



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

ADMINISTRATIVE ORDER NO. DHC-1934

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

Attention: Mr. Gary W. Brink

*Nye Federal Well No. 1
API No. 30-045-10478
Unit M, Section 20, Township 31 North, Range 12 West, NMPM,
San Juan County, New Mexico
Basin-Dakota (Prorated Gas - 71599) and,
Blanco-Mesaverde (Prorated Gas - 72319) Gas Pools*

Dear Mr. Brink:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated gas pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

<i>POOL</i>	<i>OIL %</i>	<i>GAS %</i>
Blanco-Mesaverde Gas Pool	0%	80%
Basin-Dakota Gas Pool	100%	20%

The allocation method established herein may be altered at some time subsequent to initiating

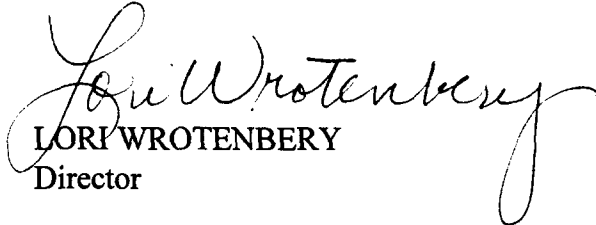
downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule No. 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 12th day of May, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

LW/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management- Farmington