

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

1b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

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 (Report location clearly and in accordance with any State requirements*)
At surface

1300' FNL, 720' FEL

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

17 miles north of Gobernador, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any) 720'

16. NO. OF ACRES IN LEASE

177.17

17. NO. OF ACRES ASSIGNED

TO THIS WELL

ALL 345.59

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT. 2700'

19. PROPOSED DEPTH

6400'

20. ROTARY OR CABLE TOOLS

rotary

21. ELEVATIONS (Show whether DE, RT, GR, etc.)

6648 GL

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4.

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS"

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	9 5/8	36#	200	130 cu. ft. circ. surface
8 3/4	7	20 & 23#	5350	1477 cu. ft. curc. - 2 stages
6 1/4	4 1/2	10.5#	5250-6400	183 cu. ft. circ. liner

Selective perforate and sand water fracture the Mesaverde. This gas is dedicated.

RECEIVED
OCT 21 1998

OIL CON. DIV.
DIST. 3

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

TITLE

Production Superintendent

DATE

7/13/98

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

SEP 10 1998

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

NSL-40,31-A (NSP) @
IS/Duane W. Spencer

APPROVED BY

TITLE

DATE

SEP 11 1998

*See Instructions On Reverse Side

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.

NM000

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

58 JUL 15 11:10:19
☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT, NM

1 API Number 30-039-25999		2 Pool Code 72319		3 Pool Name Blanco Mesaverde	
4 Property Code 21996		5 Property Name SAN JUAN 32-5 UNIT			6 Well Number 9R
7 OGRID No. 162928		8 Operator Name TAURUS EXPLORATION U.S.A., INC.			9 Elevation 6648

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	32N	5W		1300	NORTH	720	EAST	RIO ARriba

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 345.59	13 Joint or Infill	14 Consolidation Code	15 Order No.	Dedicated acres include Lots 1, 2, 3, 4, of Sec. 30 and Lots 1, 2, 3, 4 of Sec. 31
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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

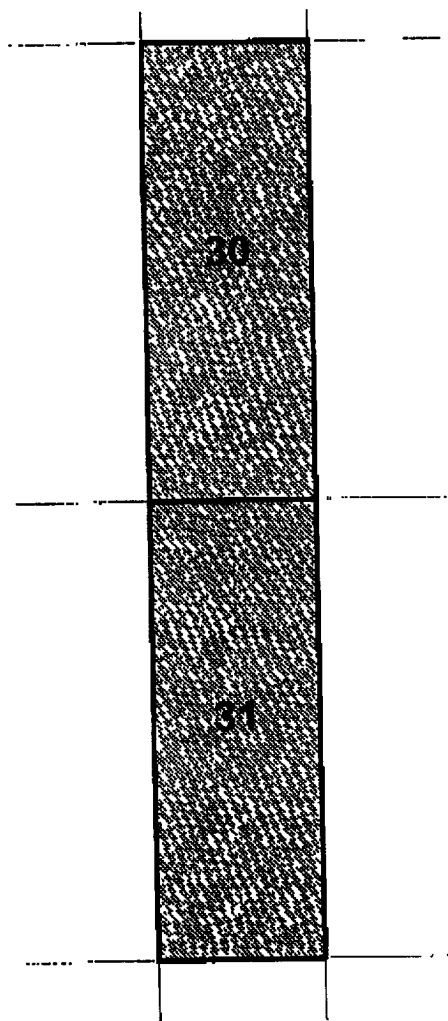
<div>16</div> <p>See attached RECEIVED SEP 14 1998 OIL CON. DIV. DIST. 3</p> <p>RECEIVED OCT 21 1998 OIL CON. DIV. DIST. 3</p>	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>[Signature]</i> Signature Garv W. Brink Printed Name Production Superintendent Title 7/13/98 Date</p>	
	<div>18 SURVEYOR CERTIFICATION</div> <p>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.</p> <p>6/30/98 Date of Survey Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate Number</p>	
	<div>19</div> <p>WEST 1428.90 LOT 1 1300' 720' LOT 2 31 N 00-03 W 5280.00 LOT 3 LOT 4 N 00-09 E 2640.00 WEST 1453.32</p>	
	<div>20</div> <p>WEST 1428.90 LOT 1 1300' 720' LOT 2 31 N 00-03 W 5280.00 LOT 3 LOT 4 N 00-09 E 2640.00 WEST 1453.32</p>	

Taurus Exploration U. S. A., Inc.

San Juan 32-5 Unit 9R
Mesa Verde Formation

ACREAGE DEDICATION PLAT

Township 32 North - Range 5 West
ALL of SECTIONS 30 and 31, CONTAINING 345.59 ACRES, more or less



RECEIVED
OCT 21 1998
OIL CON. DIV.
DIST. 3

Control Number: 004449

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 000778 Operator Name: AMOCO PRODUCTION CO
PO BOX 21178

TULSA

OK 74121

C-115 Filer Contact Name: _____ Phone: () _____ FAX: () _____

POD: 0441610 Product Type: OIL Facility Type: 03 Location: K 05 29N 09W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

Description of POD (40 characters or less): _____

POD: 0441630 Product Type: GAS Facility Type: 01 Location: K 05 29N 09W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY

Description of POD (40 characters or less): _____

POD: 0441650 Product Type: WATER Facility Type: 05 Location: K 05 29N 09W County SAN JUAN

Description of POD (40 characters or less): _____

WELL COMPLETIONS

<u>Code</u>	<u>Pool Name</u>	<u>Code</u>	<u>Producing Property Name</u>	<u>API Well No.</u>	<u>Location</u>	<u>Well</u>
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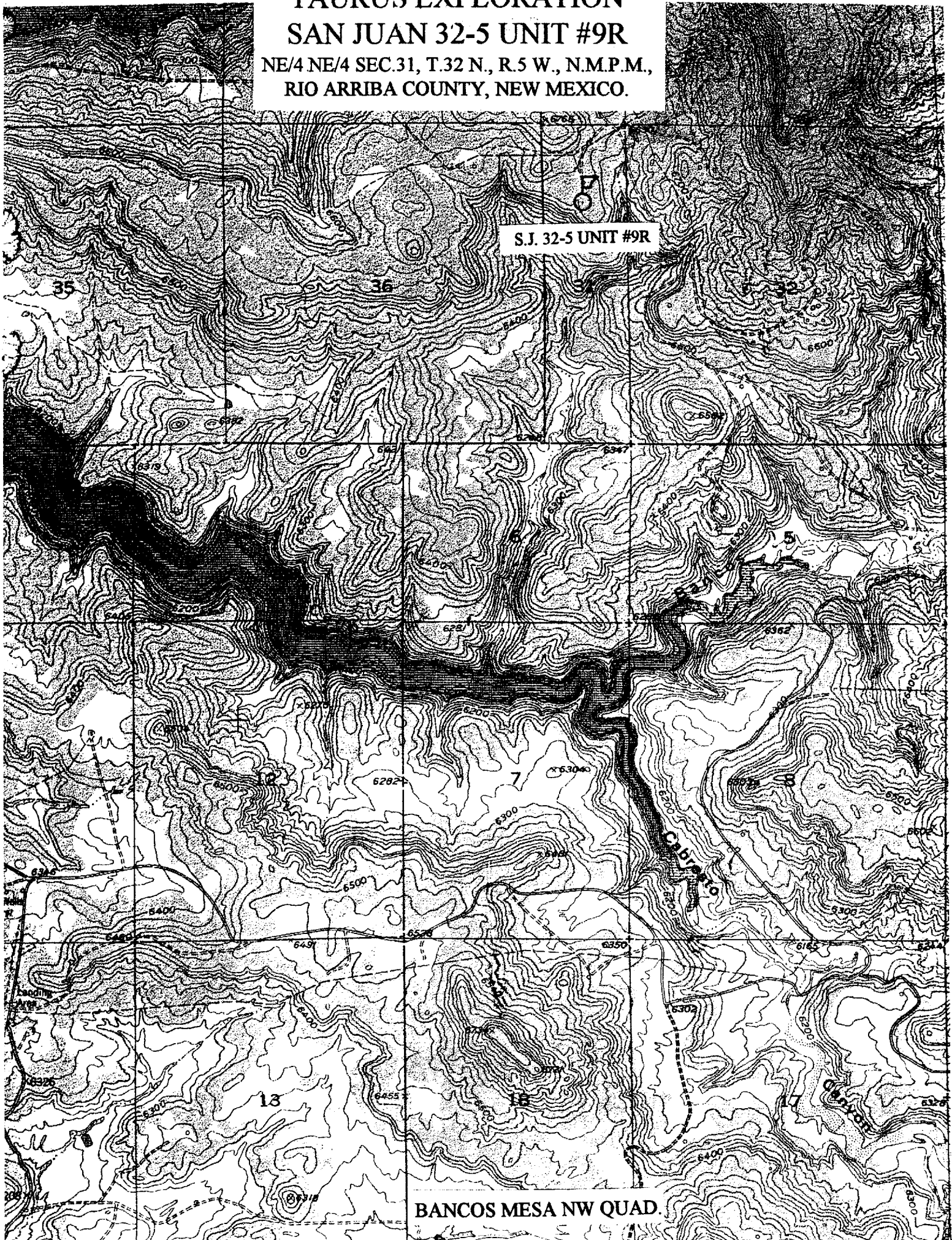
71599	BASIN DAKOTA (PRORATED GAS)	000269	ARCHULETA GAS COM A	30-045-08665	K 05 29N 09W	003
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TAURUS EXPLORATION SAN JUAN 32-5 UNIT #9R

NE/4 NE/4 SEC.31, T.32 N., R.5 W., N.M.P.M.,
RIO ARriba COUNTY, NEW MEXICO.

S.J. 32-5 UNIT #9R

BANCOS MESA NW QUAD.





NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

August 11, 1998

Taurus Exploration U.S.A., Inc.
2198 Bloomfield Highway
Farmington, New Mexico 87401
Attention: Richard P. Corcoran

#9R
31-32-5

RECEIVED
AUG 14 1998
OIL CON. DIV.
DIST. 3

Administrative Order NSL-4031-A(NSP)

Dear Mr. Corcoran:

Reference is made to the following: (i) your initial applicant dated July 14, 1998 for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987, for Taurus Exploration U.S.A., Inc.'s ("Taurus") proposed San Juan "32-5" Unit Well No. 9-R to be drilled 1300 feet from the North line and 720 feet from the East line (Lot 1/Unit A) of irregular Section 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico; (ii) the Division's response to the application by letter from Mr. Michael E. Stogner dated July 23, 1998; (iii) your letter with additional information dated July 29, 1998; (iv) the records of the Division in Santa Fe; and, (v) Division Administrative Order NSL-4031(NSP), dated May 11, 1998, which authorized Taurus to drill the San Juan "32-5" Unit Well No. 9-M (API No. 30-039-25879) at an unorthodox gas well location in both the Blanco-Mesaverde and Basin-Dakota Pools 2330 feet from the South line and 1048 feet from the East line (Lot 3/Unit I) of irregular Section 30, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico and to reinstate for this gas production a previously approved non-standard 345.59-acre gas spacing and proration unit ("GPU") in the Blanco-Mesaverde Pool (see Division Order No. R-1714, dated July 7, 1960) and the Basin-Dakota Pool (see Division Order No. R-1722, dated July 21, 1960) that comprises all of irregular Sections 30 and 31.

This application to include Tauruses' proposed San Juan "32-5" Unit Well No. 9-R within the above-described 345.59-acre GPU has been duly filed under the provisions of Rules 104.F and 605.B of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde gas well location for the San Juan "32-5" Unit Well No. 9-R is hereby approved. Both of the aforementioned San Juan "32-5" Unit Well Nos. 9-M and 9-R and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

All provisions of Division Administrative Order NSL-4031(NSP) and Division Order Nos. R-1714 and R-1722 not in conflict with this order shall remain in full force and effect until further

SECRET

Administrative Order NSL-4031-A(NSP)

Taurus Exploration U.S.A., Inc.

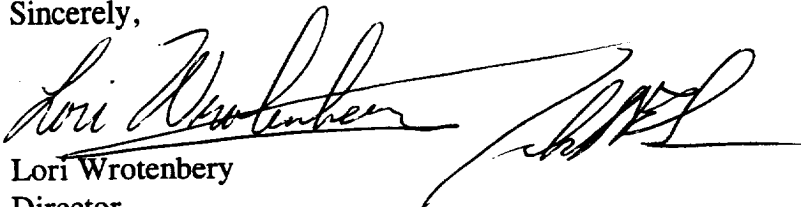
August 11, 1998

Page 2

notice.

Jurisdiction of this case is retained for the entry of such further orders as the Division deems necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a horizontal line and a stylized flourish.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington
File: NSL-4031(NSP)



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 23, 1998

Taurus Exploration, Inc.
2198 Bloomfield Highway
Farmington, New Mexico 87401

RECEIVED
JUL 29 1998
OIL CON. DIV.
DIST. 3

Attention: Richard Corcoran

Re: *Application dated July 14, 1998 for administrative approval to drill the San Juan "32-5" Unit Well No. 9-R at an unorthodox gas well location for the Blanco-Mesaverde Pool 1300 feet from the North line and 720 feet from the East line (Lot 1/Unit A) of irregular Section 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.*

Dear Mr. Corcoran:

I am returning the subject application as incomplete. The previously issued Division Administrative Order NSL-4031(NSP) covered this unit (see copy attached). Your application failed to even reference its existence much less its relationship with this order and/or Taurus Exploration, Inc.'s proposed San Juan "32-5" Unit Well No. 9-M (API No. 30-039-25879), which was the subject of NSL-4031(NSP). This order, all other associated orders, and Taurus' plans and/or change of planes for this unit, its wells, and production are all very important issues and must not be ignored.

Also, the offsetting acreage identified as "open" to the northeast of the non-standard unit. Is this State, Federal, fee, or Tribal lands? Was that party properly notified pursuant to the provisions of Division Rule 104.F(3)?

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe
U. S. Bureau of Land Management - Farmington
Kathy Valdes - NMOCD, Santa Fe



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 11, 1998

RECEIVED
JUL 29 1998
OIL CON. DIV.
DIST. 3

Taurus Exploration U.S.A., Inc.
2198 Bloomfield Highway
Farmington, New Mexico 87401
Attention: Richard P. Corcoran

Administrative Order NSL-4031(NSP)

Dear Mr. Corcoran:

Reference is made to your application dated April 14, 1998: (i) for an unorthodox gas well location in both the Blanco-Mesaverde and Basin-Dakota Pools for Taurus Exploration U.S.A., Inc.'s proposed San Juan "32-5" Unit Well No. 9-M to be drilled 2330 feet from the South line and 1048 feet from the East line (Lot 3/Unit I) of irregular Section 30, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico; and, (ii) to reinstate the previously approved non-standard 345.59-acre gas spacing and proration units ("GPU") in both the Blanco-Mesaverde and Basin-Dakota Pools comprising all of irregular Sections 30 and 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

By Division Order No. R-1714, dated July 7, 1960, said 345.59-acre GPU was initially established and had dedicated thereon the San Juan "32-5" Unit Well No. 9 located 990 feet from the North line and 713 feet from the East line (Lot 2/Unit H) of said Section 31. By Division Order No. R-1722, dated July 21, 1960, gas production from the Basin-Dakota Pool in said well was dedicated to the same GPU. In 1978, when the San Juan "32-5" Unit Well No. 9 was plugged and abandoned, this 345.59-acre non-standard GPU ceased to exist.

The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division. Further, the reinstatement of the applicable provisions that approved the subject GPU in both the Blanco-Mesaverde and Basin-Dakota Pools would serve to prevent waste and protect correlative rights, and is in the best interest of conservation.


By the authority granted me under the provisions of Rule 2(d) of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool," as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox gas well location in both the Blanco-Mesaverde and Basin-Dakota Pools for the San Juan "32-5" Unit Well No. 9-M is hereby approved. The previously approved non-standard 345.59-acre GPU in both the Blanco-Mesaverde and Basin-Dakota Pools comprising all of irregular Sections 30 and 31, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico is to be dedicated to said well.

All provisions of Division Order Nos. R-1714 and R-1722 not in conflict with this order shall remain in full force and effect until further notice.

Administrative Order NSL-4031(NSP)
Taurus Exploration U.S.A., Inc.
May 11, 1998
Page 2

Jurisdiction of this cause is retained for the entry of such further orders as the Division deems necessary.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

TAURUS

NSP 8/5/98
TAURUS EXPLORATION, INC.
2198 Bloomfield Highway
Farmington, New Mexico 87401
Telephone (505) 325-6800

July 14, 1998

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Administrative Approval of Unorthodox Location
Non-Standard Proration Unit
San Juan 32-5 Unit 9R Well
1300' FNL, 720' FEL
Sec. 31-T32N-R5W
Rio Arriba County, New Mexico

RECEIVED
JUL 29 1998
OIL CON. DIV.
DIST. 3

Dear Mr. Stogner:

Taurus Exploration U.S.A., Inc. requests administrative approval for an unorthodox location of its San Juan 32-5 Unit 9R well under the provisions of NMOCD Order R-8170.

Under Division Order No. R-1714 dated July 6, 1960 the New Mexico Oil Conservation Division authorized a gas spacing and proration unit for the Blanco Mesa Verde comprising all of irregular sections 30 and 31, T32N-R5W, NMPM, Rio Arriba County, New Mexico, containing 345.59 acres.

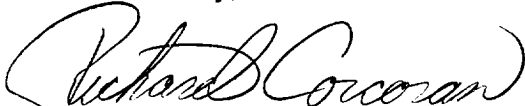
As sections 30 and 31 are less than 1,400 feet wide, we are unable to spot the proposed well at a legal location. Although we were able to locate the well almost in the center from an east/west perspective (720' of 1,400'), the limited width of the section necessitates requesting this variance.

For the foregoing reason, Taurus Exploration U.S.A., Inc. respectfully requests an administrative approval of an unorthodox location for the subject well.

A copy of this application is being submitted to all offset operators by certified mail with a request that they furnish your office in Santa Fe with a Waiver of Objection.

Attached is a well location plat showing acreage, a topographic plat of the area, and a map showing all offsetting operators.

Sincerely,



Richard P. Corcoran
District Landman

RPC/df

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 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		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name SAN JUAN 32-5 UNIT			6 Well Number 9R
7 OGRID No.		8 Operator Name TAURUS EXPLORATION			9 Elevation 6648

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	32N	5W		1300	NORTH	720	EAST	RIO ARRIBA

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	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

16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature _____ Printed Name _____ Title _____ Date _____	
					18 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 6/30/98 Signature and Seal of Professional Surveyer: _____	
					Certificate Number _____	

WEST 1453.32

NE/4 NE/4 SEC.31, T.32 N., R.5 W., N.M.P.M.,
RIO ARRIBA COUNTY, NEW MEXICO.

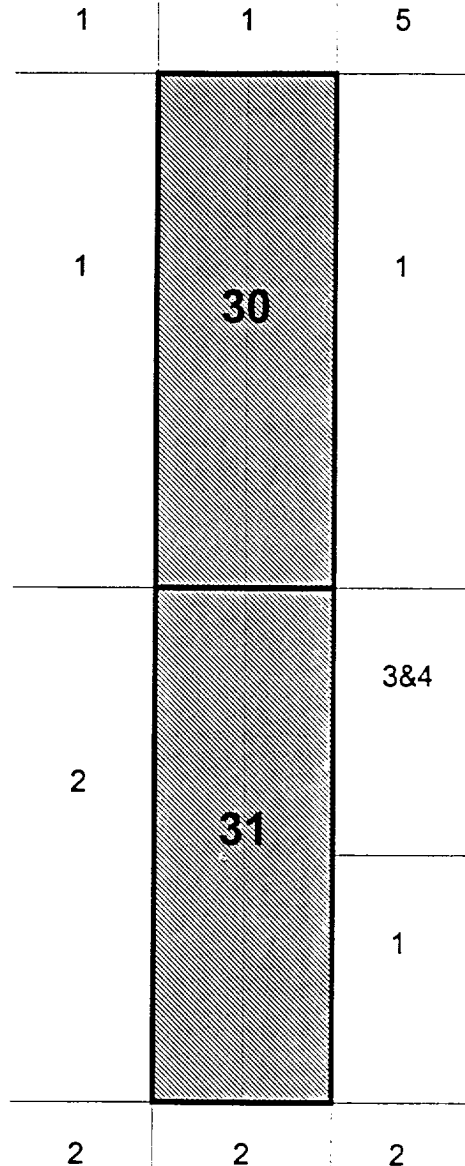
BANCOS MESA NW QUAD.

Taurus Exploration U. S. A., Inc.

San Juan 32-5 Unit 9R
OFFSET OPERATOR \ OWNER PLAT

Mesa Verde Formation

Township 32 North - Range 5 West



1. Taurus Exploration U S A , Inc.
2. Williams Production Company
3. P & M Petroleum Management Co.
4. Burlington Resources
5. Open

TAURUS

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

July 14, 1998

Charles Williams
Vaughey & Vaughey
125 South Congress Street, Suite 1840
Jackson, MS 39201

RE: Administrative Approval of Unorthodox Location
Non-standard Proration Unit
San Juan 32-5 Unit 9R Well
1300' FSL, 720' FSL
Sec. 31-T32N-R5W
Rio Arriba County, New Mexico
Mesa Verde/Dakota Commingle

Dear Interest Owner:

Taurus Exploration U.S.A., Inc. has filed with the New Mexico Oil Conservation Division (NMOCD), an application for the Administrative Approval of an Unorthodox Location, and non-standard proration unit, for its San Juan 32-5 Unit 9R well. A copy of the application has been attached for your review.

If you have no objection to this unorthodox location and non-standard proration unit, please sign the three copies of the attached waiver, return one executed copy to the NMOCD in Santa Fe, New Mexico, one copy to our office, and retain one copy for your files. Self addressed envelopes are enclosed.

Your assistance and cooperation in this matter are appreciated.

Sincerely,



Richard P. Corcoran
District Landman

RPC/df

=====

WAIVER

_____ hereby waives objection to the above referenced Application for Unorthodox Location for Taurus Exploration U.S.A., Inc.'s San Juan 32-5 Unit 9R well.

Date: _____ By: _____

cc: OCD-Aztec office, BLM-Farmington office, Offset Operators

TAURUS

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

April 14, 1998

Vern Hansen
Williams Production Company
One Williams Center
P.O. Box 3102
Tulsa, Oklahoma 7401

RE: Administrative Approval of Unorthodox Location
Non-standard Proration Unit
San Juan 32-5 Unit 9R Well
1300' FSL, 720' FSL
Sec. 31-T32N-R5W
Rio Arriba County, New Mexico
Mesa Verde/Dakota Commingle

Dear Mr. Hansen:

Taurus Exploration U.S.A., Inc. has filed with the New Mexico Oil Conservation Division (NMOCD), an application for the Administrative Approval of an Unorthodox Location, and non-standard proration unit, for its San Juan 32-5 Unit 9R well. A copy of the application has been attached for your review.

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Your assistance and cooperation in this matter are appreciated.

Sincerely,



Richard P. Corcoran
District Landman

RPC/df

=====

WAIVER

_____ hereby waives objection to the above referenced Application for Unorthodox Location for Taurus Exploration U.S.A., Inc.'s San Juan 32-5 Unit 9R well.

Date: _____ By: _____

cc: OCD-Aztec office, BLM-Farmington office, Offset Operators



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

July 14, 1998

P & M Petroleum Management Company, LLC
1600 Broadway, Suite 625
Denver, Colorado 80202

RE: Administrative Approval of Unorthodox Location
Non-standard Proration Unit
San Juan 32-5 Unit 9R Well
1300' FSL, 720' FSL
Sec. 31-T32N-R5W
Rio Arriba County, New Mexico
Mesa Verde/Dakota Commingle

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Sincerely,

Richard P. Corcoran
District Landman

RPC/df

=====

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Date: _____ By: _____

cc: OCD-Aztec office, BLM-Farmington office, Offset Operators

TAURUS

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

July 14, 1998

Shannon Nichols
Burlington Resources
P. O. Box 4289
Farmington, New Mexico 87499

RE: Administrative Approval of Unorthodox Location
Non-standard Proration Unit
San Juan 32-5 Unit 9R Well
1300' FSL, 720' FSL
Sec. 31-T32N-R5W
Rio Arriba County, New Mexico
Mesa Verde/Dakota Commingle

Dear Interest Owner:

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If you have no objection to this unorthodox location and non-standard proration unit, please sign the three copies of the attached waiver, return one executed copy to the NMOCD in Santa Fe, New Mexico, one copy to our office, and retain one copy for your files. Self addressed envelopes are enclosed.

Your assistance and cooperation in this matter are appreciated.

Sincerely,



Richard P. Corcoran
District Landman

RPC/df

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WAIVER

_____ hereby waives objection to the above referenced Application for
Unorthodox Location for Taurus Exploration U.S.A., Inc.'s San Juan 32-5 Unit 9R well.

Date: _____ By: _____

cc: OCD-Aztec office, BLM-Farmington office, Offset Operators



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

July 14, 1998

Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501

Oil Conservation Division
State of New Mexico
2040 South Pacheco
Santa Fe, New Mexico 87501

RE: San Juan 32-5 Unit, #14-08-001-534
Rio Arriba County, New Mexico
First Amendment to the 1998 Plan of Development

Gentlemen:

By letter dated March 8, 1998, Taurus Exploration U.S.A., Inc., as Unit Operator, for the San Juan 32-5 Unit #14-08-001-534, filed a Plan of Development for the calendar year 1998. This program provided for the drilling of six wells.

It is now desired to supplement this program by adding the drilling of the following well. San Juan 32-5 Unit #9R well in Lot 1 of Section 30-T30N-R5W, as a Mesa Verde well with a drilling block consisting of all of sections 30 and 31 of T32N-R5W, Rio Arriba County, New Mexico.

The working interest owners are being contacted regarding this amendment to the 1998 Program. Taurus Exploration U.S.A., Inc., as Unit Operator, believes that all current obligations have been satisfied.

Taurus Exploration U.S.A., Inc., as Unit Operator, plans to drill any offset wells required to prevent drainage of unitized substances and any other wells deemed necessary or desirable by the Unit Operator and the working interest owners.

If this amendment to the 1998 Drilling Program is acceptable, please signify your approval as required under Section 10 of the Unit Agreement in the space provided on the attached sheet and return an approved copy to the undersigned.

Copies of this letter are being sent to the working interest owners shown on the attached sheet. If there should be any questions please contact me.

Very truly yours,



Richard P. Corcoran
District Landman

RPC/df

APPROVED: _____
Bureau of Land Management

DATED: _____

APPROVED: _____
Oil Conservation Division

DATED: _____

N/A for information only
NM Commissioner of Public Lands

DATED: _____

The foregoing approvals are for the First Amendment to 1998 Plan of Development for the San Juan 32-5 Unit, #14-08-001-534, Rio Arriba County, New Mexico.

SAN JUAN 32-5 UNIT WORKING INTEREST OWNERS

Vaughey & Vaughey
Williams Production Company