P.O. Box 1980, Hobbs, NM 88241-1980

State/of New Mexico Energy, Minerals and Natural Resources Department Form C-107-A New 3-12-96

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

DISTRICT II 811 S. First St., Artesia, NM 88210-2835

2040 S. Pacheco Santa Fe, New Mexico 875054-6429 X_Administrative __Hearing
EXISTING WELLBORE

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

X_YES ___NO

Taurus Exploration U.S.A., Inc. 2198 Bloomfield Highway, Farmington, New Mexico 87401 Address									
Jicarilla 98	5 A	Sec. 20, T26N, R3W	Rio Arriba County,						
CORID NO. 162928 Property Cod			County Spacing Unit Lease Types: (check 1 or more) Federal X, State, (and/or) Fee						
The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone						
Pool Name and Pool Code	Tapacito PC ** 85920		Blanco MV 72319						
Top and Bottom of Pay Section (Perforations)	3945-3997	DECEIVED	6093 - 6220						
Type of production (Oil or Gas)	gas	MAY 1 1 1998	gas						
Method of Production (Flowing or Artificial Lift)	flowing	OIL CON. DIV.	flowing						
5. Bottomhole Pressure	a. (Current)	a. DISU. 3	a.						
Oil Zones - Artificial Lift: Estimated Current	537 mea.		685 mea.						
Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	b. ^(Original) 903 calc.	b.	ь. 1421 calc.						
6. Oil Gravity (⁰ API) or Gas BTU Content)	1201 BTU		1202 BTU						
7. Producing or Shut-In?	producing		shut in						
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.	Date: Rates:	Date: Rates:	Date: 5/97 Rates:						
applicant shall be required to attach production estimates and supporting data			0/29/.5						
* If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Date: 4/16/98 Rates: 0/60/0	Date: Rates:	Date: Rates:						
8. Fixed Percentage Allocation Formula -% for each zone	Oil: Gas: 67 %	Oil: % Gas: %	Oil: Gas: 33%						
 If allocation formula is based usubmit attachments with support 	upon something other than currorting data and/or explaining n	ent or past production, or is banethod and providing rate proje	ased upon some other method, ections or other required data.						
10. Are all working, overriding, and royalty interests identical in all commingled zones? If not, have all working, overriding, and royalty interests been notified by certified mail? Have all offset operators been given written notice of the proposed downhole commingling? X Yes — No									
 Will cross-flow occur?Y flowed production be recovered, 	es X No If yes, are fluids	compatible, will the formations r	not be damaged, will any cross-						
12. Are all produced fluids from all co			es No						
13. Will the value of production be de		Yes _X_No (If Yes							
14. If this well in on, or communitized	with state or federal lands eithe		de or the						
15. NMOCD Reference Cases for Rule		ER 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.									
hereby certify that the information at	we is true and complete to the b	est of my knowledge and belief.							
SIGNATURE JAM W. DW	\}	TITLE <u>Prod. Superintendent</u>	DATE <u>5/7/98</u>						
TYPE OR PRINT NAME Gary W. Br	rink	TELEPHONE NO. (_	505) 325-6800						

State of New Mexico District I

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

811 S. 1st Street, Artesia, NM 88210-2834 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV

O Box 1980, Hobbs, NM 88241-1980

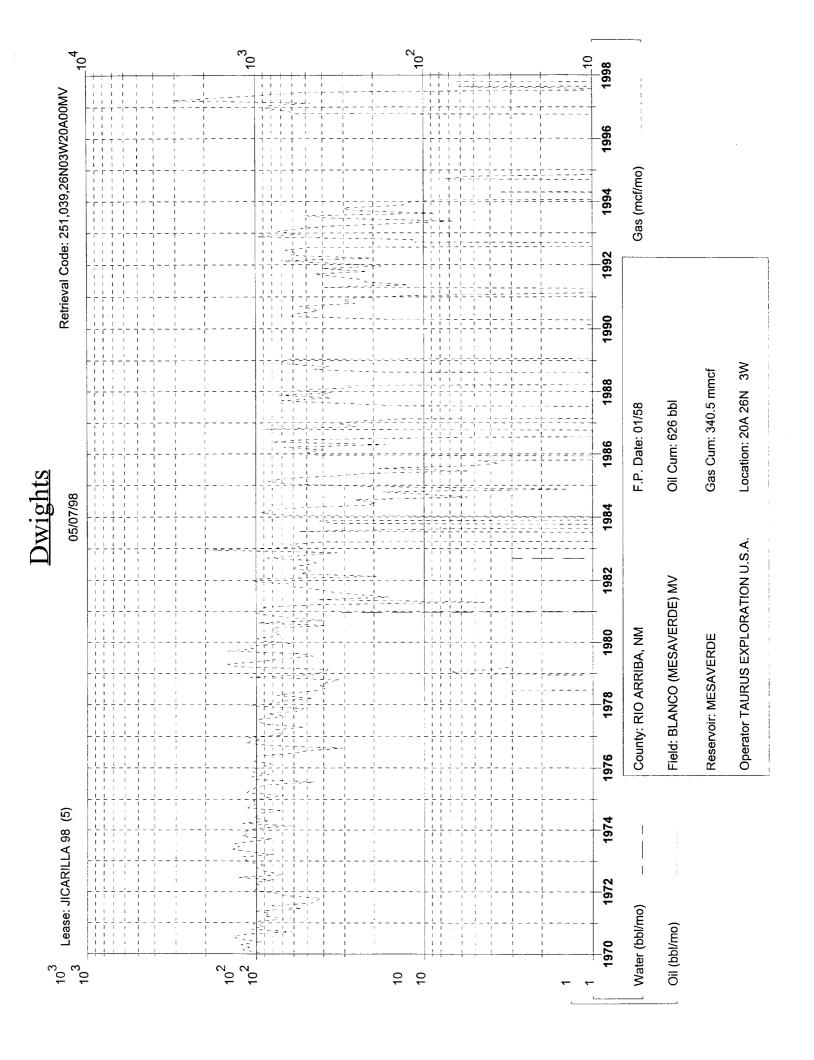
District II

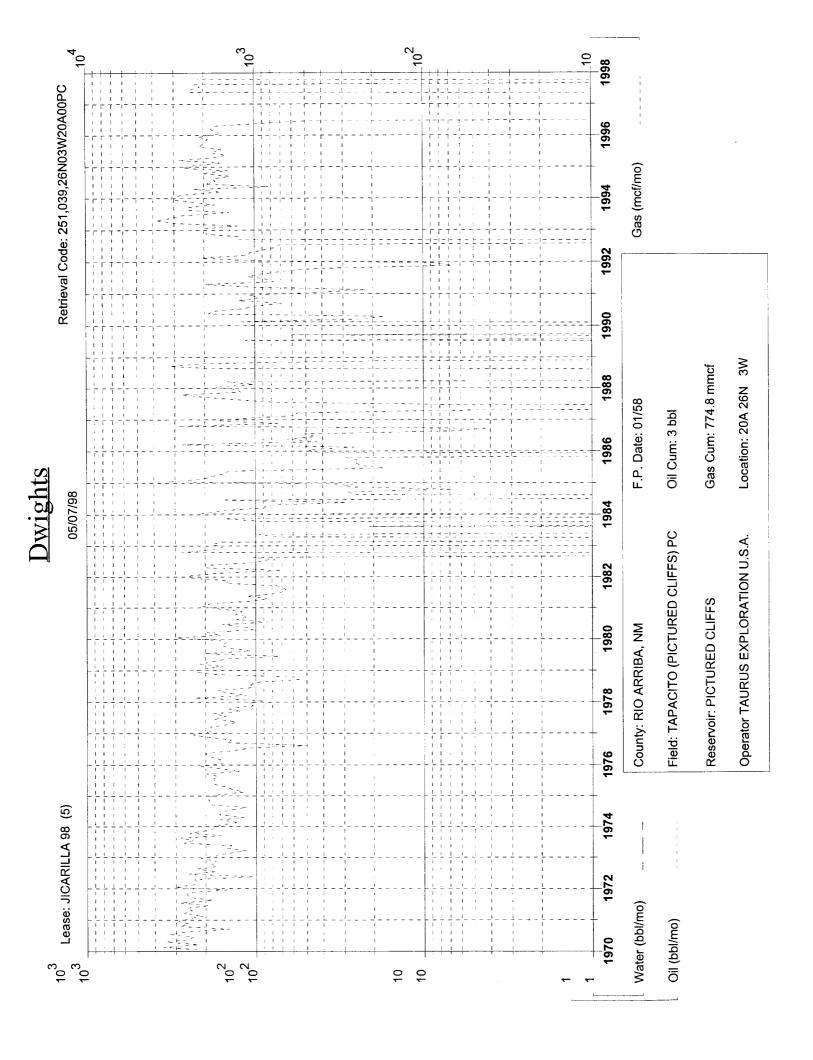
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number			² Pool Code		³ Pool Name					
30-039-06390 85920/72319				2319	Tapacito Pictured Cliffs/Blanco Mesa Verde					
⁴ Property Code				5 Proj	5 Property Name				⁶ Well Number	
007167 Jica				carilla 98				5		
⁷ OGRID No.				8 Operator Name				9	9 Elevation	
1629	162928 Taur				us Exploration, U.S.A., Inc.				7267 GL	
					10 Surface	Locati	on			
UL or lot no.	Section	Township	Township Range		Feet from	n the	North/South Line	Feet from the	East/West line	County
Α	20	26N	3W		99	90	North	990	East	Rio Arriba
, .			11 Bo	ttom Hol	le Location	If Diffe	rent From Surfac	e		
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from	m the	North/South Line	Feet from the	East/West line	County
¹² Dedicated Acre 160/320	es la Joint	or Infill 1	4Consolidation	Code 15	Order No.					
NO ALLO	WABLE V						NTIL ALL INT APPROVED BY			SOLIDATED
	-					90,		I hereby certify true and complete		ICATION contained herein is nowledge and belief.

Signature~ Gary W. Brink Printed Name Production Superintendent 5/7/98 Date 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 Signature and Seal of Professional Surveyer: Reissue of original survey Certificate Number



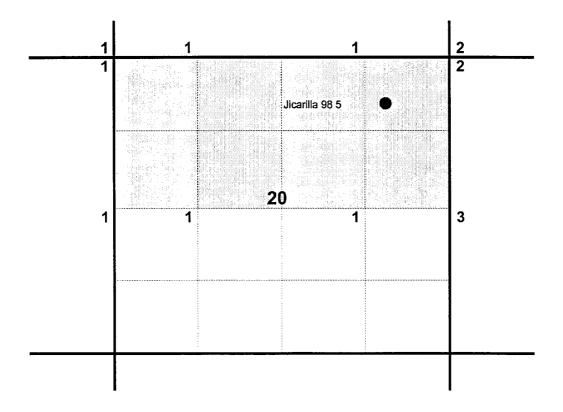


Taurus Exploration U.S.A., Inc

Jicarilla 98 #5 Offset Operator / Ownership Plat

Tapicito Pictured Cliffs / Blanco Mesa Verde Downhole Commingling

Township 26 N, Range 3 W



- 1) Taurus Exploration U.S.A., Inc
- 2) Conoco, Inc.10 Desta Dr. Ste 100WMidland Tx 79705-4500
- 3) Dugan Production Corp. P. O. Box 420 Farmington, N.M. 87401

