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Appropriate District Office  
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DISTRICT II  
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DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Form C-104  
Revised 1-1-89  
See Instructions  
at Bottom of Page

DEC 19 1989

OIL CONSERVATION DIV.

DIST. 3

REQUEST FOR ALLOWABLE AND AUTHORIZATION  
TO TRANSPORT OIL AND NATURAL GAS

|                                                                                                                                          |                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| I.                                                                                                                                       |                                                                             |
| Operator<br>Kerns Oil and Gas, Inc.                                                                                                      | Well API No.<br>3003905391                                                  |
| Address<br>2340 N. Niagara Lane, Suite #2, Plymouth, MN 55447                                                                            |                                                                             |
| Reason(s) for Filing (Check proper box) <input type="checkbox"/> Other (Please explain)                                                  |                                                                             |
| New Well <input type="checkbox"/>                                                                                                        | Change in Transporter of:                                                   |
| Recompletion <input type="checkbox"/>                                                                                                    | Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/>               |
| Change in Operator <input checked="" type="checkbox"/> 12/1/89                                                                           | Casinghead Gas <input type="checkbox"/> Condensate <input type="checkbox"/> |
| If change of operator give name and address of previous operator<br>Graham Royalty, Ltd., 1675 Larimer St., Suite #400, Denver, CO 80202 |                                                                             |

II. DESCRIPTION OF WELL AND LEASE

|                                                                                                                                                         |               |                                                              |                                         |                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------------------------------|-----------------------------------------|-------------------------|
| Lease Name<br>Werntz Federal                                                                                                                            | Well No.<br>2 | Pool Name, including Formation<br>Blanco Pictured Cliffs, S. | Kind of Lease<br>State, Federal or Fed. | Lease No.<br>SF 079354A |
| Location<br>Unit Letter F : 1850 Feet From The North Line and 1850 Feet From The West Line<br>Section 21 Township 24N Range 1W, NMPM, Rio Arriba County |               |                                                              |                                         |                         |

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

|                                                                                                                                                         |                                                                                                               |      |      |      |                                   |       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|------|------|------|-----------------------------------|-------|
| Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input type="checkbox"/><br>NA                                             | Address (Give address to which approved copy of this form is to be sent)                                      |      |      |      |                                   |       |
| Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/><br>El Paso Natural Gas Company | Address (Give address to which approved copy of this form is to be sent)<br>P. O. Box 1492, El Paso, TX 79978 |      |      |      |                                   |       |
| If well produces oil or liquids, give location of tanks<br>NA                                                                                           | Unit                                                                                                          | Sec. | Twp. | Rge. | Is gas actually connected?<br>YES | When? |

If this production is commingled with that from any other lease or pool, give commingling order number.

IV. COMPLETION DATA

|                                    |                             |          |                 |          |        |                   |            |            |
|------------------------------------|-----------------------------|----------|-----------------|----------|--------|-------------------|------------|------------|
| Designate Type of Completion - (X) | Oil Well                    | Gas Well | New Well        | Workover | Deepen | Plug Back         | Same Res v | Diff Res v |
| Date Spudded                       | Date Compl. Ready to Prod.  |          | Total Depth     |          |        | P.B.T.D.          |            |            |
| Elevations (DF, RKB, RT, GR, etc.) | Name of Producing Formation |          | Top Oil/Gas Pay |          |        | Tubing Depth      |            |            |
| Perforations                       |                             |          |                 |          |        | Depth Casing Shoe |            |            |

TUBING, CASING AND CEMENTING RECORD

|           |                      |           |              |
|-----------|----------------------|-----------|--------------|
| HOLE SIZE | CASING & TUBING SIZE | DEPTH SET | SACKS CEMENT |
|           |                      |           |              |
|           |                      |           |              |
|           |                      |           |              |

V. TEST DATA AND REQUEST FOR ALLOWABLE

OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours.)

|                                |                 |                                               |            |
|--------------------------------|-----------------|-----------------------------------------------|------------|
| Date First New Oil Run To Tank | Date of Test    | Producing Method (Flow, pump, gas lift, etc.) |            |
| Length of Test                 | Tubing Pressure | Casing Pressure                               | Choke Size |
| Actual Prod. During Test       | Oil - Bbls.     | Water - Bbls.                                 | Gas - MCF  |

GAS WELL

|                                 |                           |                           |                       |
|---------------------------------|---------------------------|---------------------------|-----------------------|
| Actual Prod. Test - MCF/D       | Length of Test            | Bbls. Condensate/MCF      | Gravity of Condensate |
| Testing Method (puff, back pr.) | Tubing Pressure (Shut-in) | Casing Pressure (Shut-in) | Choke Size            |

VI. OPERATOR CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature  
Shelby B. Kerns - President  
Printed Name  
December 7, 1989 (612) 475-0893  
Date  
Telephone No.

OIL CONSERVATION DIVISION  
DEC 19 1989

Date Approved  
By  
SUPERVISOR DISTRICT #3  
Title

INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

- 1) Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accordance with Rule 111.
- 2) All sections of this form must be filled out for allowable on new and recompleted wells.
- 3) Fill out only Sections I, II, III, and VI for changes of operator, well name or number, transporter, or other such changes.
- 4) Separate Form C-104 must be filed for each pool in multiply completed wells.