



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
AZTEC NM 87410
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[http://nemnrd.state.nm.us/ocd/District III/district.htm](http://nemnrd.state.nm.us/ocd/District%20III/district.htm)

GARY E. JOHNSON
GOVERNOR

Jennifer A. Salisbury
CABINET SECRETARY

January 6, 1998

Mr Gary Brink
Taurus Exploration USA, Inc
2198 Blmfld Hwy
Farmington NM 87401

Re: Jicarilla 98 #10, API# 30-039-25306, M-17-26N-03W, DHC

Dear Mr. Brink:

Your recommended allocation of commingled production for the referenced well is hereby accepted as follows:

	Gas	Oil
Tapacito Pictured Cliffs	50%	0%
Blanco Mesaverde	50%	100%

Yours truly,

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/sh

cc: well file
Dwayne Spencer, Farmington BLM

TAURUS

These are in WP 6-1 (E)

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

December 10, 1997

Mr. Ernie Bush
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

RECEIVED
DEC 11 1997

OIL CON. DIV.
DIST. 3

SUBJECT: Downhole Commingling Jicarilla 98 Lease

Jic 985A.dhc	Jicarilla 98 #5A	Unit E, Sec. 20, T26N, R3W DHC-923	30-039-25310 TAP
Jic 9810.dhc	Jicarilla 98 #10	Unit M, Sec. 17, T26N, R3W DHC-926	30-039-25306 TAP
Jic 9810a.dhc	Jicarilla 98 #10A	Unit J, Sec. 17, T26N, R3W DHC-927	30-039-25305
Jic 9811.dhc	Jicarilla 98 #11	Unit B, Sec. 18, T26N, R3W DHC-928	30-039-25307
Jic 9811a.dhc	Jicarilla 98 #11A	Unit F, Sec. 18, T26N, R3W DHC-929	30-039-25308
Jic 9812.dhc	Jicarilla 98 #12	Unit J, Sec. 18, T26N, R3W DHC-930	30-039-25309

Dear Mr. Bush:

A review of our records and allocation methods used on downhole commingled wells were checked in order to assure proper reporting for monthly production volumes. It was discovered no definite allocation method was assigned on our Jicarilla 98 #11A & 12.

Upon further review of our files, it was discovered the group of wells listed above were drilled and completed in 1993 as downhole commingled PC-MV wells. The original application to downhole commingle stated each zone would be individually tested and an allocation would be determined by the Aztec District office. This method of testing was conducted only on the Jicarilla 98 #10 well and the other wells were completed with no isolation production tests. Since these wells are located in close proximity to each other and log characteristics for each zone are similar, it was assumed the original test data and allocation was blanketed for the entire group of wells.

The Jicarilla 98 #10 was completed and cleaned up for several days with air. A production packer was run to isolate the PC and MV and the zones tested for one hour each. The Pictured Cliffs zone tested at a rate of 970 MCF/D with no fluid. The Mesa Verde test went from 970 MCF/D in 15 minutes to 752 MCF/D in one hour with a mist of fluid production. A combined test of both zones holding 200 PSI of backpressure was 1065 MCF/D for one hour. The allocation for this well received from Burlington Resources at the time of the acquisition showed a 50% PC - 50% MV split for both oil and gas production. The original application based on offset production in the area stated 100% of the oil production would be allocated to the MV zone.

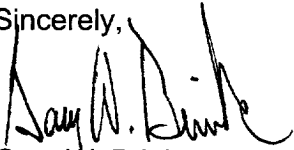
Based on the research for this group of wells and the data located, it is requested the allocation of production for this group of wells be as follows:

- 50% of gas to Pictured Cliffs
- 50% of gas to Mesa Verde
- 100% of oil to Mesa Verde.

Please note these wells are marginal producers with all the wells except the Jicarilla 98 #5A produce less than 100 MCF/D. With a proper allocation, we can assure our production reporting system will coincide with the data in Ongard.

Thank you for your help in this matter. If additional information is needed, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary W. Brink". The signature is stylized with a large, sweeping initial "G" and a long, horizontal stroke extending to the right.

Gary W. Brink
Production Superintendent

GWB/df

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