



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2640 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1959

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

Attention: Mr. Gary W. Brink

RECEIVED
JUN 4 1998
OIL CON. DIV.
DIST. 3

*Jicarilla 98 No. 2
API No. 30-039-06389
Unit A, Section 19, Township 26 North, Range 3 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319) and
Tapacito-Pictured Cliffs (Gas - 85920) 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 pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the subject well shall be allocated as follows:

Tapacito-Pictured Cliffs Gas Pool	Oil 0%	Gas 63%
Blanco-Mesaverde Gas Pool	Oil 100%	Gas 37%

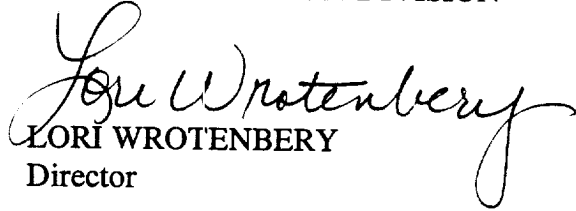
REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Administrative Order DHC-1959
Taurus Exploration U.S.A., Inc.
June 1, 1998
Page 2

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 1st day of June, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/DRC

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