

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

Form C-136
Originated 12/23/91

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

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: Horace F. McKay, Jr. Operator No. 5956
Operator Address: P.O. Box 14738, Albuquerque, New Mexico 87191
Lease Name: Sullivan Type: State Federal Fee X
Location: 29-T-29N, R-10W, Section 29 NE 1/4
Pool: Aztec Fruitland
Requested Effective Time Period: Beginning June 1, 1995 Ending June 1, 2000

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.

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 subject CPD.

- 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: William J. Mayhew

Printed Name & Title: WILLIAM J. MAYHEW

GEN. MGR.

7/24/95

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: June 1, 2000

By: Eric Bush

Title: DEPUTY OIL & GAS INSPECTOR, DIST. #3

Horace F. McKay Jr.
6012 Royal Oak St. N.E.
P.O. Box 14738
Albuquerque, New Mexico 87191-4738

RECEIVED
JUL 27 1995

Sullivan 3J Fruitland
Unit Lettered "A"
Section 29:
Twp. 29N, Rge 10W
San Juan County, NM

OIL CON. DIV.
DIST. 3

One Year production History Meter #90388 -- Average MCFD:

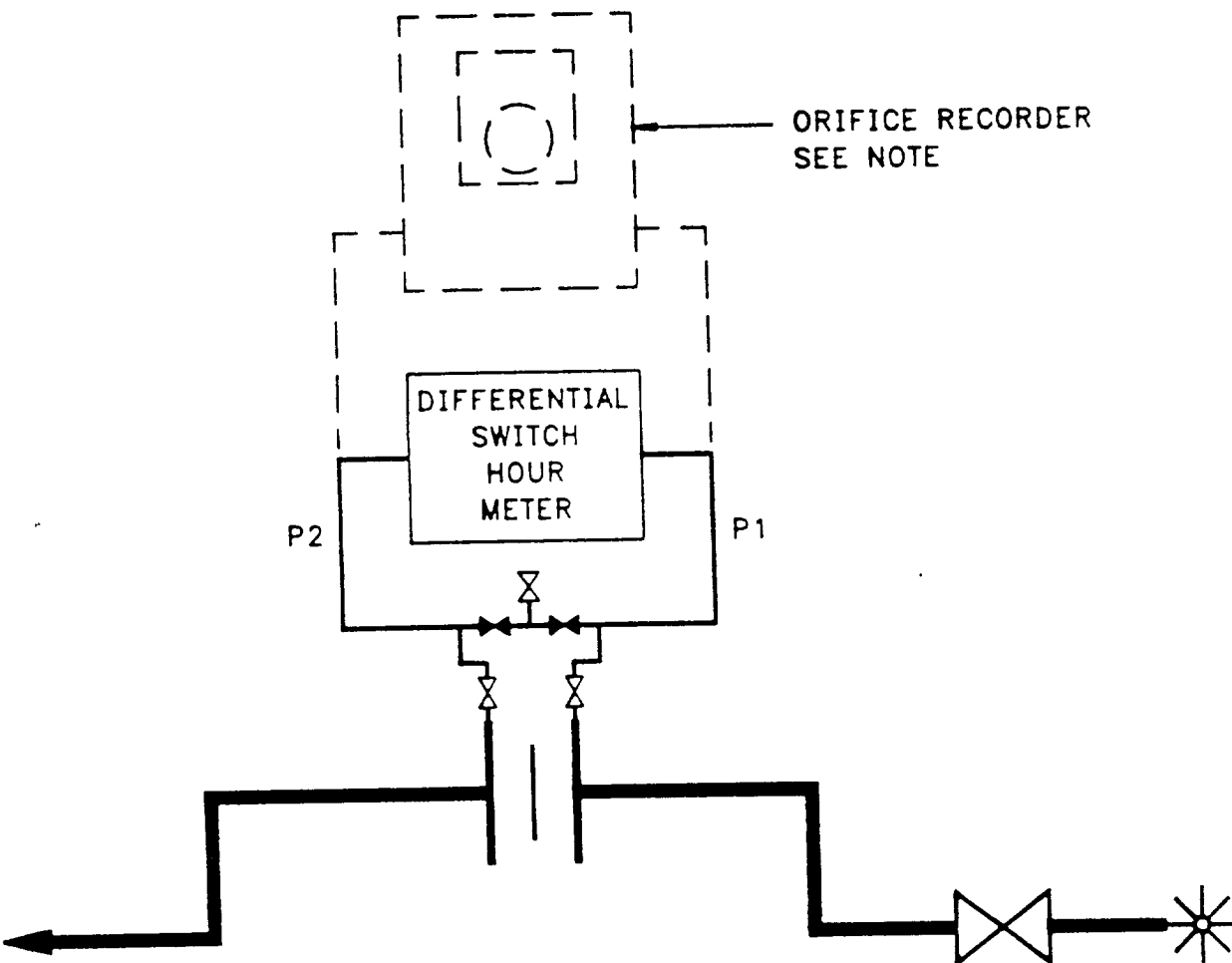
June 95	9 MCFD	December 94	9 MCFD
May 95	6 MCFD	November 94	7 MCFD
April 95	6 MCFD	October 94	7 MCFD
March 95	9 MCFD	Sept. 94	13 MCFD
Febr. 95	7 MCFD	August 94	Shut-in
Jan. 95	6 MCFD	July 94	Shut-in

Annual production July 1994 to June 1995 -- 2389 MCF
Agreed upon daily production rate 9 MCFD
Attached is a schematic of the measurement system used.

TIME CALCULATED VOLUME

ALTERNATIVE METHOD SCHEMATIC

PRIMARY ELEMENT AND DIFFERENTIAL SWITCH/HOUR METER
USED FOR FLOW TIME DETECTION AND ANNUAL TEST



NOTE:
ORIFICE RECORDER TEMPORARILY INSTALLED
ONLY TO CONDUCT 16 DAY ANNUAL TEST

Information required: Rule 403.B.(1)

1. Sullivan 3J Unit letter A Section 29, Twp. 29N, Rge. 10-W
API 30-045-23265
2. Production 7/94 thru 6/95
Average daily production 8.5 MMBTU
Annual production (12 months) 2579 MMBTU
Well was shut in 7/94 and 8/94.
3. DPA 9
4. The Sullivan 3J Fruitland will be equipped with a flow device.
5. El Paso Natural Gas Company