

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

Taurus Exploration U.S.A., Inc.

2198 Bloomfield Highway, Farmington, New Mexico 87401

Operator

Address

Jicarilla 98

5

A

Sec. 20, T26N,

R3W

Rio Arriba County,

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 162928

Property Code 007167

API NO. 30-039-06390

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)	3945-3997		6093-6220
3. Type of production (Oil or Gas)	gas		gas
4. Method of Production (Flowing or Artificial Lift)	flowing		flowing
5. Bottomhole Pressure	a. (Current) 537 mea.	a.	a. 685 mea.
Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	b. (Original) 903 calc.	b.	b. 1421 calc.
6. Oil Gravity (^o 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, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: 5/97 Rates: 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: 0 % Gas: 67 %	Oil: % Gas: %	Oil: 100 % Gas: 33 %

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 ☐ No13. 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. NMOC 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 5/7/98TYPE OR PRINT NAME Gary W. Brink TELEPHONE NO. (505) 325-6800

District I
PO Box 1980, Hobbs, NM 88241-1980
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811 S. 1st Street, Artesia, NM 88210-2834
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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 30-039-06390	² Pool Code 85920/72319	³ Pool Name Tapacito Pictured Cliffs/Blanco Mesa Verde
⁴ Property Code 007167	⁵ Property Name Jicarilla 98	⁶ Well Number 5
⁷ OGRID No. 162928	⁸ Operator Name Taurus Exploration, U.S.A., Inc.	⁹ Elevation 7267 GL

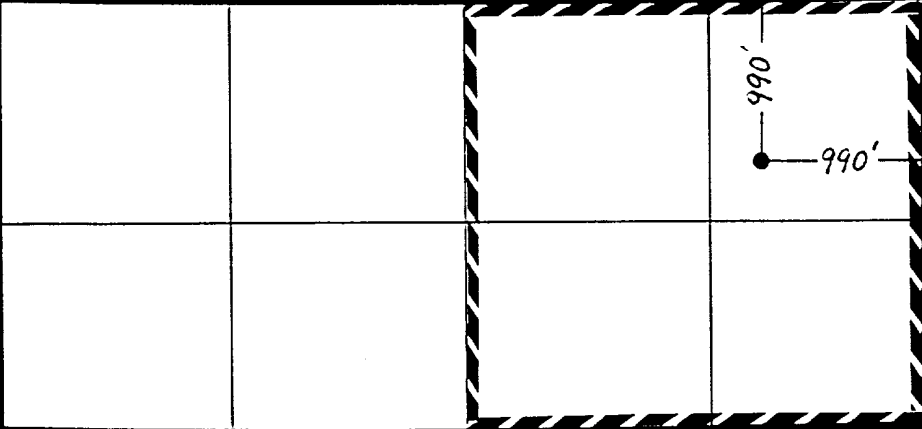
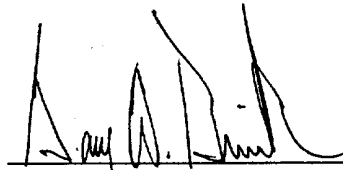
¹⁰ Surface Location

UL or lot no. A	Section 20	Township 26N	Range 3W	Lot. Idn	Feet from the 990	North/South Line North	Feet from the 990	East/West line East	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

				<p>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></p> <p> Signature Gary W. Brink Printed Name Production Superintendent Title 5/7/98 Date</p>
<p>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></p> <p>_____ Date of Survey</p> <p>_____ Signature and Seal of Professional Surveyer:</p> <p>Reissue of original survey</p> <p>_____ Certificate Number</p>				

RECEIVED
MAY 28 1998
OIL CON. DIV.
DIST. 3

Dwights

Lease: JICARILLA 98 (5)

Retrieval Code: 251,039,26N03W20A00MV

05/07/98

10³
10³
10⁴

10²
10²

10³

10
10

10²

1
1

10

1970 1972 1974 1976 1978 1980 1982 1984 1986 1988 1990 1992 1994 1996 1998

Water (bbl/mo)

Oil (bbl/mo)

Gas (mcf/mo)

County: RIO ARRIBA, NM

F.P. Date: 01/58

Field: BLANCO (MESAVERDE) MV

Oil Cum: 626 bbl

Reservoir: MESAVERDE

Gas Cum: 340.5 mmcf

Operator TAURUS EXPLORATION U.S.A.

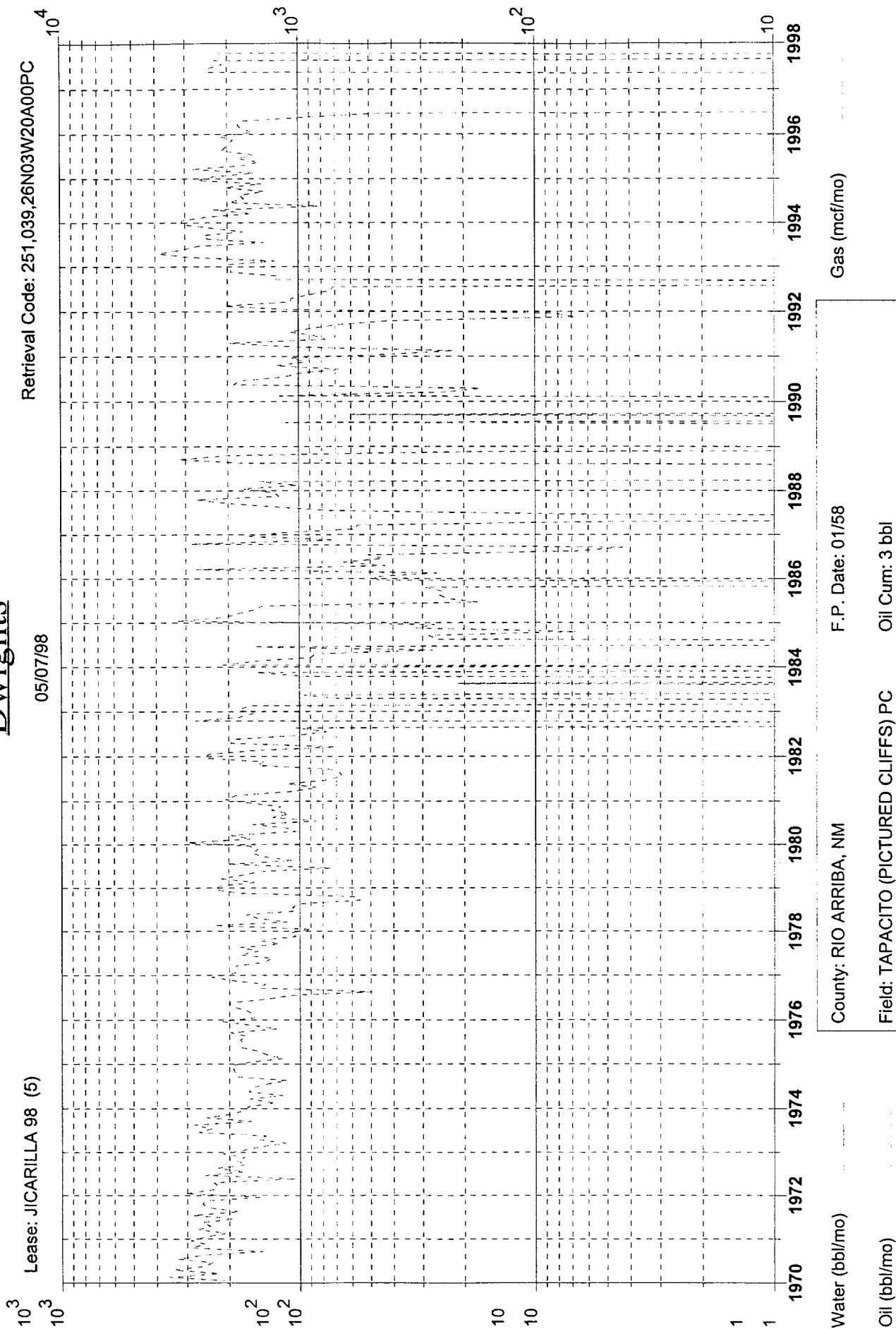
Location: 20A 26N 3W

Dwights

Lease: JICARILLA 98 (5)

Retrieval Code: 251,039,26N03W20A00PC

05/07/98



Water (bbl/mo)

Oil (bbl/mo)

Gas (mcf/mo)

County: RIO ARRIBA, NM

Field: TAPACITO (PICTURED CLIFFS) PC

Reservoir: PICTURED CLIFFS

Operator: TAURUS EXPLORATION U.S.A.

F.P. Date: 01/58

Oil Cum: 3 bbl

Gas Cum: 774.8 mmcf

Location: 20A 26N 3W

Taurus Exploration U.S.A., Inc

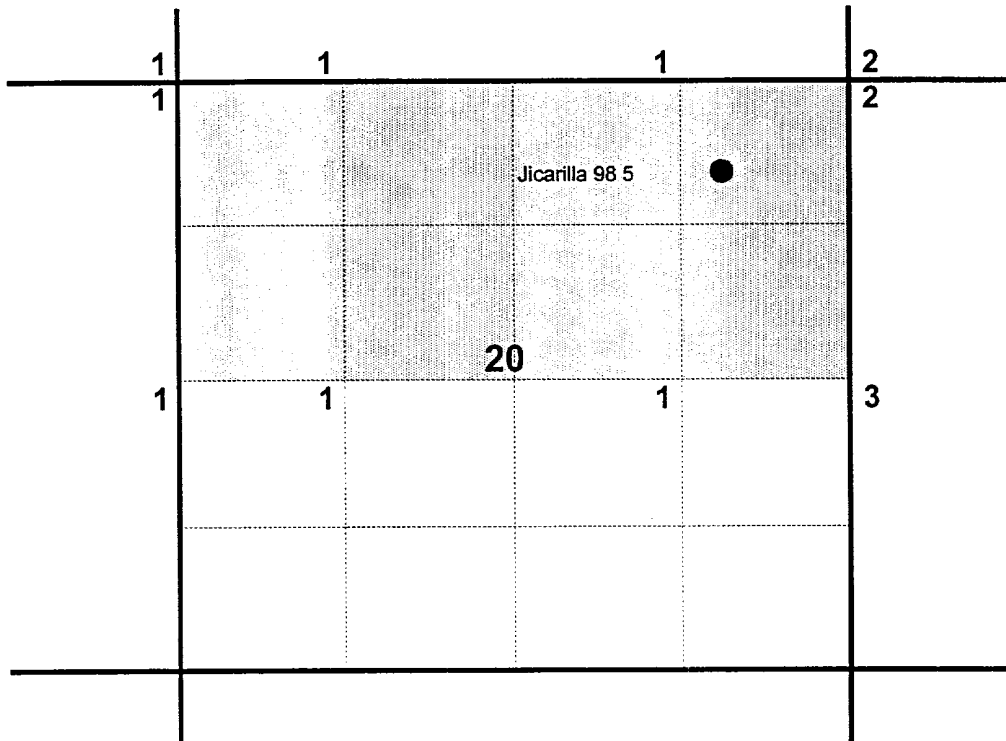
Jicarilla 98 #5

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 100W
Midland Tx 79705-4500
- 3) Dugan Production Corp.
P. O. Box 420
Farmington, N.M. 87401

Jicarilla 98 #5
Unit A, Section 20,T 26 N, R 3 W
Rio Arriba Co., N.M.

Subject: Economic Justification To Downhole Commingle

Current Oil Price --\$16.00
Current Gas Price-- \$1.50 Net less gathering & processing

The Blanco Mesa Verde side of this dual completion has extreme liquid loading problems. We have swabbed the well 2 times in the six months to keep it producing at a marginal rate. Listed below is the economic justification to commingle.

Mesa Verde Current rate when flowing: 30 MCFD & 1 BW

Gas Revenue	$30 * 1.50 * 30 = \$1350$
Total Revenue	\$1350 per month
Less Royalty	-\$169
Net Revenue to Well	\$1181 per month
Monthly Net Revenue	\$1181
Monthly fixed operating cost	\$650
Monthly swabbing cost	<u>\$800</u>
	- \$269 per month loss

We are currently losing \$269 per month to keep this well flowing, thus making this well uneconomical to produce. Downhole commingling would prevent downtime by using the Pictured Cliffs gas stream to unload the Mesa Verde liquid. This will increase the overall production from the well and prevent waste by eliminating pre-mature abandonment.

CONDITIONS OF APPROVAL FOR DOWNHOLE COMMINGLING

Operator Taurus Expl. USA, Inc Well Name Jic. 98 B #5

1. The individual production zones will be tested every three years, or more often if production rates indicate a change to allocation factors, to verify that the allocation factors and methods remain proper.
2. Production from downhole commingled wells are to be reported with an alpha character, "C" (ie C1, C2, etc).
3. The following modifications to your downhole commingling program are to be made :

Submit well bore diagram with subsequent report.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT - " for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. Jicarilla 98
2. Name of Operator Taurus Exploration, U.S.A., Inc.	6. If Indian, Allottee or Tribe Name Jicarilla 07
3. Address and Telephone No. 2198 Bloomfield Highway; Farmington, NM 87401	7. If Unit or CA Agreement Designation ALBUQUERQUE, N.M.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 990' FNL, 990' FEL, Sec. 20, T26N, R3W, NMPM	8. Well Name and No. Jicarilla 98 5
	9. API Well No. 30-039-06390
	10. Field and Pool, or exploratory Area Tapacito Pictured Cliffs/ Blanco Mesaverde
	11. County or Parish, State Rio Arriba NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other Downhole Commingle	<input type="checkbox"/> Dispose Water
	(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)	

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

It is intended to downhole commingle this well as follows:

1. TOH and lay down Pictured Cliffs tubing string.
2. Release seal assembly and TOH with tubing.
3. TIH with packer milling tool. Mill out Baker Model "D" at 6050'. TOH.
4. TIH and c/o tp PBTD. Land tubing at 6200'. Install single wellhead.

An application to downhole commingle has been filed with NMOC.

RECEIVED
MAY 28 1998
OIL CON. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct

Signed [Signature] Title Production Superintendent Date 5/7/98

(This space for Federal or State office use)

Approved by [Signature] Title Lands and Mineral Resources Date MAY 22 1998

Conditions of approval, if any:



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

May 7, 1998

Ms. Lori Wrotenbery
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.
Jicarilla 98 #5
990' FNL, 990' FEL, Sec. 20, T26N, R3W, NMPM
Rio Arriba County, New Mexico

Dear Ms. Wrotenbery:

Taurus Exploration U.S.A., Inc. requests administrative approval for downhole commingling the Tapacito Pictured Cliffs and Blanco Mesa Verde pools in the subject well. The well is currently producing as a Pictured Cliffs/Mesa Verde dual completion. The Mesa Verde zone has experienced liquid loading problems and it is felt downhole commingling will eliminate excessive operational and swabbing expenditures and allow the Pictured Cliffs flow stream to aid in keeping the Mesa Verde 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. C102 - Location plat showing each spacing unit and dedicated acreage
3. Production curves for both the Mesa Verde 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-Albuquerque, Offset Operators

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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

Taurus Exploration U.S.A., Inc.

2198 Bloomfield Highway, Farmington, New Mexico 87401

Operator

Address

Jicarilla 98

5

A

Sec. 20, T26N, R3W

Rio Arriba County,

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 162928

Property Code 007167

API NO. 30-039-06390

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
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2. Top and Bottom of Pay Section (Perforations)	3945-3997		6093-6220
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4. Method of Production (Flowing or Artificial Lift)	flowing		flowing
5. Bottomhole Pressure	a. (Current) 537 mea.	a.	a. 685 mea.
Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	b. (Original) 903 calc.	b.	b. 1421 calc.
6. Oil Gravity (°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	Date: Rates:	Date: Rates:	Date: 5/97 Rates: 0/29/.5
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: 4/16/98 Rates: 0/60/0	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 67 %	Oil: % Gas: %	Oil: 100 % Gas: 33 %

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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 ☐ No13. 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. NMOC 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.
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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 5/7/98TYPE OR PRINT NAME Gary W. Brink TELEPHONE NO. (505) 325-6800

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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
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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 30-039-06390	² Pool Code 85920/72319	³ Pool Name Tapacito Pictured Cliffs/Blanco Mesa Verde
⁴ Property Code 007167	⁵ Property Name Jicarilla 98	⁶ Well Number 5
⁷ OGRID No. 162928	⁸ Operator Name Taurus Exploration, U.S.A., Inc.	⁹ Elevation 7267 GL

¹⁰ Surface Location

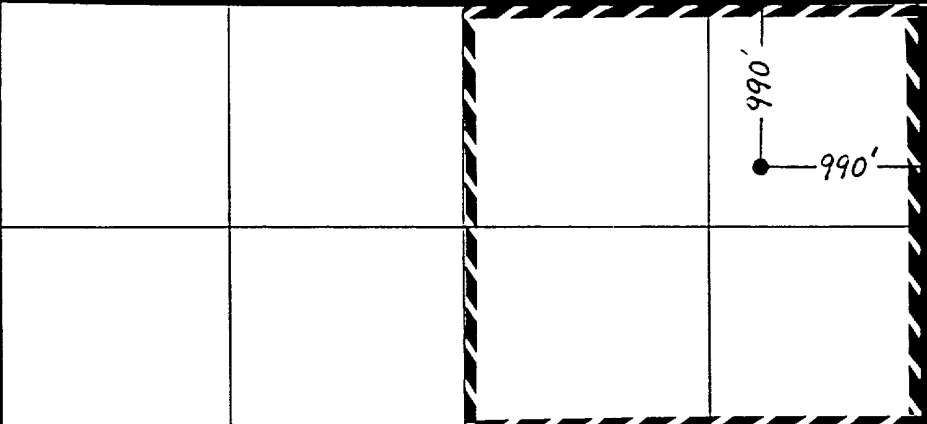
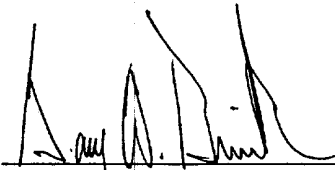
UL or lot no. A	Section 20	Township 26N	Range 3W	Lot. Idn	Feet from the 990	North/South Line North	Feet from the 990	East/West line East	County Rio Arriba
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
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¹² Dedicated Acres 160/320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

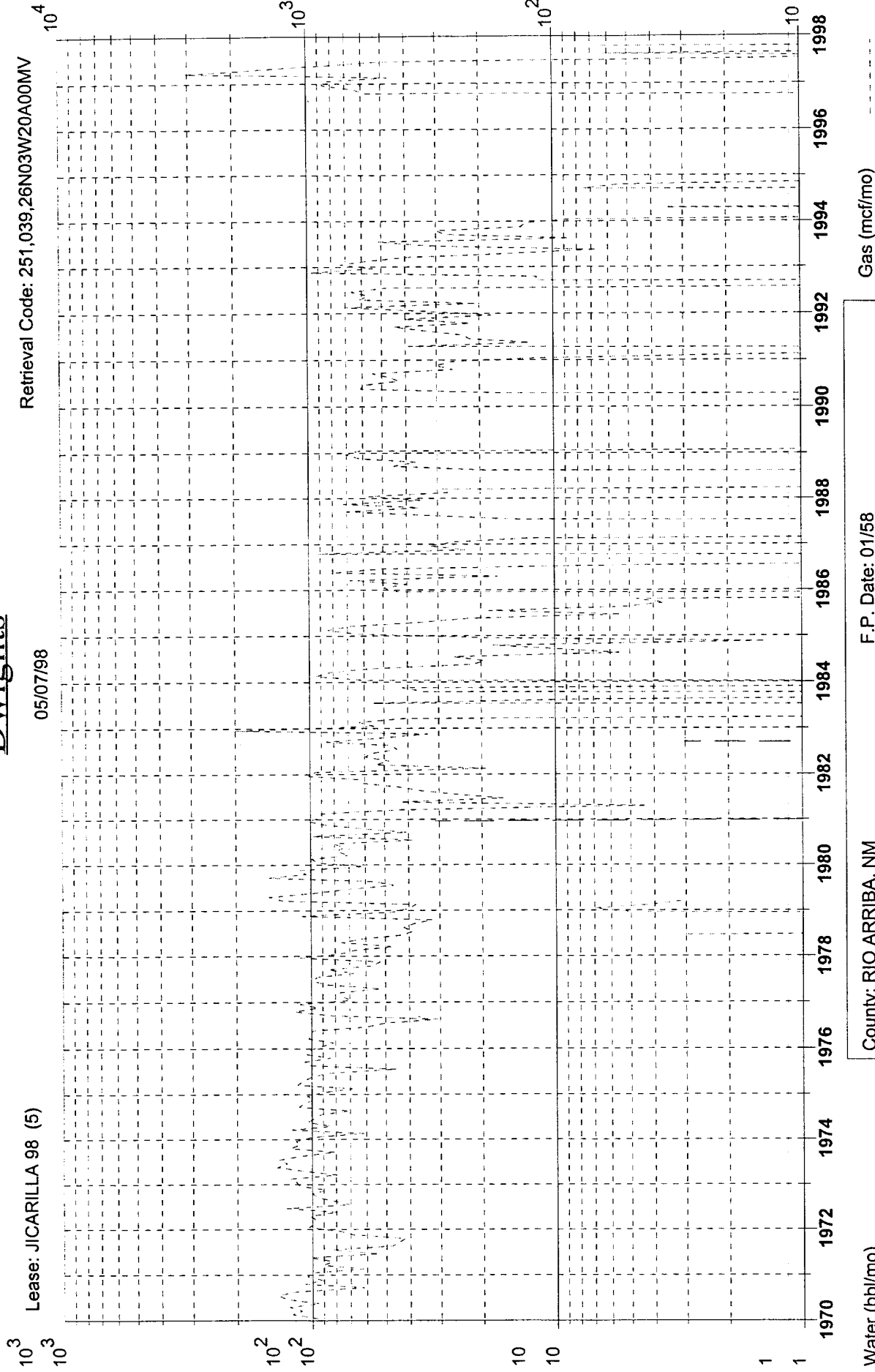
	<p>¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p> Signature Gary W. Brink Printed Name Production Superintendent Title 5/7/98 Date</p>
<p>RECEIVED MAY 28 1998 OIL CON. DIV. DIST. 3</p>	<p>¹⁸ 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></p> <p>_____ Date of Survey Signature and Seal of Professional Surveyer: Reissue of original survey _____ Certificate Number</p>

Dwights

Lease: JICARILLA 98 (5)

Retrieval Code: 251,039,26N03W20A00MV

05/07/98



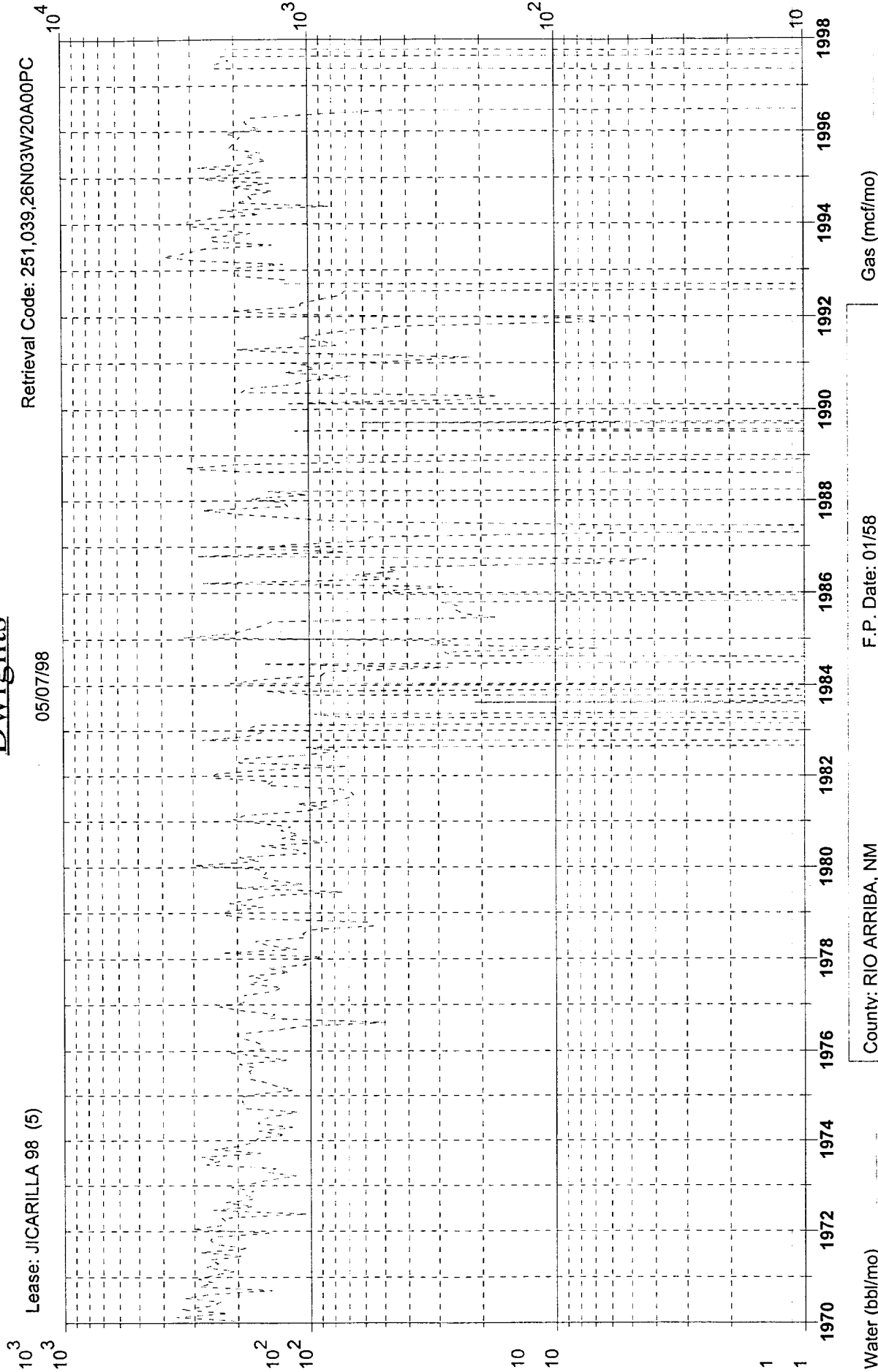
County: RIO ARRIBA, NM	F.P. Date: 01/58
Field: BLANCO (MESAVERDE) MV	Oil Cum: 626 bbl
Reservoir: MESAVERDE	Gas Cum: 340.5 mmcf
Operator TAURUS EXPLORATION U.S.A.	Location: 20A 26N 3W

Dwights

Lease: JICARILLA 98 (5)

Retrieval Code: 251,039,26N03W20A00PC

05/07/98



Gas (mcf/mo)

F.P. Date: 01/58

County: RIO ARRIBA, NM

Water (bbl/mo)

Oil (bbl/mo)

Field: TAPACITO (PICTURED CLIFFS) PC

Oil Cum: 3 bbl

Reservoir: PICTURED CLIFFS

Gas Cum: 774.8 mmcf

Operator TAURUS EXPLORATION U.S.A.

Location: 20A 26N 3W

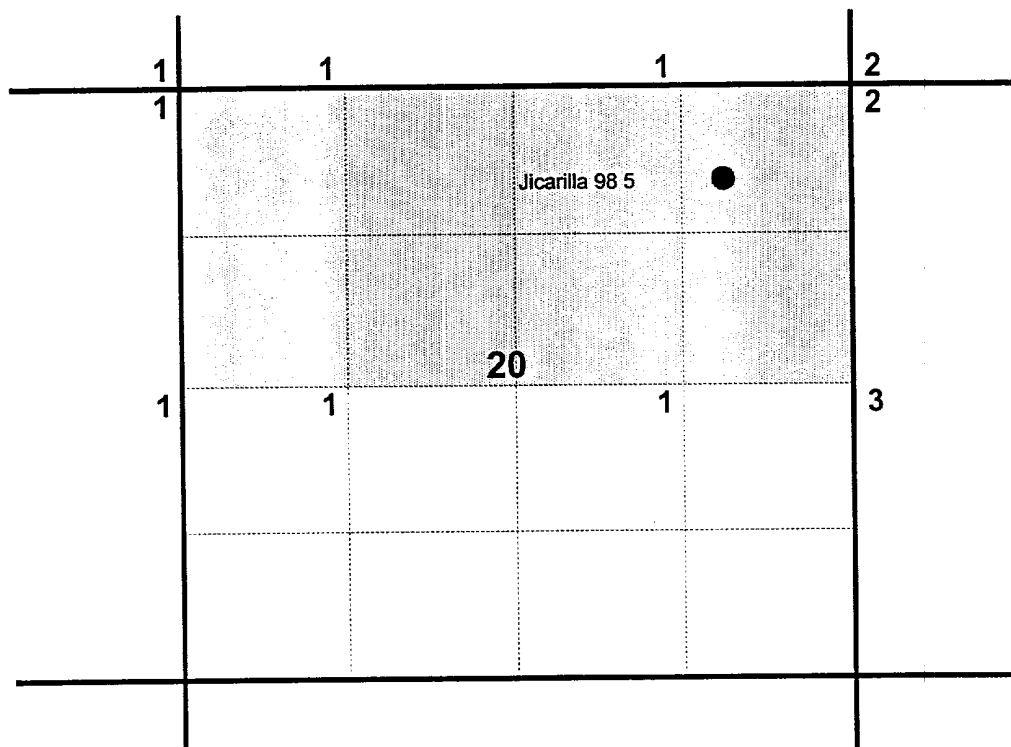
Taurus Exploration U.S.A., Inc

Jicarilla 98 #5

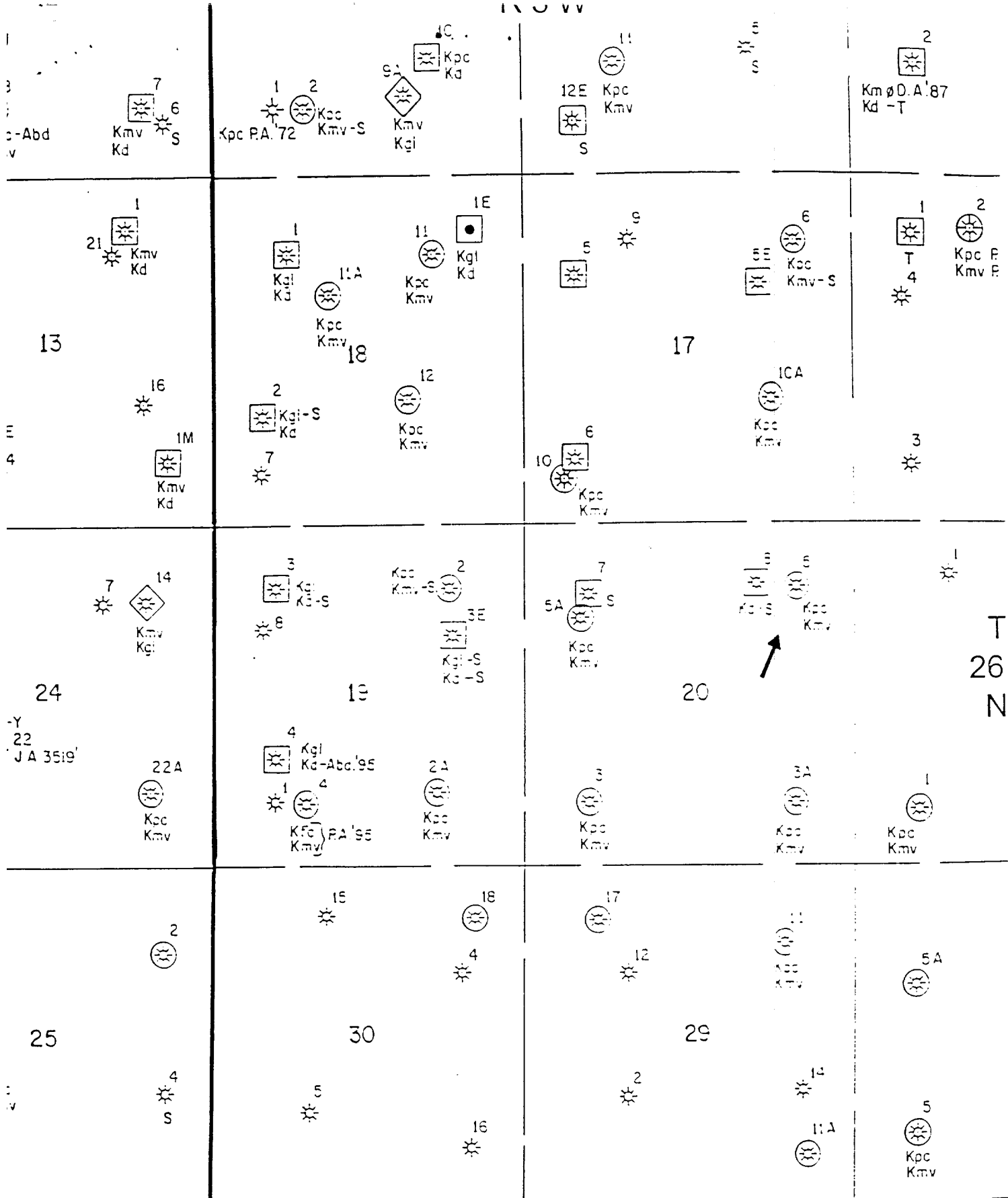
Offset Operator / Ownership Plat

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 100W
Midland Tx 79705-4500
- 3) Dugan Production Corp.
P. O. Box 420
Farmington, N.M. 87401



Taurus Exploration U.S.A., Inc
 Jicarilla 98 #5
 Well Location Plat
 Unit A, Section 20, T 26 N, R 3 W
 Rio Arriba Co., N.M.

Jicarilla 98 #5
Unit A, Section 20,T 26 N, R 3 W
Rio Arriba Co., N.M.

Subject: Economic Justification To Downhole Commingle

Current Oil Price --\$16.00
Current Gas Price-- \$1.50 Net less gathering & processing

The Blanco Mesa Verde side of this dual completion has extreme liquid loading problems. We have swabbed the well 2 times in the six months to keep it producing at a marginal rate. Listed below is the economic justification to commingle.

Mesa Verde Current rate when flowing: 30 MCFD & 1 BW

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Net Revenue to Well	\$1181 per month
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Monthly swabbing cost	<u>\$800</u>
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We are currently losing \$269 per month to keep this well flowing, thus making this well uneconomical to produce. Downhole commingling would prevent downtime by using the Pictured Cliffs gas stream to unload the Mesa Verde liquid. This will increase the overall production from the well and prevent waste by eliminating pre-mature abandonment.

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Operator Taurus Expl. USA, Inc Well Name Jic. 98 B #5

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3. The following modifications to your downhole commingling program are to be made :

Submit well bore diagram with subsequent report.