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11/30/98	12/21/98	DC	KN	DHC
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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 BRINK
 Print or Type Name

Signature

Title

 Production Supt.
 Title

 11/24/98
 Date



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

November 24, 1998

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

RE: Administrative Approval to Downhole Commingle
Taurus Exploration U.S.A., Inc.
Jicarilla 117 E #3
1090 FSL, 1650 FWL, Sec. 34, T26N, R3W, N.M.P.M.
Rio Arriba County, New Mexico

Dear Ms. Wrotenbery:

Taurus Exploration U.S.A., Inc., requests to downhole commingle the Tapacito Pictured Cliffs and Blanco Mesa Verde pools in the subject well. The well is currently producing as a Pictured Cliffs/Mesaverde dual completion. The Pictured Cliffs zone has experienced liquid loading problems and it is currently shut in. It is felt downhole commingling will eliminate excessive operational problems and allow the Mesaverde flow stream to aid in keeping the Pictured Cliffs zone unloaded with the aid of a plunger lift system.

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 Commingle
2. C102 – Location plat showing each spacing unit and dedicated acreage
3. Production curves for both the Pictured Cliffs and Mesaverde
4. Offset operator plat
5. Well location plat
6. Proposed allocation method
7. Engineering and economic support data

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, BLM – Albuquerque, Offset Operators

Production/OCD/jic 117E 3 11-98.doc

District I
P.O. 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 30-039-06200	² Pool Code 85920/3960	³ Pool Name Tapacito Pictured Cliffs/Blanco Mesaverde
⁴ Property Code 007171	⁵ Property Name Jicarilla 117E	⁶ Well Number 3
⁷ OGRID No. 162928	⁸ Operator Name Taurus Exploration U.S.A., Inc.	⁹ Elevation 7342

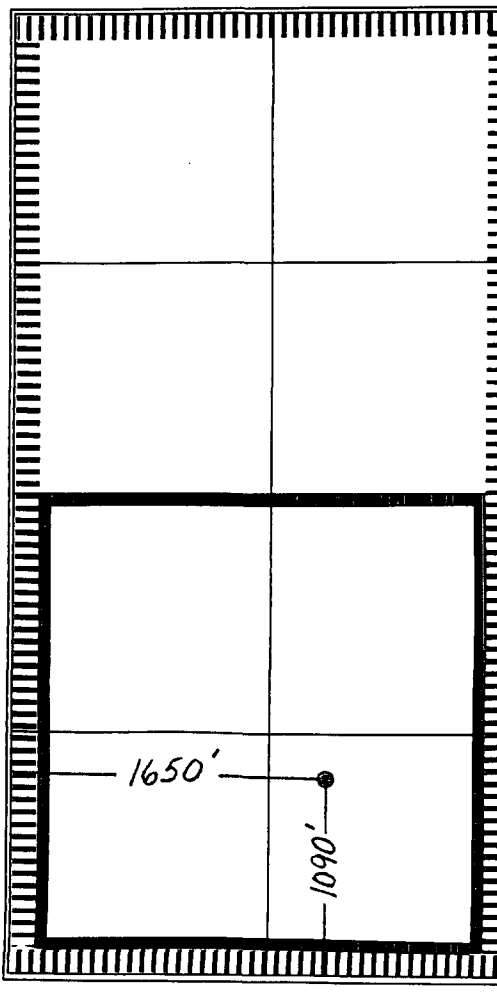
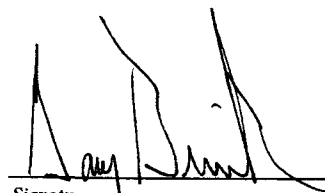
¹⁰ Surface Location

UL or lot no. N	Section 34	Township 26N	Range 3W	Lot. Idn	Feet from the 1090	North/South Line South	Feet from the 1650	East/West line West	County Rio Arriba
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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 Gary Brink Printed Name Production Superintendent Title November 24, 1998 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> June 10, 1956 Date of Survey Signature and Seal of Professional Surveyer: Reissue of Original Survey by James P. Leese 1463 Certificate Number

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, NM 87401Lease Jicarilla 117EWell No. 3Unit Ltr. - Sec - Twp - Rge NSec. 34 T26NR3WCounty Rio ArribaOGRID NO. 162928Property Code 007171API NO. 30-039-06200

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	Tapacito PC 85920		Blanco MV 72319
2. Top and Bottom of Pay Section (Perforations)	3936 - 3960		5578 - 6186
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure	a. (Current) 781 Calc	a.	a. 745 Calc
Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	b. (Original) 1161 Calc	b.	b. 1291 Calc
6. Oil Gravity (^o API) or Gas BTU Content)	1164 BTU		1230 BTU
7. Producing or Shut-In?	Shut In		Producing
Production Marginal? (yes or no)	Yes		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: 10/91 Rates: 0/13/0	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: 11/4/98 Rates: .1/21/.1
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 38 %	Oil: % Gas: %	Oil: 100 % Gas: 62 %

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 ☐ No11. 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

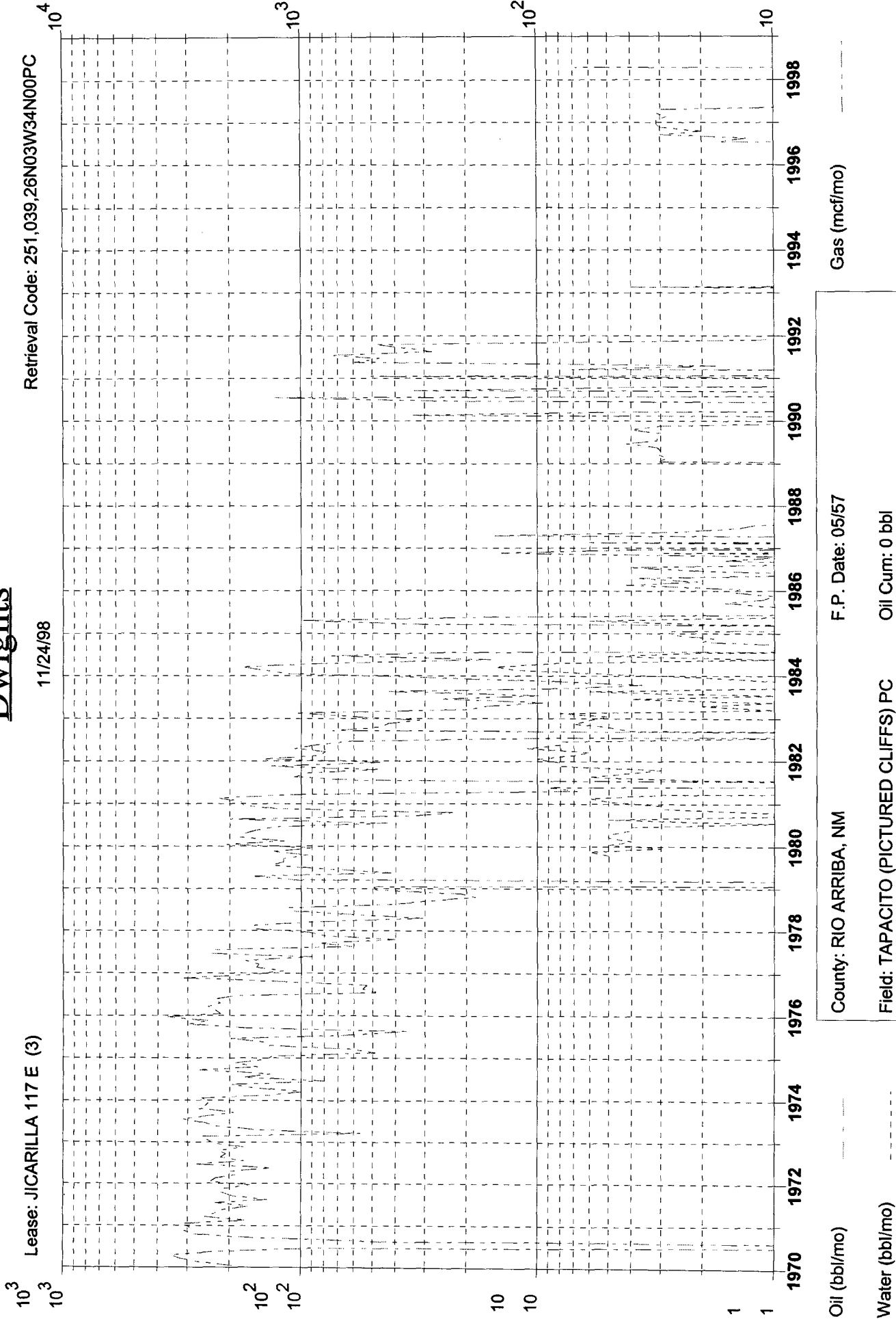
TITLE Prod. Superintendent DATE 11/24/98TYPE OR PRINT NAME Gary BrinkTELEPHONE NO. (505) 325-6800

Dwights

Lease: JICARILLA 117 E (3)

Retrieval Code: 251,039,26N03W34N00PC

11/24/98



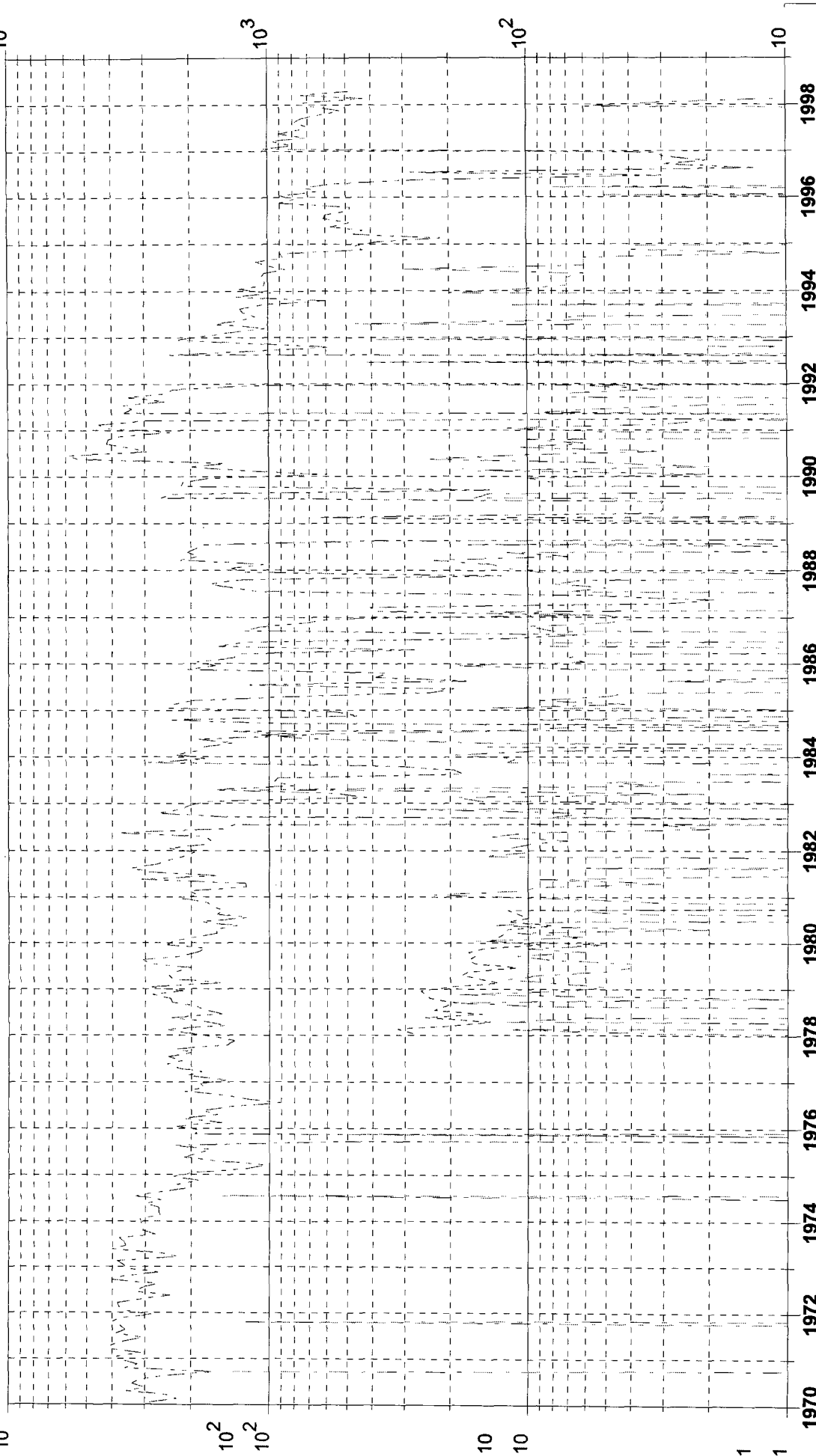
County: RIO ARRIBA, NM	F.P. Date: 05/57
Field: TAPACITO (PICTURED CLIFFS) PC	Oil Cum: 0 bbl
Reservoir: PICTURED CLIFFS	Gas Cum: 645.9 mmcf
Operator TAURUS EXPLORATION U.S.A.	Location: 34N 26N 3W

Dwights

Lease: JICARILLA 117 E (3)

Retrieval Code: 251,039,26N03W34N00MV

11/24/98



Oil (bbl/mo)

Water (bbl/mo)

Gas (mcf/mo)

F.P. Date: 08/57

Oil Cum: 3656 bbl

Gas Cum: 1082 mmcf

Location: 34N 26N 3W

County: RIO ARRIBA, NM

Field: BLANCO (MESAVERDE) MV

Reservoir: MESAVERDE

Operator TAURUS EXPLORATION U.S.A.

Taurus Exploration U.S.A., Inc

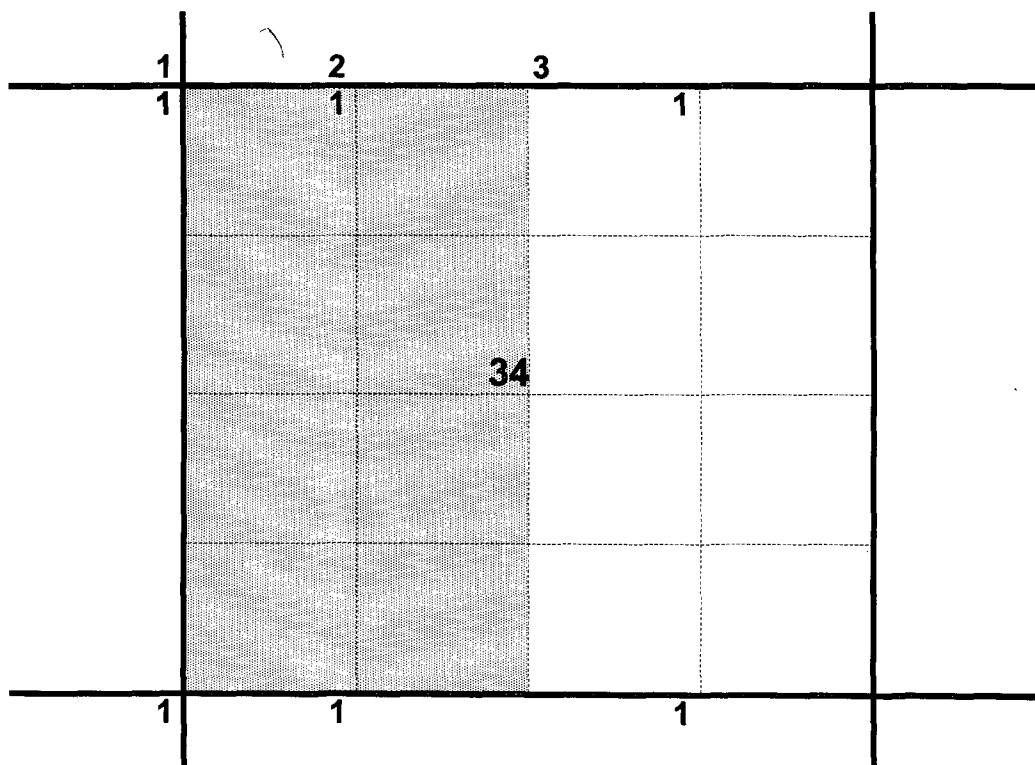
Jicarilla 117E #3

Offset Operator / Ownership Plat

Tapacito Pictured Cliffs/ Blanco Mesa Verde

Downhole Commingling

Township 26 N, Range 3 W



- 1) Taurus Exploration U.S.A., Inc
- 2) Conoco
10 Desta Dr., Suite 100 W
Midland, Tx. 79705
- 3) Dugan Production Corp.
P.O. Box 420
Farmington, N.M. 87401

IC Kpc
Kmv

Kpc-Lc

Taurus Exploration U.S.A., Inc.

Jicarilla 117 E #3

Unit N, Section 34, T 26 N, R 3 W

Rio Arriba Co., N.M.

Well Location Plat

