

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
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Taurus Exploration, U.S.A., Inc.

3. Address and Telephone No.
2198 Bloomfield Highway; Farmington, NM 87401

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
990' FSL, 1450' FWL, Sec. 7, T26N, R3W, NMPM

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AUG 1 1 1998

OIL CON. DIV.
ALBUQUERQUE, NM

5. Lease Designation and Serial No.
Jicarilla 97

6. If Indian, Allottee or Tribe Name
Jicarilla

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Jicarilla 97 #2

9. API Well No.
30-039-06531

10. Field and Pool, or exploratory Area
Tapacito PC/Blanco MV

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

- ☒ Notice of Intent
- ☐ Subsequent Report
- ☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
- ☐ Recompletion
- ☐ Plugging Back
- ☐ Casing Repair
- ☐ Altering Casing
- ☒ Other Downhole Commingle
- ☐ Change of Plans
- ☐ New Construction
- ☐ Non-Routine Fracturing
- ☐ Water Shut-Off
- ☐ Conversion to Injection
- ☐ 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:

- TOH and lay down PC tubing string.
- Release seal assembly and TOH.
- TIH with packer milling assembly. Mill out Model D packers at 5269' and 5300'. TOH.
- TIH and clean out to 5900'. Land tubing at 5800'. Install single wellhead.

An application to downhole commingle has been filed with NMOCD.

RECEIVED
BLM
98 JUL - 1 PM 12:51
070 FARMINGTON, NM

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

Signed [Signature] Title Production Superintendent Date 6/29/98

(This space for Federal or State office use)

Approved by [Signature] Title Lands and Mineral Resources Date AUG 1 0 1998

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Jicarilla 97 #2
Unit N, Section 7, T 26 N, R 3 W
Rio Arriba Co., N.M.

Subject: Economic Justification To Downhole Commingle

Current Oil Price -- \$12.00
Current Gas Price -- \$1.20 Net less gathering & processing

The Blanco Mesa Verde side of this dual completion has extreme liquid loading problems. Operationally, the well requires unloading every 3-4 days to keep the well producing at its average rate. When the well is blown, it will flow at 115 MCFD for one day and load up and die in several days. Commingling will allow lowering of the tubing string to the bottom perforations, and the installation of a plunger system to stabilize to flowstream and utilize the Pictured Cliffs gas to keep the well unloaded.

Current Mesa Verde Rate:	68 MCFD
Projected Mesa Verde Rate:	115 MCFD & 1/2 BO

Incremental Uplift:	47 MCFD & 1/2 BO
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Increased Revenue Stream

Gas Revenue	$47 * 1.20 * 30 =$	\$1692
Oil Revenue	$1/2 * 12.00 * 30 =$	<u>\$180</u>
Increased Monthly Revenue		\$1872

Increased Royalty	\$234 per month
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Downhole commingling will eliminate the waste of venting gas to the atmosphere to keep the well unloaded, stabilize the flowstream and extend the life of the well through increased efficiencies.

CONDITIONS OF APPROVAL FOR DOWNHOLE COMMINGLING

Operator Taurus Expl USA Inc. Well Name Jic. 97 #2

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 wellbore diagram upon completion of commingling.