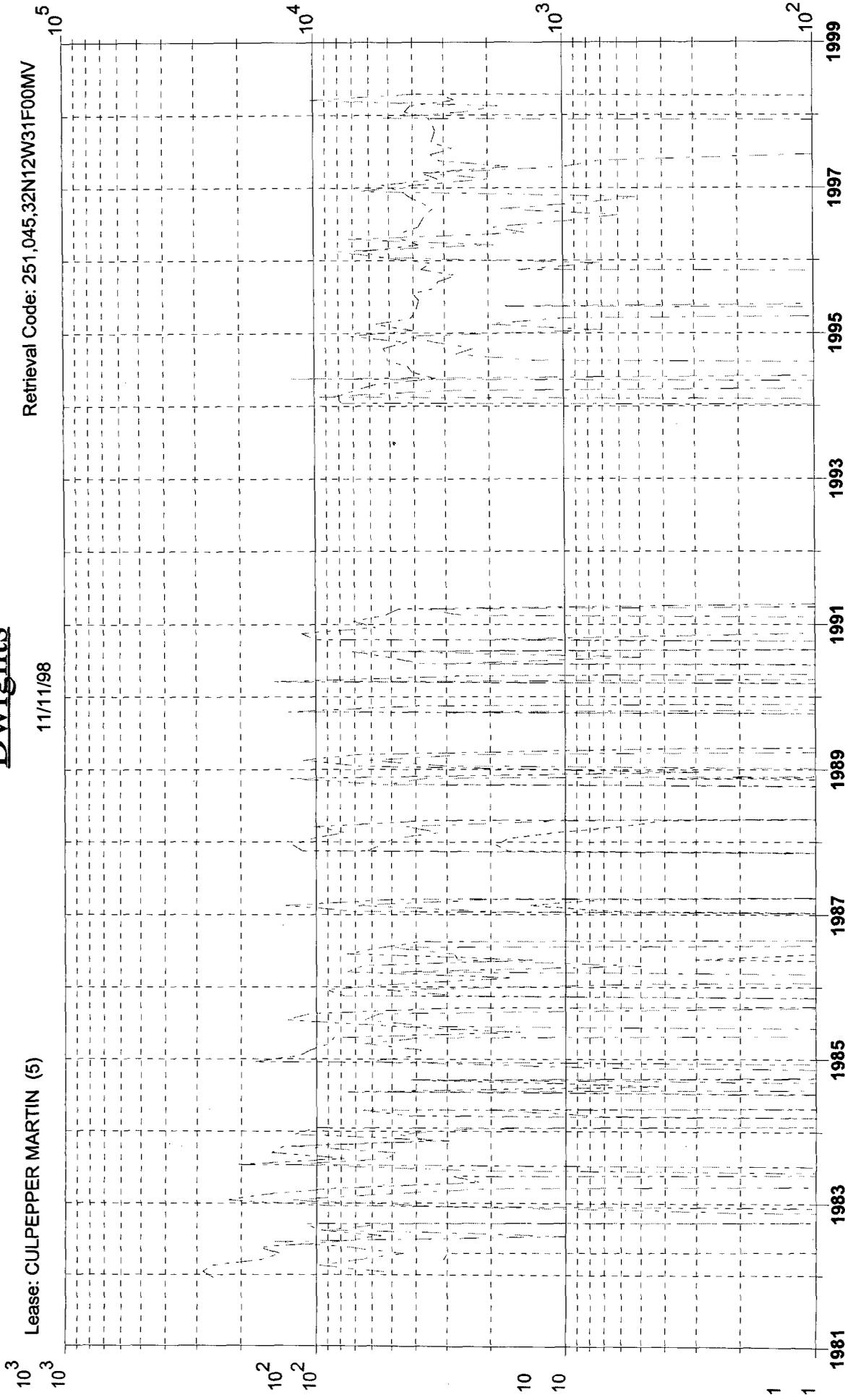
	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p></p> <p>Signature Gary Brink Printed Name Production Superintendent Title November 13, 1998 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <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>June 16, 1998 Date of Survey Signature and Seal of Professional Surveyer: Reissue of Original Survey by Fred B. Kerr</p> <p>Certificate Number</p>

Dwights

11/11/98

Lease: CULPEPPER MARTIN (5)

Retrieval Code: 251,045,32N12W31F00MV



Oil (bbl/mo)

Water (bbl/mo)

Gas (mcf/mo)

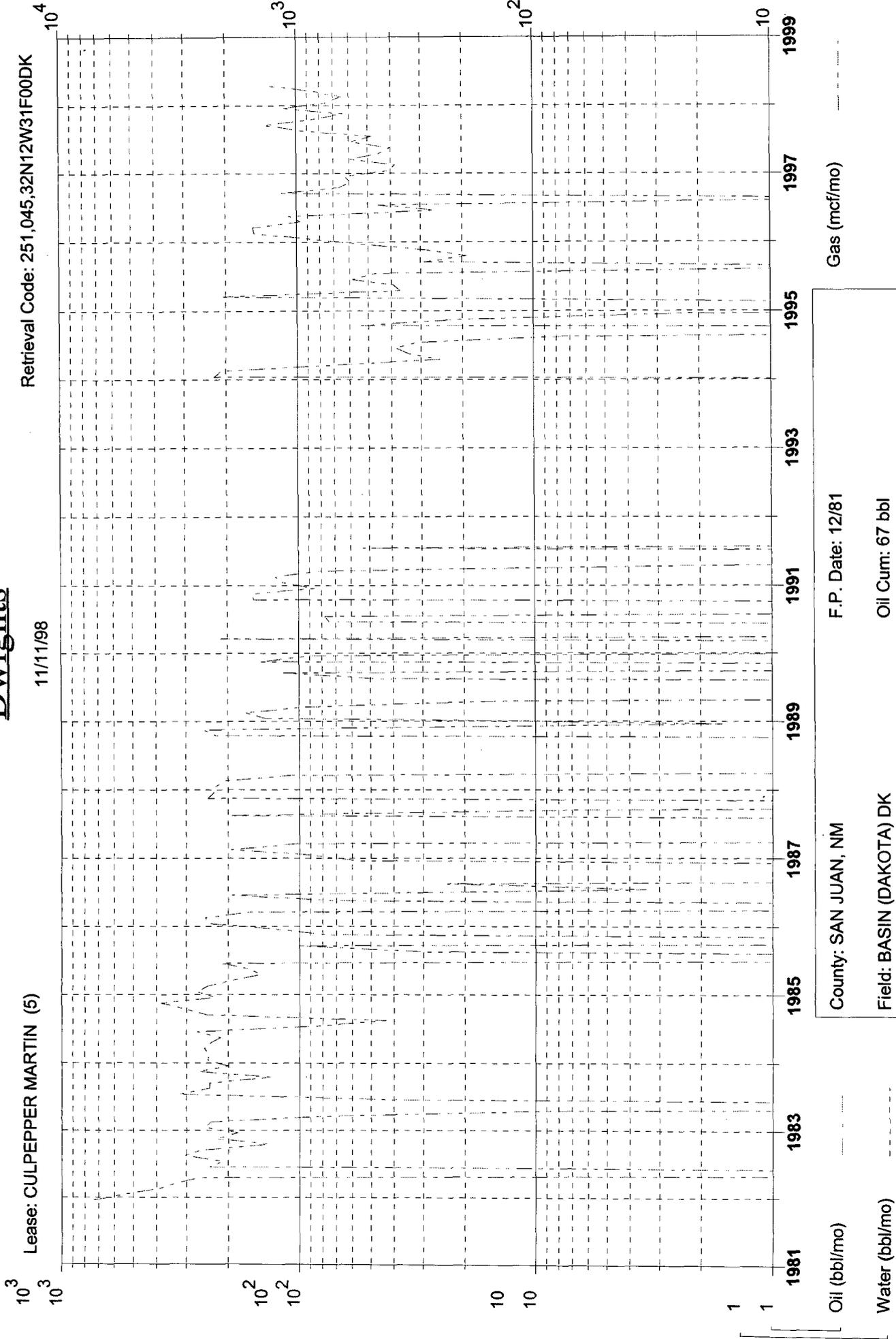
County: SAN JUAN, NM	F.P. Date: 12/81
Field: BLANCO (MESAVERDE) MV	Oil Cum: 4137 bbl
Reservoir: MESAVERDE	Gas Cum: 910.5 mmcf
Operator TAURUS EXPLORATION U.S.A.	Location: 31F 32N 12W

Dwights

11/11/98

Lease: CULPEPPER MARTIN (5)

Retrieval Code: 251,045,32N12W31F00DK



Gas (mcf/mo)

F.P. Date: 12/81

Oil Cum: 67 bbl

Gas Cum: 185.6 mmcf

Location: 31F 32N 12W

County: SAN JUAN, NM

Field: BASIN (DAKOTA) DK

Reservoir: DAKOTA

Operator TAURUS EXPLORATION U.S.A.

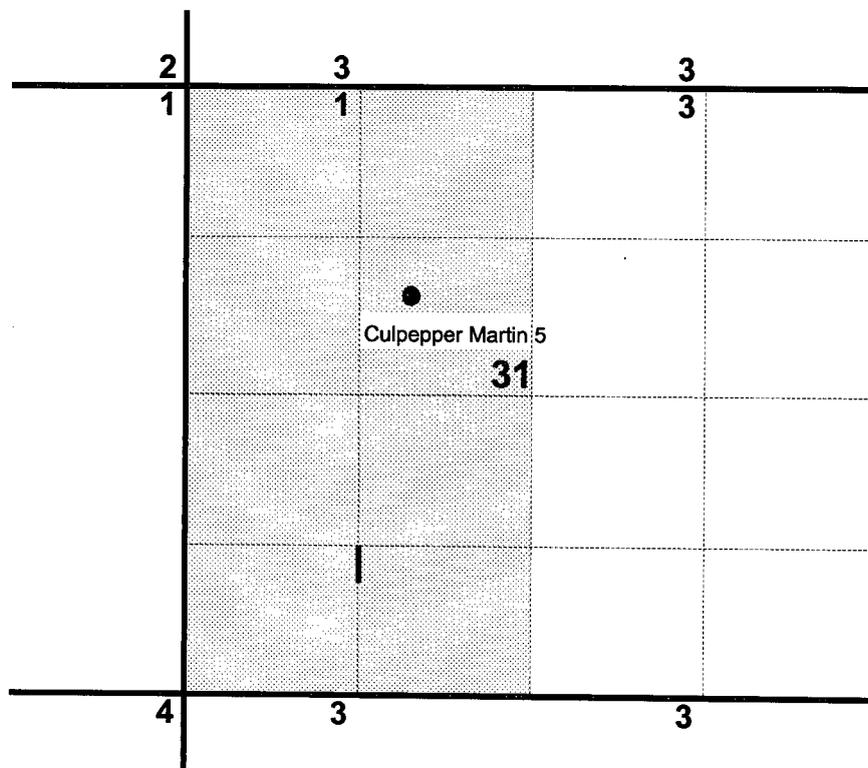
Oil (bbl/mo)

Water (bbl/mo)

Taurus Exploration U.S.A., Inc

Culpepper Martin # 5
Offset Operator / Ownership Plat
Blanco Mesa Verde/ Basin Dakota
Downhole Commingling

Township 32 N, Range 12 W



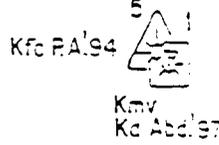
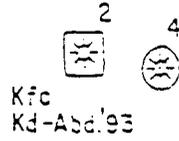
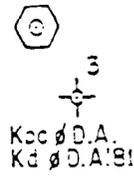
- 1) Taurus Exploration U.S.A., Inc
- 2) Cross Timbers
6001 U.S. Hwy 64
Farmington, N.M. 87401
- 3) Burlington Resources
P.O. Box 4289
Farmington, N.M. 87499-4289
- 4) Chateau Oil & Gas, Inc.
5802 U.S. Hwy 64
Farmington, N.M. 87401

Taurus Exploration U.S.A., Inc.
 Well location Plat
 Culpepper Martin #5
 Unit F, Section 31, T 32 N, R 12 W
 San Juan Co., N.M.

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T.D.7219'
 Jm-WW

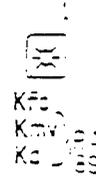


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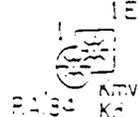
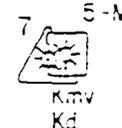
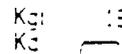
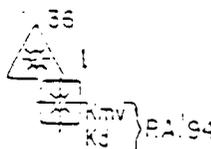
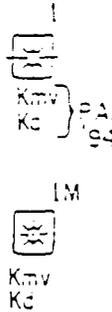


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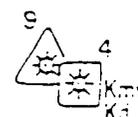
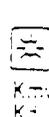
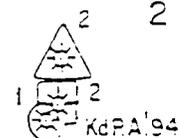
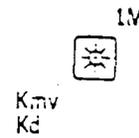
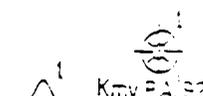
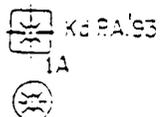
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Culpepper Martin #5

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

Dakota Stabilized rate = 27 MCFD

DK Allocation = $27 / X$ as a percentage

MV Allocation = $(X - 27) / X$ as a percentage

Oil Allocation = 100% to Mesa Verde Zone

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