

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-136
Originated 12/23/91

Submit original and 4 copies to the
appropriate district office.

APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD
Rule 403.B(1) or (2)

Operator Name: Lively Exploration Company Operator No. _____
Operator Address: 1300 Post Oak Blvd. #1900, Houston, Texas 77056
Lease Name: Lively #5 Type: State _____ Federal ☒ Fee _____
Location: Unit Letter "P", 990' fSL, 990' FEL, Section 1, T29N, R9W, San Juan County, NM
Pool: Basin Dakota
Requested Effective Time Period: Beginning ASAP Ending N/A

APPROVAL PROCEDURE: RULE 403.B.(1)

Please attach a separate sheet with the following information.

- 1) A list of the wells (including well name, number, ULSTR location, and API No.) included in this application.
- 2) A one year production history of each well included in this application (showing the annual and daily volumes).
- 3) The established or agreed-upon daily producing rate for each well and the effective time period.
- 4) Designate wells to be equipped with a flow device (required for wells capable of producing 5 MCF per day or more).
- 5) The gas transporter(s) connected to each well.

RECEIVED

APPROVAL PROCEDURE: RULE 403.B.(2)

Please attach a separate sheet with the following information.

A separate application is required for each Central Point Delivery (CPD).

Working interest, royalty and overriding royalty ownership must be common for all wells to be connected to the CPD.

MAR 17 1992

OIL CON. DIV.
DIST. 3

- 1) An ownership plat showing a description of the lease and all of the wells to be produced through this CPD.
 - a) List the wells which will be metered separately, including API No.
 - b) List the wells which will not be metered separately, including API No.
- 2) Describe the proposed method of allocating production from non-metered wells.
- 3) A one year production history of the wells which will not be metered showing the annual and daily volumes.
- 4) The gas transporter(s) connected to this CPD.

Applicant will be responsible for filing OCD Form C-111 for the CPD.

OPERATOR

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: Bennie Lee Reed

Bennie Lee Reed

Printed Name & Title: Executive Vice President

OIL CONSERVATION DIVISION

This approval may be cancelled at anytime that operating conditions indicate that re-tests may be necessary to prevent waste and protect correlative rights.

Approved Until: _____

By: Original Signed by FRANK T. CHAVEZ

Title: SUPERVISOR DISTRICT # 3

DATE : 1-20-92

Page 1 of 1

REV DATE: _____

ATTACHMENT
ALTERNATIVE METHOD

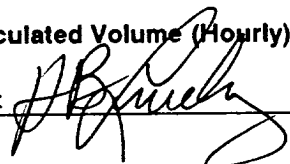
LOW FLOW WELL LISTING

Operator Code 5670
Operator Name Lively Exploration Co.

METER NO.	WELL NAME	STATE	AREA LOCATION	TEST PERIOD MCF	TEST PERIOD FLOW HRS	TIME CALC. HOURLY RATE MCF	AGREED VOLUME DAILY RATE MCF	WELL VOLUME CLOSED CONDITIONS
87-664	Lively #5	NM-31	Blanco	3072	6401.3	0.47	11.28	TC

TC = Time Calculated Volume (Hourly)

AV = Agreed Upon Volume (Daily)

ACCEPTED BY : 

El Paso
Natural Gas Company

P.O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915-541-5050

LARRY R. TARVER VICE PRESIDENT

February 12, 1992

Lively Exploration Company
Operator - 5670
Allied Bank Tower - Four Oaks Place
1300 Post Oak Blvd. - Suite 1900
Houston, Texas 77056

File: Lively Exploration Company

Re: Agreement to Use Alternative
Measurement Method for Low Flow Meters

Gentlemen:

ALTERNATE MEASUREMENT METHOD FOR LOW FLOW WELL METERS
PRODUCING 15 DTH - 1 DTH PER DAY

This Letter Agreement, when accepted by you, authorizes El Paso Natural Gas Company ("El Paso") to use the Alternative Measurement Methods described below for those low flow meter locations listed on the attachment hereto, as revised from time to time.

In return, El Paso agrees to use the applicable Alternative Measurement Method as soon as practicable for the listed low flow meters on wells producing 15 dekatherm ("dth") to 1 dth per day during the past year.

ALTERNATE MEASUREMENT METHODS TO BE USED

The Alternative Measurement Method applicable shall be in accordance with the attached procedures and determined by the anticipated production range, as outlined below.

15 Dth to 5 Dth Per Day
"Timed Calculated Volume" Method

The 1990 Annual Production Volume, or the most recent annual test, shall be used to establish an "Average hourly" flow rate, and each year thereafter the Annual Production Measurement Test results shall be used to establish an updated Average hourly flow rate for the meter. A differential pressure switch and an hour meter also shall be used to calculate the time when the well flows. Each well is deemed to produce a "Timed Calculated Volume," to be calculated by the flow hours metered times the Average hourly flow rate. Primary measurement elements will be kept on site for Annual Production Tests; however, the Timed Calculated Volume is deemed to represent a reasonable approximation of actual production and permanent measurement recorders on site shall not be required or used.

5 Dth to 1 Dth Per Day
"Agreed Volume" Method

The 1990 Annual Production Volume, or the most recent annual test, shall be used to establish an "Agreed Volume" average hourly flow rate for the meter during the first year this Letter Agreement is effective. Each year

thereafter, the Annual Production Measurement Test results shall be used to establish an updated Agreed Volume for the next year of 5 dth to 1 dth per day. Operator agrees to cause the production valves to be open at all times during the period of this agreement. This well is deemed to produce at all times at the Agreed Volume hourly flow rate, subject to adjustments for well shutins due to well workovers, no market for production, or other production valve closed conditions. Primary measurement elements will be left on site for Annual Production Tests; however, the Agreed Volume is deemed to represent a reasonable approximation of actual production and permanent measurement recorders on site shall not be required or used.

MISCELLANEOUS

If any well previously subject to the "Agreed Volume" Method that later increases production to the 15 dth to 5 dth per day range, on an annual basis, that well prospectively shall become subject to the "Time Calculated" Method. If any well previously subject to either Alternative Measurement Method herein later increases production to 25 dth per day or more, on an annual basis, that well prospectively shall become subject to another conventional measurement method for larger volumes, the specific provisions of which are to be agreed upon by El Paso and the well operator at that time. In no event shall this Letter Agreement obligate El Paso to accept natural gas from wells with an anticipated production range of less than one (1) Dth per day.

This Letter Agreement is effective as of the date first set forth above and shall remain in effect for a Primary Term of five (5) years, and from month to month thereafter subject to termination at the end of any month by either party giving written notice to the other party at least one month in advance. This Letter Agreement is subject to all valid laws, regulations and rules. Neither party hereto is obligated to accept measurement results from an Alternative Measurement Method that has not received all necessary regulatory approvals, when applicable, such as approvals from the Bureau of Land Management, or State conservation agencies. The Attachments to this Letter Agreement, as revised from time to time, are incorporated herein.

If the foregoing accurately sets forth our agreement on Alternate Measurement Methods, please cause an authorized individual to sign both original counterparts of this Letter Agreement on behalf of the well operator in the space provided below and return one signed original to the address below:

Director, Measurement Technical Operations Department
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Very truly yours,

WELL OPERATOR NAME

By

H.B. LIVERLY
Name (Type or Print)

PRESIDENT
Title (Type or Print)

2-26-92
Date

EL PASO NATURAL GAS COMPANY

By

Larry R. Tarver
Name

Vice President, Field Services Division
Title

2-19-92
Date

Attachments

WPPPSA:LA