

11/17/98	12/7/98	DC	M	DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

2140

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 17 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

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, I, ORR) 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 BRINK  
 Title Type Name

*[Signature]*  
 Signature

Production Supt.  
 Title

11/16/98  
 Date



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

November 16, 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.  
Mexico Federal R #1M  
1120' FNL, 1805' FWL, Sec. 12, T31N, R13W, 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. The Dakota has experienced liquid loading problems and it is felt downhole commingling will eliminate excessive operational expenditures to keep the zone unloaded and utilize the Mesa Verde flowstream to keep it producing.

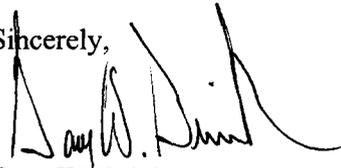
To comply with New Mexico Oil Conservation Rules, Taurus Exploration U.S.A., Inc. is submitting the following data for your approval of the proposed commingling:

1. For C107A - Application for Downhole Commingling
2. 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.

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/mt

cc: NMOCD - Aztec, Offset operators, BLM-Farmington  
F:\MONICA\PRODUCT\OCD\MEXICO FEDERAL R 1M 11-98.DOC

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, NM 87401

Lease Mexico Federal R Well No. 1M Unit Ltr. - Sec - Twp - Rge C Sec. 12 T31N R12W County San Juan

OGRID NO. 162928 Property Code 21342 API NO. 30-045-22126 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 MesaVerde 72319		Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	4456 - 4725		6722 - 6842
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) 753 CaLc	a.	a. 756 CaLc
	b. (Original) 1122 CaLc	b.	b. 1646 CaLc
6. Oil Gravity ( <sup>o</sup> API) or Gas BTU Content)	1207 BTU		1212 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: 11/1/98 Rates: .1/153/.1	Date: Rates:	Date: 11/10/98 Rates: .2/50/.3
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 33% Gas: 76%	Oil: % Gas: %	Oil: 67% Gas: 24%

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 11/16/98

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

<sup>1</sup> API Number 30-045-22126	<sup>2</sup> Pool Code 72319/71599	<sup>3</sup> Pool Name Blanco MesaVerde/Basin Dakota
<sup>4</sup> Property Code 21342	<sup>5</sup> Property Name Mexico Federal R	
<sup>7</sup> OGRID No. 162928	<sup>8</sup> Operator Name Taurus Exploration U.S.A., Inc.	<sup>6</sup> Well Number 1M  <sup>9</sup> Elevation 5794

<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
C	12	31N	13W		1120	North	1805	West	San Juan

<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 320/320	<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

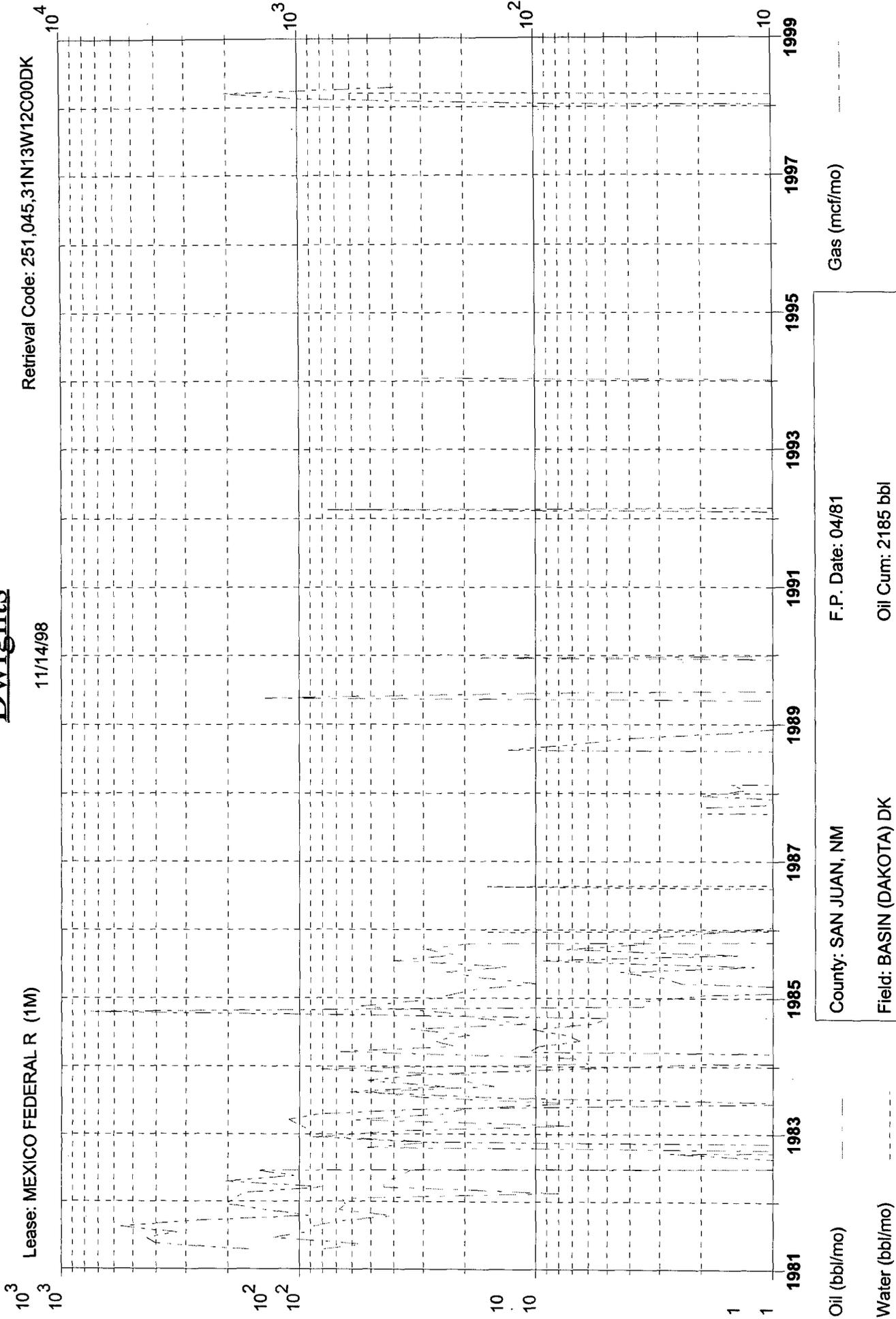
	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p></p> <p>Signature Gary Brink Printed Name Production Superintendent Title November 16, 1998 Date</p>
	<p><sup>18</sup> SURVEYOR 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>August 17, 1979 Date of Survey Signature and Seal of Professional Surveyer: Reissue of Original Survey by Fred B. Kerr Certificate Number</p>

# Dwights

11/14/98

Lease: MEXICO FEDERAL R (1M)

Retrieval Code: 251,045.31N13W12C00DK



Oil (bbl/mo)

Water (bbl/mo)

Gas (mcf/mo)

F.P. Date: 04/81

Oil Cum: 2185 bbl

Gas Cum: 55.76 mmcf

Location: 12C 31N 13W

County: SAN JUAN, NM

Field: BASIN (DAKOTA) DK

Reservoir: DAKOTA

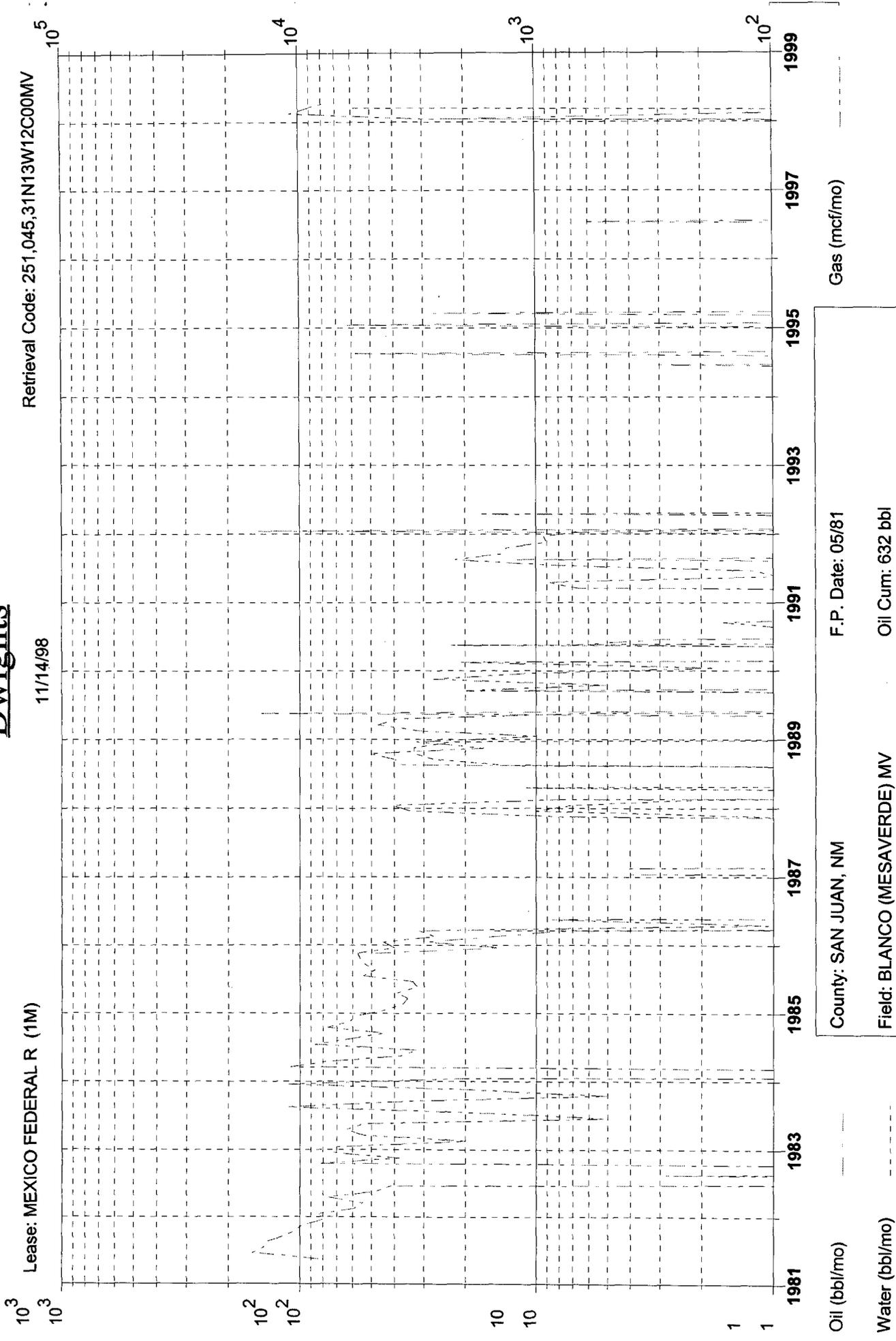
Operator TAURUS EXPLORATION U.S.A.

# Dwights

11/14/98

Lease: MEXICO FEDERAL R (1M)

Retrieval Code: 251,045,31N13W12C00MV



Oil (bbl/mo)

Gas (mcf/mo)

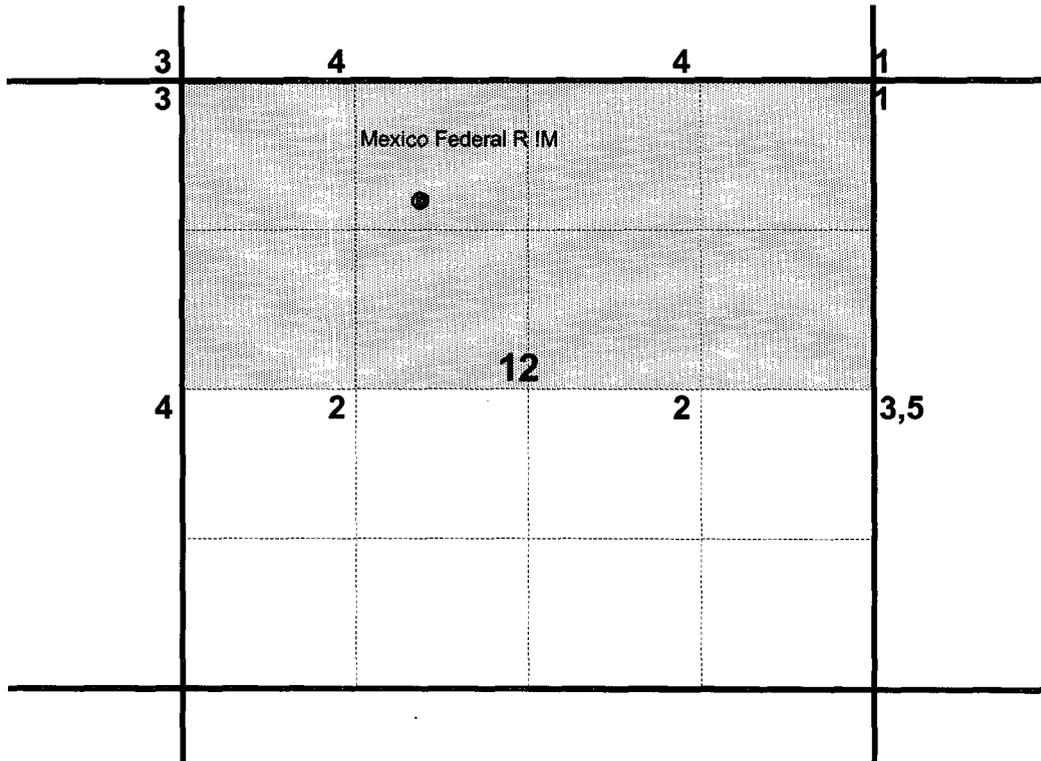
Water (bbl/mo)

County: SAN JUAN, NM	F.P. Date: 05/81
Field: BLANCO (MESAVERDE) MV	Oil Cum: 632 bbl
Reservoir: MESAVERDE	Gas Cum: 430.2 mmcf
Operator TAURUS EXPLORATION U.S.A.	Location: 12C 31N 13W

# Taurus Exploration U.S.A., Inc

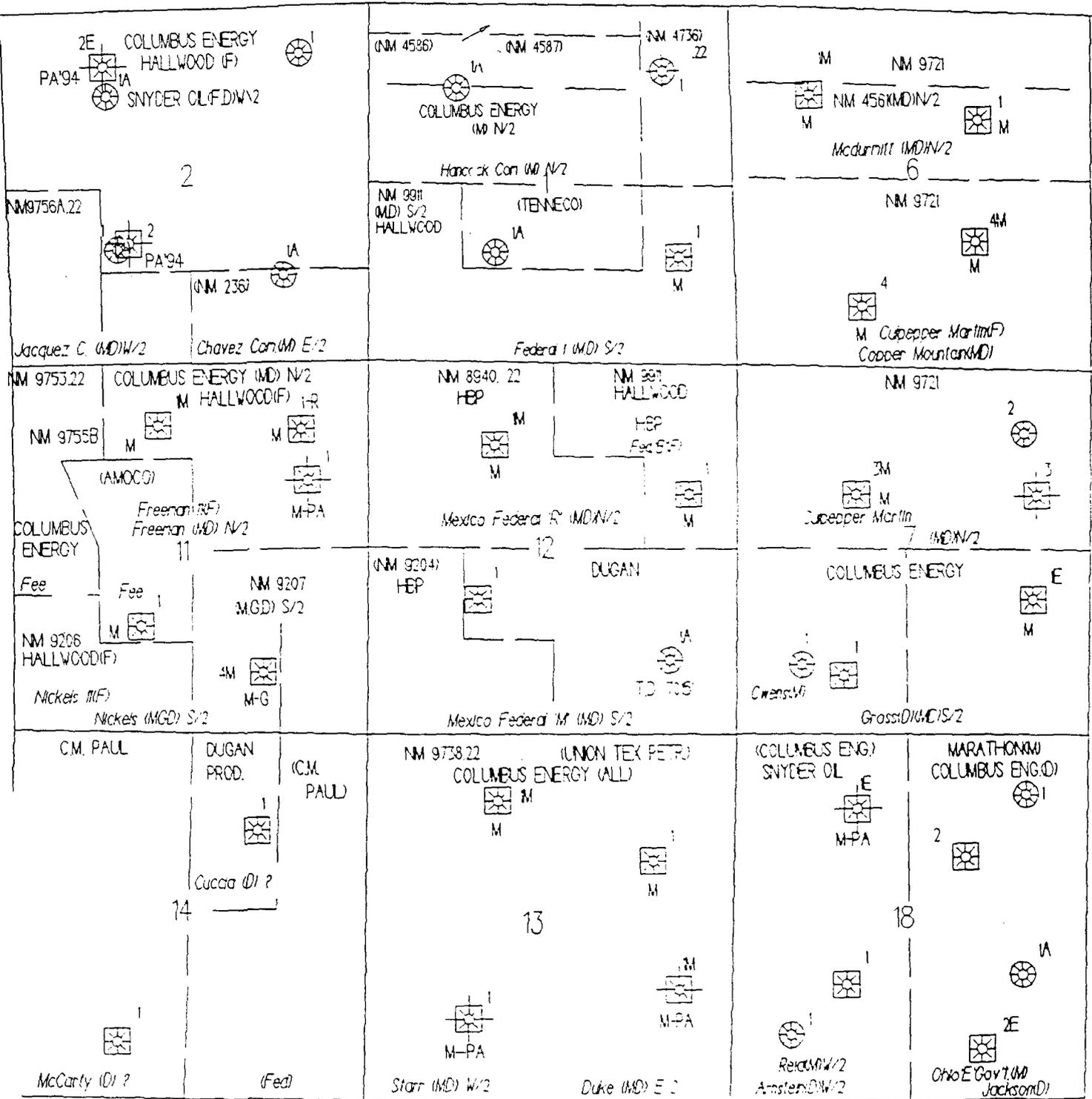
**Mexico Federal R #1M**  
**Offset Operator / Ownership Plat**  
Blanco Mesa Verde/ Basin Dakota  
Downhole Commingling

Township 31 N, Range 13 W



- 1) Taurus Exploration U.S.A., Inc
- 2) Dugan Production Corp.  
P.O. Box 420  
Farmington, N.M. 87499
- 3) Chateau Oil & Gas, Inc.  
5802 U.S. Hwy 64  
Farmington, N.M. 87401
- 4) Hallwood Petroleum Inc.  
4582 S. Ulster Street Pkwy, Suite 1700  
Denver, Co. 80237
- 5) Marathon Oil Co.  
P.O. Box 552  
Midland, Tx. 79702

Taurus Exploration U.S.A., Inc.  
 Well Location Plat  
 Mexico Federal R #1M  
 Unit C, Section 12, T 31 N, R 13 W  
 San Juan Co., N.M.



T  
31  
N

R-13-W

R-12-W