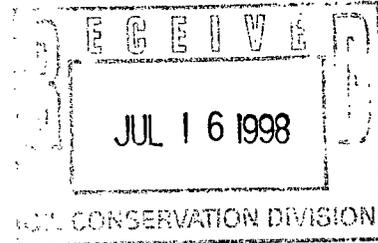


**TAURUS**

NSP 8/5/98  
**TAURUS EXPLORATION, INC.**  
2198 Bloomfield Highway  
Farmington, New Mexico 87401  
Telephone (505) 325-6800

July 14, 1998

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505



RE: Administrative Approval of Unorthodox Location  
Non-Standard Proration Unit  
San Juan 32-5 Unit 9R Well  
1300' FNL, 720' FEL  
Sec. 31-T32N-R5W  
Rio Arriba County, New Mexico

Dear Mr. Stogner:

Taurus Exploration U.S.A., Inc. requests administrative approval for an unorthodox location of its San Juan 32-5 Unit 9R well under the provisions of NMOCD Order R-8170.

Under Division Order No. R-1714 dated July 6, 1960 the New Mexico Oil Conservation Division authorized a gas spacing and proration unit for the Blanco Mesa Verde comprising all of irregular sections 30 and 31, T32N-R5W, NMPM, Rio Arriba County, New Mexico, containing 345.59 acres.

As sections 30 and 31 are less than 1,400 feet wide, we are unable to spot the proposed well at a legal location. Although we were able to locate the well almost in the center from an east/west perspective (720' of 1,400'), the limited width of the section necessitates requesting this variance.

For the foregoing reason, Taurus Exploration U.S.A., Inc. respectfully requests an administrative approval of an unorthodox location for the subject well.

A copy of this application is being submitted to all offset operators by certified mail with a request that they furnish your office in Santa Fe with a Waiver of Objection.

Attached is a well location plat showing acreage, a topographic plat of the area, and a map showing all offsetting operators.

Sincerely,

A handwritten signature in cursive script that reads "Richard P. Corcoran".

Richard P. Corcoran  
District Landman

RPC/df

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

Form C-102  
 Revised February 21, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name SAN JUAN 32-5 UNIT			6 Well Number 9R
7 OGRID No.		8 Operator Name TAURUS EXPLORATION			9 Elevation 6648

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
A	31	32N	5W		1300	NORTH	720	EAST	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

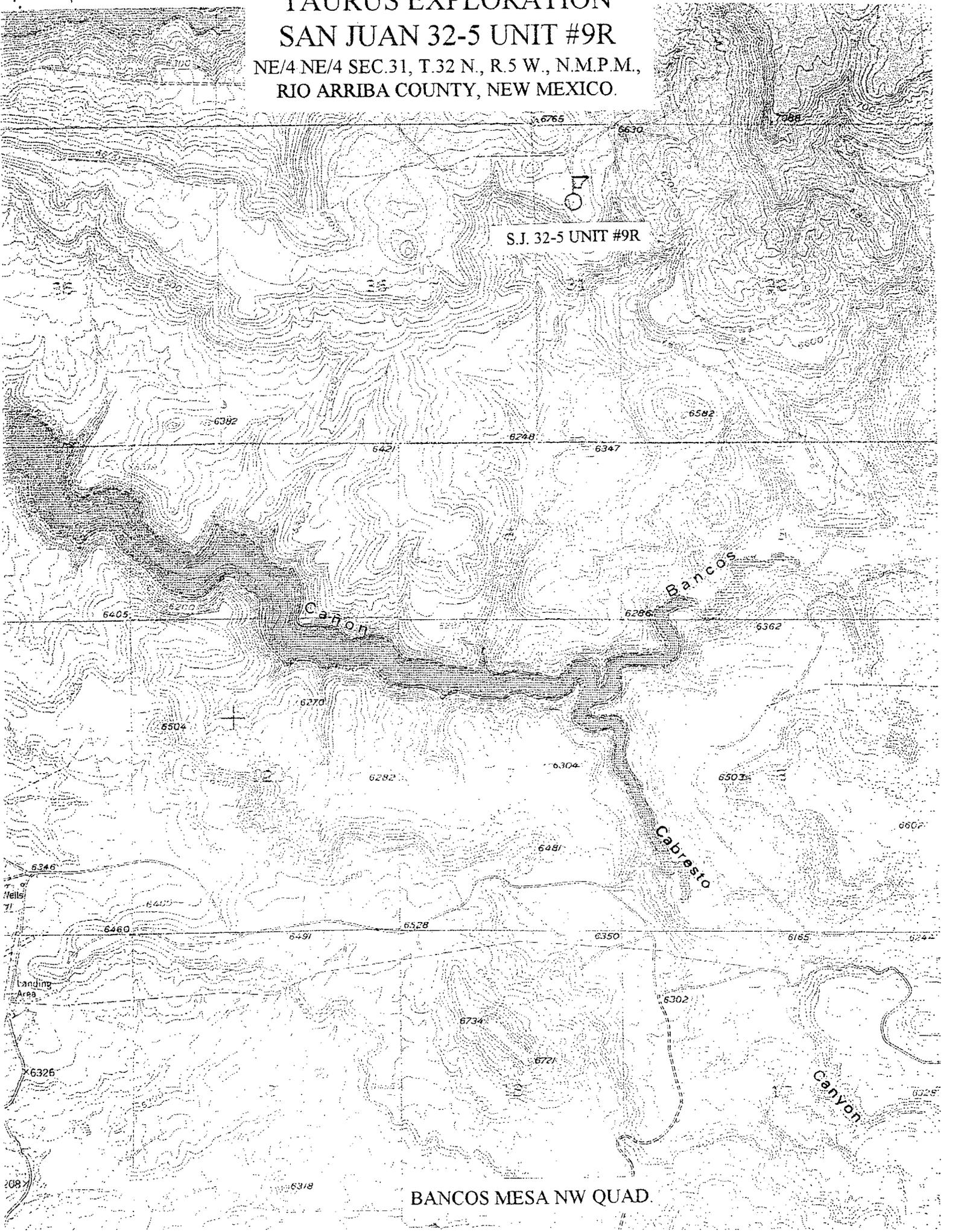
12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
--------------------	--------------------	-----------------------	--------------

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

16					17 OPERATOR CERTIFICATION	
					<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>	
					Signature _____	
					Printed Name _____	
		Title _____				
		Date _____				
				18 SURVEYOR CERTIFICATION		
				<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>		
				Date of Survey 6/30/98		
				Signature and Seal of Professional Surveyor:		
				Certificate Number _____		

WEST 1453.32

TAURUS EXPLORATION  
SAN JUAN 32-5 UNIT #9R  
NE/4 NE/4 SEC. 31, T. 32 N., R. 5 W., N.M.P.M.,  
RIO ARRIBA COUNTY, NEW MEXICO.



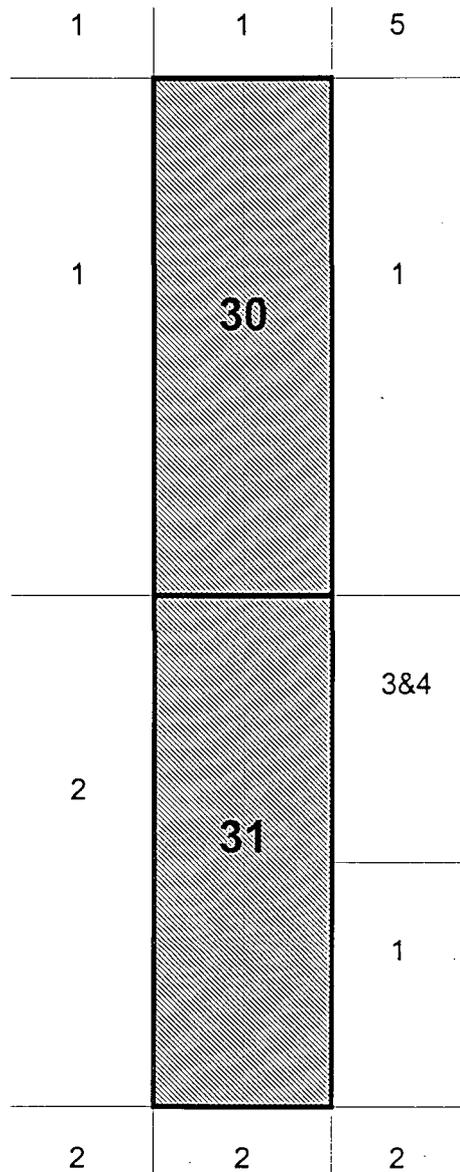
BANCOS MESA NW QUAD.

# Taurus Exploration U. S. A., Inc.

San Juan 32-5 Unit 9R  
OFFSET OPERATOR \ OWNER PLAT

Mesa Verde Formation

Township 32 North - Range 5 West



- 
1. Taurus Exploration U S A , Inc.
  2. Williams Production Company
  3. P & M Petroleum Management Co.
  4. Burlington Resources
  5. Open
- 
- 
- 
-

**TAURUS**

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

July 14, 1998

Charles Williams  
Vaughey & Vaughey  
125 South Congress Street, Suite 1840  
Jackson, MS 39201

RE: Administrative Approval of Unorthodox Location  
Non-standard Proration Unit  
San Juan 32-5 Unit 9R Well  
1300' FSL, 720' FSL  
Sec. 31-T32N-R5W  
Rio Arriba County, New Mexico  
Mesa Verde/Dakota Commingle

Dear Interest Owner:

Taurus Exploration U.S.A., Inc. has filed with the New Mexico Oil Conservation Division (NMOCD), an application for the Administrative Approval of an Unorthodox Location, and non-standard proration unit, for its San Juan 32-5 Unit 9R well. A copy of the application has been attached for your review.

If you have no objection to this unorthodox location and non-standard proration unit, please sign the three copies of the attached waiver, return one executed copy to the NMOCD in Santa Fe, New Mexico, one copy to our office, and retain one copy for your files. Self addressed envelopes are enclosed.

Your assistance and cooperation in this matter are appreciated.

Sincerely,



Richard P. Corcoran  
District Landman

RPC/df

=====

WAIVER

\_\_\_\_\_ hereby waives objection to the above referenced Application for Unorthodox Location for Taurus Exploration U.S.A., Inc.'s San Juan 32-5 Unit 9R well.

Date: \_\_\_\_\_ By: \_\_\_\_\_

cc: OCD-Aztec office, BLM-Farmington office, Offset Operators

April 14, 1998

Vern Hansen  
Williams Production Company  
One Williams Center  
P.O. Box 3102  
Tulsa, Oklahoma 7401

RE: Administrative Approval of Unorthodox Location  
Non-standard Proration Unit  
San Juan 32-5 Unit 9R Well  
1300' FSL, 720' FSL  
Sec. 31-T32N-R5W  
Rio Arriba County, New Mexico  
Mesa Verde/Dakota Commingle

Dear Mr. Hansen:

Taurus Exploration U.S.A., Inc. has filed with the New Mexico Oil Conservation Division (NMOCD), an application for the Administrative Approval of an Unorthodox Location, and non-standard proration unit, for its San Juan 32-5 Unit 9R well. A copy of the application has been attached for your review.

If you have no objection to this unorthodox location and non-standard proration unit, please sign the three copies of the attached waiver, return one executed copy to the NMOCD in Santa Fe, New Mexico, one copy to our office, and retain one copy for your files. Self addressed envelopes are enclosed.

Your assistance and cooperation in this matter are appreciated.

Sincerely,



Richard P. Corcoran  
District Landman

RPC/df

=====

WAIVER

\_\_\_\_\_ hereby waives objection to the above referenced Application for Unorthodox Location for Taurus Exploration U.S.A., Inc.'s San Juan 32-5 Unit 9R well.

Date: \_\_\_\_\_ By: \_\_\_\_\_

cc: OCD-Aztec office, BLM-Farmington office, Offset Operators



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

July 14, 1998.

P & M Petroleum Management Company, LLC  
1600 Broadway, Suite 625  
Denver, Colorado 80202

RE: Administrative Approval of Unorthodox Location  
Non-standard Proration Unit  
San Juan 32-5 Unit 9R Well  
1300' FSL, 720' FSL  
Sec. 31-T32N-R5W  
Rio Arriba County, New Mexico  
Mesa Verde/Dakota Commingle

Dear Interest Owner:

Taurus Exploration U.S.A., Inc. has filed with the New Mexico Oil Conservation Division (NMOCD), an application for the Administrative Approval of an Unorthodox Location, and non-standard proration unit, for its San Juan 32-5 Unit 9R well. A copy of the application has been attached for your review.

If you have no objection to this unorthodox location and non-standard proration unit, please sign the three copies of the attached waiver, return one executed copy to the NMOCD in Santa Fe, New Mexico, one copy to our office, and retain one copy for your files. Self addressed envelopes are enclosed.

Your assistance and cooperation in this matter are appreciated.

Sincerely,

Richard P. Corcoran  
District Landman

RPC/df

=====

WAIVER

\_\_\_\_\_ hereby waives objection to the above referenced Application for Unorthodox Location for Taurus Exploration U.S.A., Inc.'s San Juan 32-5 Unit 9R well.

Date: \_\_\_\_\_ By: \_\_\_\_\_

cc: OCD-Aztec office, BLM-Farmington office, Offset Operators

**TAURUS**

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

July 14, 1998

Shannon Nichols  
Burlington Resources  
P. O. Box 4289  
Farmington, New Mexico 87499

RE: Administrative Approval of Unorthodox Location  
Non-standard Proration Unit  
San Juan 32-5 Unit 9R Well  
1300' FSL, 720' FSL  
Sec. 31-T32N-R5W  
Rio Arriba County, New Mexico  
Mesa Verde/Dakota Commingle

Dear Interest Owner:

Taurus Exploration U.S.A., Inc. has filed with the New Mexico Oil Conservation Division (NMOCD), an application for the Administrative Approval of an Unorthodox Location, and non-standard proration unit, for its San Juan 32-5 Unit 9R well. A copy of the application has been attached for your review.

If you have no objection to this unorthodox location and non-standard proration unit, please sign the three copies of the attached waiver, return one executed copy to the NMOCD in Santa Fe, New Mexico, one copy to our office, and retain one copy for your files. Self addressed envelopes are enclosed.

Your assistance and cooperation in this matter are appreciated.

Sincerely,



Richard P. Corcoran  
District Landman

RPC/df

=====

WAIVER

\_\_\_\_\_ hereby waives objection to the above referenced Application for Unorthodox Location for Taurus Exploration U.S.A., Inc.'s San Juan 32-5 Unit 9R well.

Date: \_\_\_\_\_ By: \_\_\_\_\_

cc: OCD-Aztec office, BLM-Farmington office, Offset Operators

**TAURUS**

TAURUS EXPLORATION, INC.  
2193 Bloomfield Highway  
Farmington, New Mexico 87401  
Telephone (505) 325-6800

July 14, 1998

Bureau of Land Management  
Farmington Resource Area  
1235 La Plata Highway  
Farmington, New Mexico 87401

Commissioner of Public Lands  
State of New Mexico  
P.O. Box 1148  
Santa Fe, New Mexico 87501

Oil Conservation Division  
State of New Mexico  
2040 South Pacheco  
Santa Fe, New Mexico 87501

RE: San Juan 32-5 Unit, #14-08-001-534  
Rio Arriba County, New Mexico  
First Amendment to the 1998 Plan of Development

Gentlemen:

By letter dated March 8, 1998, Taurus Exploration U.S.A., Inc., as Unit Operator, for the San Juan 32-5 Unit #14-08-001-534, filed a Plan of Development for the calendar year 1998. This program provided for the drilling of six wells.

It is now desired to supplement this program by adding the drilling of the following well. San Juan 32-5 Unit #9R well in Lot 1 of Section 30-T30N-R5W, as a Mesa Verde well with a drilling block consisting of all of sections 30 and 31 of T32N-R5W, Rio Arriba County, New Mexico.

The working interest owners are being contacted regarding this amendment to the 1998 Program. Taurus Exploration U.S.A., Inc., as Unit Operator, believes that all current obligations have been satisfied.

Taurus Exploration U.S.A., Inc., as Unit Operator, plans to drill any offset wells required to prevent drainage of unitized substances and any other wells deemed necessary or desirable by the Unit Operator and the working interest owners.

If this amendment to the 1998 Drilling Program is acceptable, please signify your approval as required under Section 10 of the Unit Agreement in the space provided on the attached sheet and return an approved copy to the undersigned.

Copies of this letter are being sent to the working interest owners shown on the attached sheet. If there should be any questions please contact me.

Very truly yours,



Richard P. Corcoran  
District Landman

RPC/df

APPROVED: \_\_\_\_\_  
Bureau of Land Management

DATED: \_\_\_\_\_

APPROVED: \_\_\_\_\_  
Oil Conservation Division

DATED: \_\_\_\_\_

\_\_\_\_\_  
N/A for information only  
NM Commissioner of Public Lands

DATED: \_\_\_\_\_

The foregoing approvals are for the First Amendment to 1998 Plan of Development for the San Juan 32-5 Unit, #14-08-001-534, Rio Arriba County, New Mexico.

SAN JUAN 32-5 UNIT WORKING INTEREST OWNERS

Vaughey & Vaughey  
Williams Production Company



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

July 23, 1998

Taurus Exploration, Inc.  
2198 Bloomfield Highway  
Farmington, New Mexico 87401

Attention: Richard Corcoran

*Re: Application dated July 14, 1998 for administrative approval to drill the San Juan "32-5" Unit Well No. 9-R at an unorthodox gas well location for the Blanco-Mesaverde Pool 1300 feet from the North line and 720 feet from the East line (Lot 1/Unit A) of irregular Section 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.*

Dear Mr. Corcoran:

I am returning the subject application as incomplete. The previously issued Division Administrative Order NSL-4031(NSP) covered this unit (see copy attached). Your application failed to even reference its existence much less its relationship with this order and/or Taurus Exploration, Inc.'s proposed San Juan "32-5" Unit Well No. 9-M (API No. 30-039-25879), which was the subject of NSL-4031(NSP). This order, all other associated orders, and Taurus' plans and/or change of planes for this unit, its wells, and production are all very important issues and must not be ignored.

Also, the offsetting acreage identified as "open" to the northeast of the non-standard unit. Is this State, Federal, fee, or Tribal lands? Was that party properly notified pursuant to the provisions of Division Rule 104.F(3)?

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec  
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe  
U. S. Bureau of Land Management - Farmington  
Kathy Valdes - NMOCD, Santa Fe



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

May 11, 1998

Taurus Exploration U.S.A., Inc.  
2198 Bloomfield Highway  
Farmington, New Mexico 87401  
Attention: Richard P. Corcoran

*Administrative Order NSL-4031(NSP)*

Dear Mr. Corcoran:

Reference is made to your application dated April 14, 1998: (i) for an unorthodox gas well location in both the Blanco-Mesaverde and Basin-Dakota Pools for Taurus Exploration U.S.A., Inc.'s proposed San Juan "32-5" Unit Well No. 9-M to be drilled 2330 feet from the South line and 1048 feet from the East line (Lot 3/Unit I) of irregular Section 30, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico; and, (ii) to reinstate the previously approved non-standard 345.59-acre gas spacing and proration units ("GPU") in both the Blanco-Mesaverde and Basin-Dakota Pools comprising all of irregular Sections 30 and 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

By Division Order No. R-1714, dated July 7, 1960, said 345.59-acre GPU was initially established and had dedicated thereon the San Juan "32-5" Unit Well No. 9 located 990 feet from the North line and 713 feet from the East line (Lot 2/Unit H) of said Section 31. By Division Order No. R-1722, dated July 21, 1960, gas production from the Basin-Dakota Pool in said well was dedicated to the same GPU. In 1978, when the San Juan "32-5" Unit Well No. 9 was plugged and abandoned, this 345.59-acre non-standard GPU ceased to exist.

The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division. Further, the reinstatement of the applicable provisions that approved the subject GPU in both the Blanco-Mesaverde and Basin-Dakota Pools would serve to prevent waste and protect correlative rights, and is in the best interest of conservation.

By the authority granted me under the provisions of Rule 2(d) of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool," as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox gas well location in both the Blanco-Mesaverde and Basin-Dakota Pools for the San Juan "32-5" Unit Well No. 9-M is hereby approved. The previously approved non-standard 345.59-acre GPU in both the Blanco-Mesaverde and Basin-Dakota Pools comprising all of irregular Sections 30 and 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico is to be dedicated to said well.

All provisions of Division Order Nos. R-1714 and R-1722 not in conflict with this order shall remain in full force and effect until further notice.

Administrative Order NSL-4031(NSP)  
Taurus Exploration U.S.A., Inc.  
May 11, 1998  
Page 2

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Jurisdiction of this cause is retained for the entry of such further orders as the Division deems necessary.

Sincerely,

  
Lori Wrotenberg  
Director

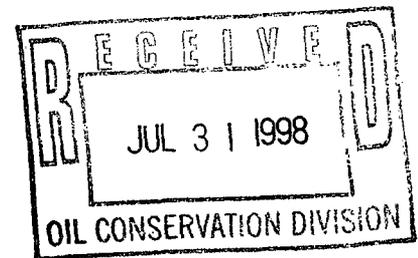
LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec  
U. S. Bureau of Land Management - Farmington

**TAURUS**

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

July 29, 1998



Michael E. Stogner  
New Mexico Oil Conservation Commission  
2040 Pacheco  
Santa Fe, New Mexico 87505

RE: Amended Application  
Administrative Approval  
San Juan 32-5 Unit #9R  
1300' FNL, 720' FEL  
Sec. 31-T32N-R5W, Rio Arriba County, New Mexico

Dear Mr. Stogner:

Reference is made to your letter dated July 23, 1998 requiring additional information before the captioned application would be considered.

My application referenced Division Order No. R-1714 which I understood to be the governing order insofar as the Mesa Verde formation only was concerned. After re-reading Order NSL-4031 (NSP), I understand it allows for the re-instatement of Division Order No. R1714, and should have been referenced in our application.

Division Order NSL-4031 (NSP), dated May 11, 1998 authorized the San Juan 32-5 Unit #9M well as an unorthodox gas well located 2,330' FSL and 1048' FEL (Lot 3 Unit I) of irregular Section 30-T32N-R5W in both the Blanco-Mesa Verde and Basin Dakota pools and the re-instatement of previously approved non-standard 345.59 acre gas spacing and proration unit.

Our present request for approval of the San Juan 32-5 Unit 9R well at an unorthodox location, 1300' FNL and 720' FEL (Lot 1 Unit A) of irregular Section 31-T32N-R5W, in the Blanco Mesa Verde pool, along with approval of a non-standard spacing unit consisting of all of Sections 30 and 31 - T32N-R5W, containing 345.59 acres is based on Division Order NSL 4031 (NSP). This order provided for the re-instatement of Division Order No. R-1714, allowing a 345.59 acre gas proration unit, and dedicating production from the Blanco Mesa Verde pool to said 345.59 acre gas proration unit.

Our present drilling plans call for reversing the order of these two wells with the San Juan 32-5 well #9R being drilled first to be followed by the #9M well. Further as we are required to cease drilling operations from November 1<sup>st</sup> through April 1<sup>st</sup> each year, we may not be able to drill the San Juan 32-5 Unit #9M well this year. If necessary it will be moved to next years drilling schedule.

We have submitted an amendment to our plan of development for this unit to add the #9M to the drilling plan (copy enclosed). To date we have drilled the San Juan 32-5 Unit #'s 13M, 17M, 14M wells and will be spudding the 6M (name changed from San Juan 32-5 Unit #19) well within the week.

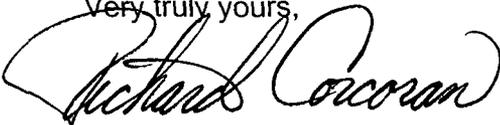
The open acreage identified in our application being W<sup>2</sup> of Sec. 20-T32N-R5W is owned by the Bureau of Land Management and they do not intend to offer it for leasing. The Bureau of Land Management has approved our amended plan of development for the unit which specifically provides for the drilling of the subject well.

For the foregoing reasons Taurus Exploration U.S.A., Inc. requests you reconsider our application for Administrative Approval of an Unorthodox Location and Non-Standard spacing unit for the San Juan 32-5 Unit #9R well.

The offset operators will be furnished with a copy of this correspondence.

Thank you for considering this request and if there should be any questions please let me know.

Very truly yours,

A handwritten signature in cursive script that reads "Richard P. Corcoran". The signature is written in black ink and is positioned above the printed name.

Richard P. Corcoran  
District Landman

RPC/df  
Enclosure

cc: Offset Operators

**TAURUS**

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

RECEIVED  
PLM

98 JUL 16 PM 12: 22

070 FARMINGTON, NM

July 14, 1998

Bureau of Land Management  
Farmington Resource Area  
1235 La Plata Highway  
Farmington, New Mexico 87401

Commissioner of Public Lands  
State of New Mexico  
P.O. Box 1148  
Santa Fe, New Mexico 87501

Oil Conservation Division  
State of New Mexico  
2040 South Pacheco  
Santa Fe, New Mexico 87501

RE: San Juan 32-5 Unit, #14-08-001-534  
Rio Arriba County, New Mexico  
First Amendment to the 1998 Plan of Development

Gentlemen:

By letter dated March 8, 1998, Taurus Exploration U.S.A., Inc., as Unit Operator, for the San Juan 32-5 Unit #14-08-001-534, filed a Plan of Development for the calendar year 1998. This program provided for the drilling of six wells.

It is now desired to supplement this program by adding the drilling of the following well. San Juan 32-5 Unit #9R well in Lot 1 of Section 30-T32N-R5W, as a Mesa Verde well with a drilling block consisting of all of sections 30 and 31 of T32N-R5W, Rio Arriba County, New Mexico.

The working interest owners are being contacted regarding this amendment to the 1998 Program. Taurus Exploration U.S.A., Inc., as Unit Operator, believes that all current obligations have been satisfied.

Taurus Exploration U.S.A., Inc., as Unit Operator, plans to drill any offset wells required to prevent drainage of unitized substances and any other wells deemed necessary or desirable by the Unit Operator and the working interest owners.

If this amendment to the 1998 Drilling Program is acceptable, please signify your approval as required under Section 10 of the Unit Agreement in the space provided on the attached sheet and return an approved copy to the undersigned.

Copies of this letter are being sent to the working interest owners shown on the attached sheet. If there should be any questions please contact me.

Very truly yours,



Richard P. Corcoran  
District Landman

RPC/df

APPROVED: *[Signature]*  
Bureau of Land Management

DATED: 7/17/88

APPROVED: \_\_\_\_\_  
Oil Conservation Division

DATED: \_\_\_\_\_

\_\_\_\_\_  
N/A for information only  
NM Commissioner of Public Lands

DATED: \_\_\_\_\_

The foregoing approvals are for the First Amendment to 1998 Plan of Development for the San Juan 32-5 Unit, #14-08-001-534, Rio Arriba County, New Mexico.

SAN JUAN 32-5 UNIT WORKING INTEREST OWNERS

Vaughey & Vaughey  
Williams Production Company

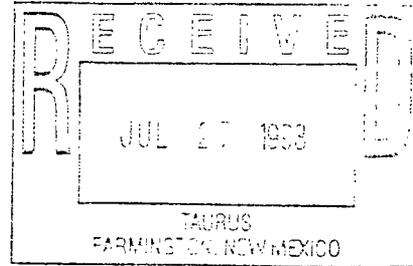


NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

July 23, 1998

Taurus Exploration, Inc.  
2198 Bloomfield Highway  
Farmington, New Mexico 87401



Attention: Richard Corcoran

Re: *Application dated July 14, 1998 for administrative approval to drill the San Juan "32-5" Unit Well No. 9-R at an unorthodox gas well location for the Blanco-Mesaverde Pool 1300 feet from the North line and 720 feet from the East line (Lot 1/Unit A) of irregular Section 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.*

Dear Mr. Corcoran:

I am returning the subject application as incomplete. The previously issued Division Administrative Order NSL-4031(NSP) covered this unit (see copy attached). Your application failed to even reference its existence much less its relationship with this order and/or Taurus Exploration, Inc.'s proposed San Juan "32-5" Unit Well No. 9-M (API No. 30-039-25879), which was the subject of NSL-4031(NSP). This order, all other associated orders, and Taurus' plans and/or change of planes for this unit, its wells, and production are all very important issues and must not be ignored.

Also, the offsetting acreage identified as "open" to the northeast of the non-standard unit. Is this State, Federal, fee, or Tribal lands? Was that party properly notified pursuant to the provisions of Division Rule 104.F(3)?

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec  
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe  
U. S. Bureau of Land Management - Farmington  
Kathy Valdes - NMOCD, Santa Fe

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 2013  
Order No. R-1722

APPLICATION OF LA PLATA GATHERING  
SYSTEM, INC. FOR AN ORDER AUTHORIZING  
A GAS-GAS DUAL COMPLETION IN THE  
BLANCO-MESAVERDE POOL AND IN THE  
DAKOTA PRODUCING INTERVAL, RIO  
ARRIBA COUNTY, NEW MEXICO, FOR A  
345.59-ACRE NON-STANDARD GAS UNIT  
IN THE DAKOTA PRODUCING INTERVAL,  
AND FOR AN UNORTHODOX GAS WELL  
LOCATION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 11, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 21st day of July, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, La Plata Gathering System, Inc., is the owner and operator of partial Sections 30 and 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.
- (3) That said partial Sections 30 and 31 contain 174.41 acres and 171.18 acres respectively, together containing 345.59 acres.
- (4) That the applicant proposes that the above-described partial Sections 30 and 31 be established as a non-standard gas unit in the Dakota Producing Interval.
- (5) That the applicant further proposes to locate a gas

well on an unorthodox location 990 feet from the North line and 713 feet from the East line of said Section 31, to which well the proposed 345.59-acre non-standard gas unit would be dedicated.

(6) That the proposed unorthodox location is necessitated by a variation in the U. S. Public Land Survey.

(7) That the above-described 345.59-acre tract can reasonably be presumed to be productive of gas from the Dakota Producing Interval.

(8) That in Order No. R-1714, duly promulgated by the Commission on July 7, 1960, an unorthodox gas well location and a 345.59-acre non-standard gas proration unit in the Blanco-Mesaverde Pool was authorized, which location and unit coincide with the location and unit proposed in the subject application pertaining to the Dakota Producing Interval.

(9) That the applicant further proposes the dual completion of the well to be drilled on the above-described non-standard location in such a manner as to permit the production of gas from the Blanco-Mesaverde Pool and the production of gas from the Dakota Producing Interval through parallel strings of 1-1/2 inch tubing.

(10) That the mechanics of the proposed dual completion are feasible and in accord with sound conservation practices, provided that each string of tubing should not be set higher than 250 feet above its respective producing formation.

(11) That establishment of the above-described non-standard gas unit and approval of the proposed unorthodox gas well location will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 345.59-acre non-standard gas unit in the Dakota Producing Interval consisting of partial Sections 30 and 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to a gas well located on an unorthodox location in the Dakota Producing Interval at a point 990 feet from the North line and 713 feet from the East line of Section 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, which location is hereby approved.

(2) That the applicant, La Plata Gathering System, Inc., be and the same is hereby authorized to dually complete the above-described well in such a manner as to permit the production of gas from the Blanco-Mesaverde Pool and the production of gas from the Dakota Producing Interval through parallel strings of 1-1/2 inch tubing.

PROVIDED HOWEVER, That each string of tubing shall not be set higher than 250 feet above its respective producing formation.

PROVIDED FURTHER, That the applicant shall complete, operate, and produce said well in accordance with the provisions of Section V, Rule 112-A.

PROVIDED FURTHER, That the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Deliverability Test Period for the Blanco-Mesaverde Pool.

IT IS FURTHER ORDERED:

That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the applicant to comply with any requirement of this order, the Commission may terminate the authority herein granted and require the applicant or its successors and assigns to limit its activities to regular single-zone production in the interest of Conservation.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 2004  
Order No. R-1714

APPLICATION OF LA PLATA GATHERING  
SYSTEM, INC., FOR A 345.59-ACRE  
NON-STANDARD GAS PRORATION UNIT  
IN THE BLANCO-MESAVERDE GAS POOL,  
RIO ARRIBA COUNTY, NEW MEXICO,  
AND FOR AN UNORTHODOX GAS WELL  
LOCATION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 6, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 7th day of July, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, La Plata Gathering System, Inc., is the owner and operator of partial Sections 30 and 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(3) That said partial Sections 30 and 31 contain 174.41 acres and 171.18 acres respectively, together containing 345.59 acres.

(4) That the applicant proposes that the above-described partial Sections 30 and 31 be established as a non-standard gas proration unit in the Blanco-Mesaverde Gas Pool.

(5) That the applicant further proposes to locate a gas well 990 feet from the North line and 713 feet from the East line of said Section 31 on an unorthodox location, to which well the proposed 345.59-acre non-standard gas proration unit would be dedicated.

(6) That the proposed unorthodox location is necessitated by a variation in the U. S. Public Land Survey.

(7) That the above-described 345.59-acre tract can reasonably be presumed to be productive of gas from the Blanco-Mesaverde Gas Pool.

(8) That establishment of the above-described non-standard gas proration unit and approval of the proposed unorthodox gas well location will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 345.59-acre non-standard gas proration unit in the Blanco-Mesaverde Gas Pool consisting of partial Sections 30 and 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to a gas well located on an unorthodox location in the Blanco-Mesaverde Pool at a point 990 feet from the North line and 713 feet from the East line of Section 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, which location is hereby approved.

(2) That the said gas well be and the same is hereby assigned an acreage factor for allowable purposes in the proportion that the acreage in the non-standard gas proration unit bears to the acreage in a standard gas proration unit in the Blanco-Mesaverde Gas Pool, subject to the provisions of the Special Rules and Regulations for said Pool.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

07/23/98 15:38:07  
OGOIV -EMEA  
PAGE NO: 1

Sec : 31 Twp : 32N Rng : 05W Section Type : NORMAL

		1 43.11  Federal owned U	1 43.11  Federal owned U
		2 42.73  Federal owned U	2 42.73  Federal owned U

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD          PF09 PRINT      PF10 SDIV      PF11              PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

07/23/98 15:38:19  
OGOIV -EMEA  
PAGE NO: 2

Sec : 31 Twp : 32N Rng : 05W Section Type : NORMAL

		3 42.61  Federal owned U	3 42.61  Federal owned U
		4 42.73  Federal owned U	4 42.73  Federal owned U

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD          PF09 PRINT      PF10 SDIV      PF11              PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

07/23/98 15:38:55  
OGOIV -EMEA  
PAGE NO: 1

Sec : 30 Twp : 32N Rng : 05W Section Type : NORMAL

		1 44.22  Federal owned U	1 44.22  Federal owned U
		2 43.59  Federal owned U	2 43.59  Federal owned U

PF01 HELP  
PF07 BKWD

PF02  
PF08 FWD

PF03 EXIT  
PF09 PRINT

PF04 GoTo  
PF10 SDIV

PF05  
PF11

PF06  
PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

07/23/98 15:39:01  
OGOIV -EMEA  
PAGE NO: 2

Sec : 30 Twp : 32N Rng : 05W Section Type : NORMAL

		3 43.30 Federal owned U A	3 43.30 Federal owned U A
		4 43.30 Federal owned U	4 43.30 Federal owned U

PF01 HELP  
PF07 BKWD

PF02  
PF08 FWD

PF03 EXIT  
PF09 PRINT

PF04 GoTo  
PF10 SDIV

PF05  
PF11

PF06  
PF12

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE\*  
(Other instructions on  
reverse side)

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

RECEIVED  
BLM

APPLICATION FOR PERMIT TO DRILL OR DEEPEN 38

1a. TYPE OF WORK  
 DRILL  DEEPEN

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER

2. NAME OF OPERATOR  
 Taurus Exploration, U.S.A., Inc.

3. ADDRESS AND TELEPHONE NO.  
 2198 Bloomfield Highway; Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. \*)  
 At surface  
 2330' FSL, 1048' FEL  
 At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.  
 NM-02850-B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME  
 San Juan 32-5 Unit

8. FARM OR LEASE NAME, WELL NO.  
 San Juan 32-5 Unit 9M  
 21996

9. API WELL NO.  
 30-039-25879

10. FIELD AND POOL, OR WILDCAT  
 Blanco MV/Basin Dakota

11. SEC., T., R., M., OR BLK.  
 AND SURVEY OR AREA  
 Sec. 30, T32N, R5W, NMPM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 17 miles north of Goberndor, New Mexico

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.  
 (Also to nearest drilg. unit line, if any) 1048'

16. NO. OF ACRES IN LEASE  
 174.41

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 345.59

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
 3500'

19. PROPOSED DEPTH  
 8190'

20. ROTARY OR CABLE TOOLS  
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc. technical and procedural review pursuant to 43 CFR 3165.3, and appeal pursuant to 43 CFR 3165.4.)  
 6484' GL

22. APPROX. DATE WORK WILL START\*

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED GENERAL REQUIREMENTS

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	9 5/8"	36#	200'	130 cu. ft. circulated
8 3/4"	7"	20#	3675'	1105 cu. ft. circulated
6 1/4"	4 1/2"	11.6#	8190'	695 cu. ft. to intermediate

An application to downhole commingle the Mesa Verde and Dakota is being submitted.  
 Selectively perforate and sand water fracture the Mesa Verde and Dakota formation.  
 This gas is dedicated.

RECEIVED  
 JUN 3 1998  
 OIL CON. DIV.  
 DIST. 3

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Production Superintendent DATE 4/6/98

JUN 01 1998

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:  
 NSL 4031 (NSP) @

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

District II  
1000, Hobbs, NM 88241-1780  
811 South First, Artesia, NM 88210  
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

RECEIVED  
BLM

98 APR 13 PM 1:38 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT, NM

* API Number 30-037-25879	* Pool Code 72329/71599	Blanco Mesa Verde/Basin Dakota
* Property Code 21996	* Property Name SAN JUAN 32-5 UNIT	* Well Number 9M
* OGRID No. 162928	* Operator Name TAURUS EXPLORATION U.S.A, Inc.	* Elevation 6484

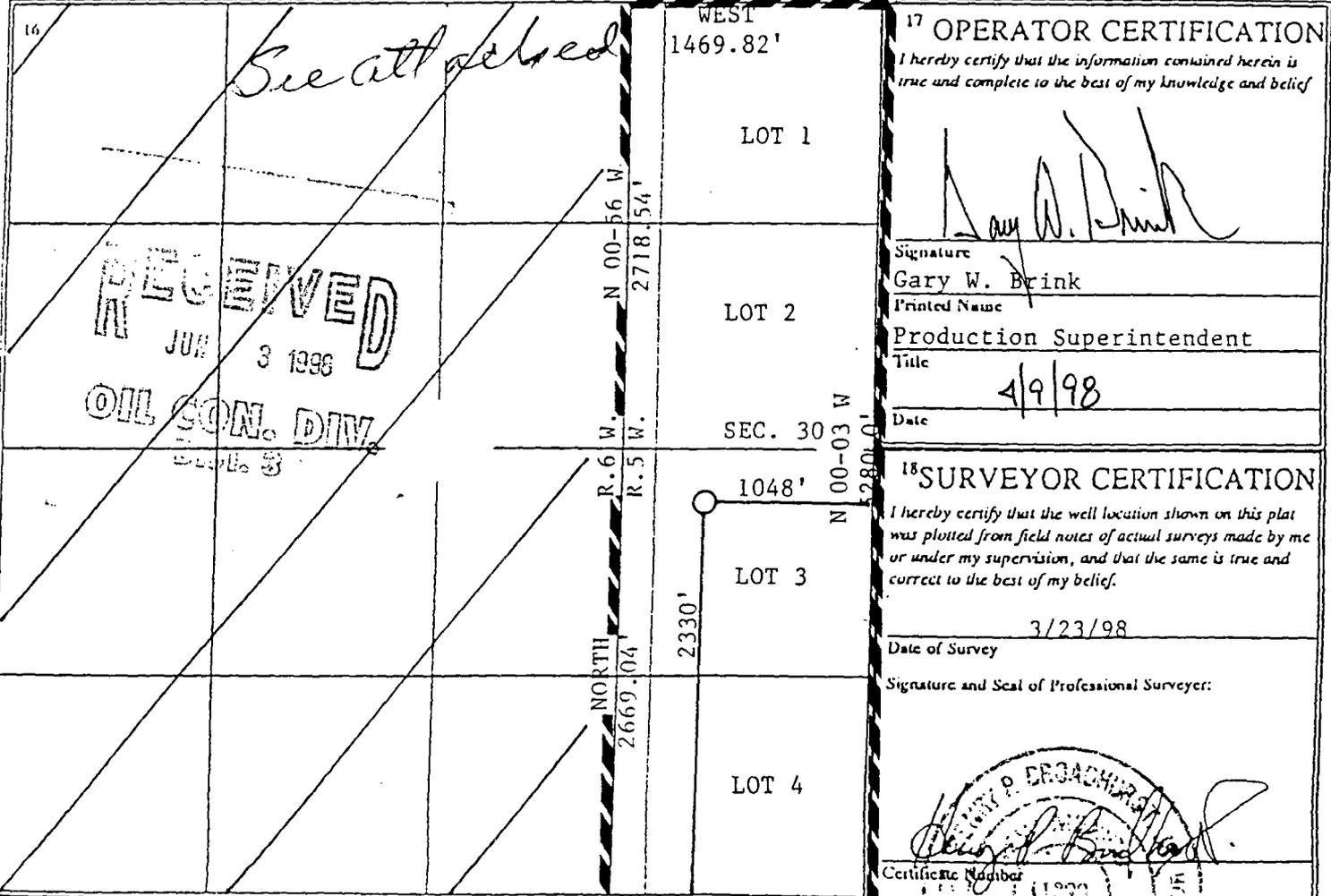
10 Surface Location

UL, or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	30	32n	5w		2330	SOUTH	1048	EAST	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
					Dedicated acres include Lots 1, 2, 3, 4 of Sec. 30 and Lots 1, 2, 3, 4 of Sec. 31				

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



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

Signature: *Gary W. Brink*  
Printed Name: Gary W. Brink  
Title: Production Superintendent  
Date: 4/9/98

18 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: 3/23/98  
Signature and Seal of Professional Surveyor: *[Signature]*  
Certificate Number: 11222

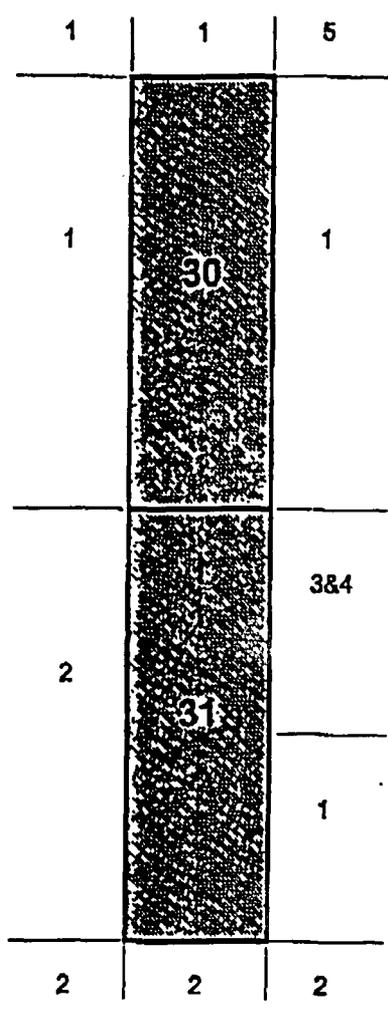
REGISTERED PROFESSIONAL SURVEYOR

# Taurus Exploration U. S. A., Inc.

San Juan 32-5 Unit 9M  
OFFSET OPERATOR \ OWNER PLAT

Commingle Dakota \ Mesa Verde Formations

Township 32 North - Range 5 West



**RECEIVED**  
 JUN 8 1998  
 OIL CO. INC.  
 DENVER CO.

- 1. Taurus Exploration U S A , Inc.
- 2. Williams Production Company
- 3. P & M Petroleum Management Co.
- 4. Burlington Resources
- 5. Open

# TAURUS EXPLORATION SAN JUAN 32-5 UNIT #9M ACCESS ROAD

NE SE/4 SEC.30, T.32 N., R.5 W., N.M.P.M.,  
RIO ARriba COUNTY, NEW MEXICO.

