

2/2/98

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|---------|---------|----|---|-----|
| 1/12/98 | 2/10/98 | DC | W | DHC |
|---------|---------|----|---|-----|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

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

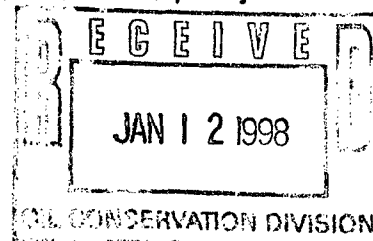
Check One Only for [B] or [C]

[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

Signature

Production Superintendent

Title

1/7/98

Date



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

January 7, 1998

Mr. William LeMay
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.
Reid B #1E
1760' FSL, 1080' FWL, Sec. 31, T29N, R10W NMPM
San Juan County, New Mexico

Dear Mr. LeMay:

Taurus Exploration U.S.A., Inc. requests administrative approval for downhole commingling the Otero Chacra and Basin Dakota pools in the subject well. The well is currently producing as a Chacra/Dakota dual completion. The Dakota zone has experienced liquid loading problems and it is felt downhole commingling will eliminate excessive swabbing expenditures to keep the zone unloaded and 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 Chacra 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/df

cc: NMOCD - Aztec, BLM - Farmington, 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 875054-6429Form 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

Lease Reid B Well No. 1E Unit Ltr. - Sec - Twp - Rge I Sec. 31 T29N R10W County San Juan

OGRID NO. 162928 Property Code 007418 API NO. 30-045-24361 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 | Otero Chacra 82329 | | Basin Dakota 71599 |
| 2. Top and Bottom of Pay Section (Perforations) | 2788-2899 | | 6213-6361 |
| 3. Type of production (Oil or Gas) | Gas | | Gas |
| 4. Method of Production (Flowing or Artificial Lift) | Flowing | | Flowing |
| 5. Bottomhole Pressure | a. (Current) | a. | a. |
| Oil Zones - Artificial Lift: Estimated Current | 316 Calc. | | 544 Measured |
| Gas & Oil - Flowing: Measured Current | b. (Original) | b. | b. |
| All Gas Zones: Estimated Or Measured Original | 1023 Calc. | | 1222 Calc. |
| 6. Oil Gravity (^o API) or Gas BTU Content) | 1146 | | 1314 |
| 7. Producing or Shut-In? | Producing | | Shut-in-logged off |
| Production Marginal? (yes or no) | yes | | yes |
| * If Shut-In, give date and oil/gas/water rates of last production | Date: | Date: | Date: |
| | Rates: | Rates: | Rates: |
| Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data | | | |
| * If Producing, give date and oil/gas/water rates of recent test (within 60 days) | Date: 10/30/97 | Date: | Date: 4/15/97 |
| | Rates: 0-20-0 | Rates: | Rates: 0-30-.25 |
| 8. Fixed Percentage Allocation Formula - % for each zone | Oil: 0% Gas: 40% | Oil: % Gas: % | Oil: 100% Gas: 60% |

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 Gary W. Brink TITLE Prod. Superintendent DATE 1/9/98

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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

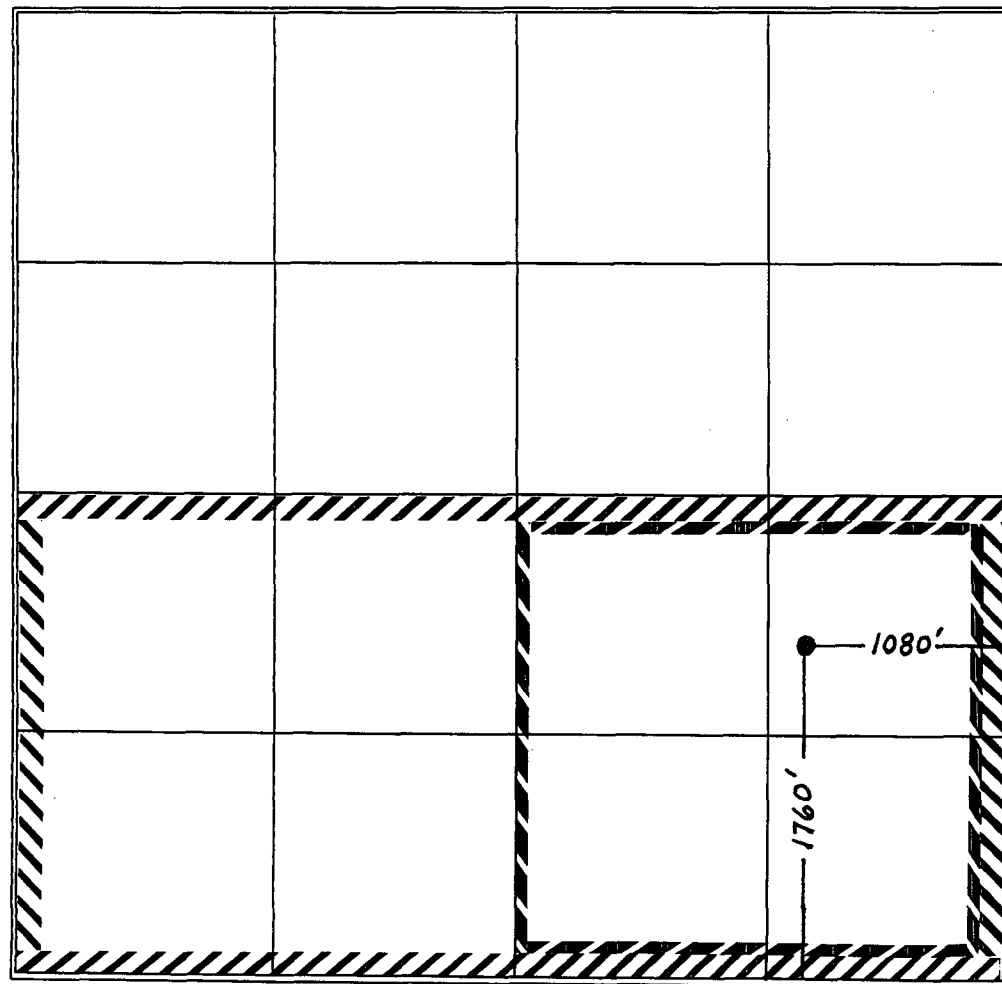

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|--|---|
| ¹ API Number 30-045-24361 | ² Pool Code 82329/71599 | ³ Pool Name Otera Chacra/Basin Dakota |
| ⁴ Property Code 007418 | ⁵ Property Name Reid B | ⁶ Well Number 1E |
| ⁷ OGRID No. 162928 | ⁸ Operator Name Taurus Exploration, U.S.A., Inc. | ⁹ Elevation 5617' |

| | | | | | | | | | |
|--------------------------------|---------------|-----------------|--------------|----------|------------------------|---------------------------|------------------------|------------------------|--------------------|
| ¹⁰ Surface Location | | | | | | | | | |
| UL or lot no. I | Section 31 | Township 29N | Range 10W | Lot. Idn | Feet from the 1760' | North/South Line South | Feet from the 1080' | East/West line West | County 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 160/320 | | | | | | | | | |
| 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

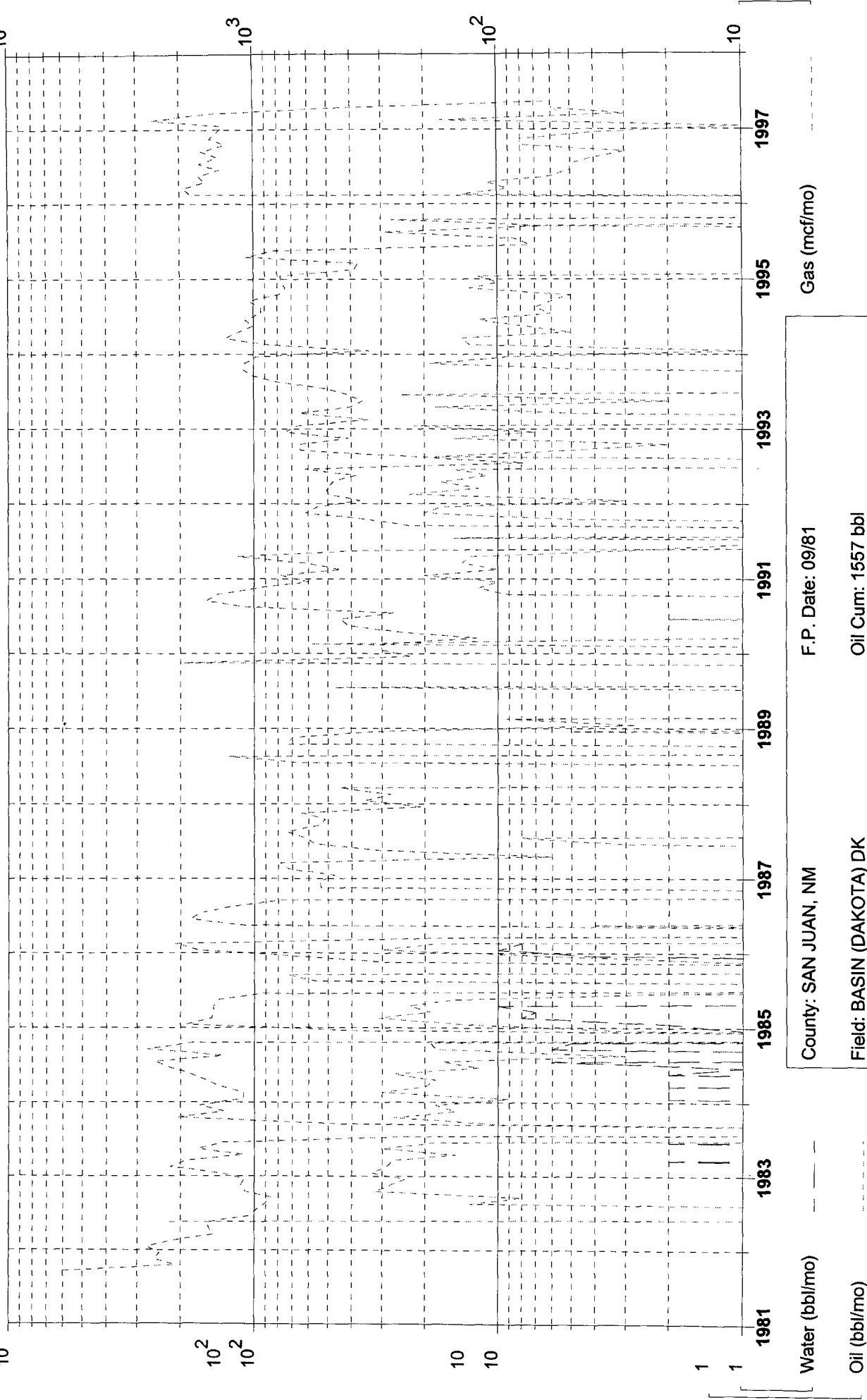
| | |
|---|---|
|  | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Printed Name Gary Brink Title Production Superintendent Date 1/7/98 |
| | ¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify 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> February 19, 1980 Date of Survey Signature and Seal of Professional Surveyer: Reissue of survey by James P. Leese 1463 Certificate Number |

Dwights

Lease: REID B (1E)

Retrieval Code: 251,045,29N10W31100DK

01/06/98



Water (bbl/mo)

Oil (bbl/mo)

Gas (mcf/mo)

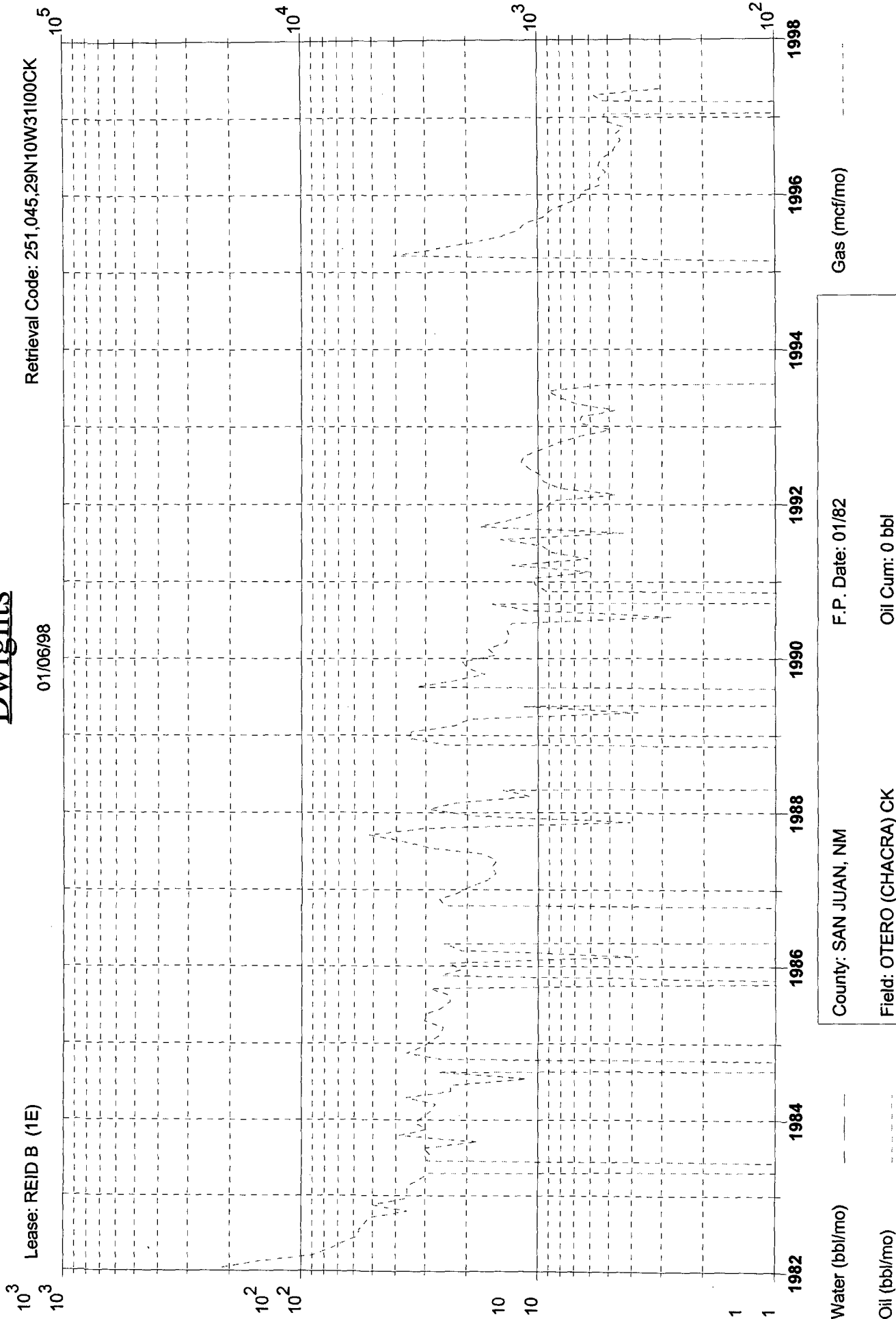
County: SAN JUAN, NM
Field: BASIN (DAKOTA) DK
Reservoir: DAKOTA
Operator: TAURUS EXPLORATION USA, I
F.P. Date: 09/81
Oil Cum: 1557 bbl
Gas Cum: 164.6 mmcf
Location: 311 29N 10W

Dwights

Lease: REID B (1E)

Retrieval Code: 251,045,29N10W31100CK

01/06/98



Water (bbl/mo)

Oil (bbl/mo)

County: SAN JUAN, NM

Field: OTERO (CHACRA) CK

Reservoir: CHACRA

Operator TAURUS EXPLORATION USA, I

F.P. Date: 01/82

Oil Cum: 0 bbl

Gas Cum: 327.5 mmcf

Location: 311 29N 10W

Taurus Exploration U.S.A., Inc

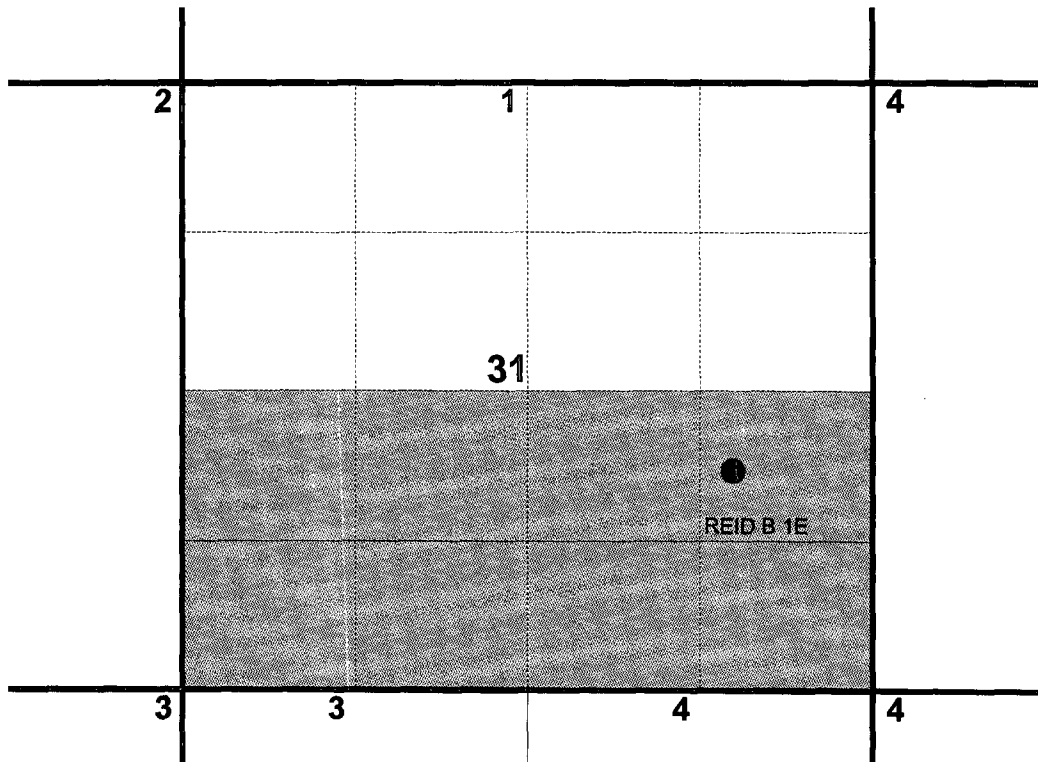
REID B#1E

Offset Operator / Ownership Plat

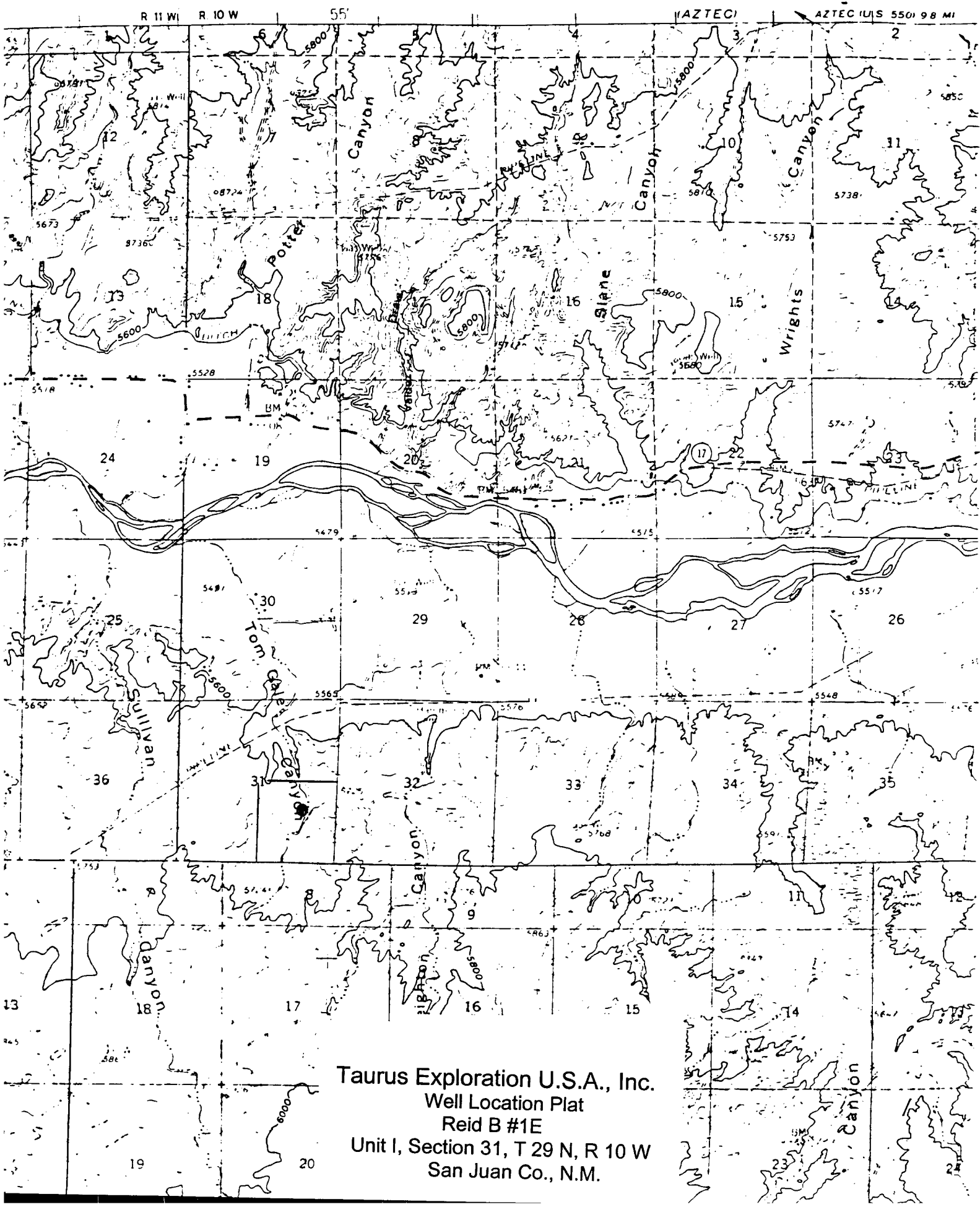
Otero Chacra/ Basin Dakota

Downhole Commingling

Township 29 N, Range 10 W



- 1) Burlington Resources
P.O. Box 4289
Farmington, N.M. 87499-4289
- 2) Conoco
10 Desta Dr. Suite 100 W
Midland, Tx. 79705
- 3) Cross Timbers
6001 U.S. Hwy 64
Farmington, N.M. 87401
- 4) Four Star Oil & Gas
P.O. Box 3109
Midland, Tx. 79702



Taurus Exploration U.S.A., Inc.
Well Location Plat
Reid B #1E
Unit I, Section 31, T 29 N, R 10 W
San Juan Co., N.M.