

OIL CONSERVATION DIVISION
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KM PRODUCTION COMPANY
P. O. Box 2406
Farmington, NM 87499-2406
(505) 325-6900

October 15, 1992

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OCT 16 1992

OIL CON. DIV
DIST. 3

Oil Conservation Division
1000 Rio Brazos Rd
Aztec, NM 87410

Re: Request for Surface Commingling
R & G Drilling Company
Krause #5 and Krause #22
Section 32, T28N, R11W
San Juan County, NM

Gentlemen:

KM Production Company is an agent for R & G Drilling Company. R & G is currently recompleting some of its wells to the Fruitland Coal formation. The above two referenced wells are now capable of production from the Fruitland Coal. These wells are in a dewatering and testing phase and therefore their exact producing capability is not known at this time.

R & G requests that the NMOCD approve the surface commingling of the gas produced from these two wells. The ownership of each well is common. There currently exists an El Paso Natural Gas meter run on the Krause #5 location, but not on the Krause #22. Both of these wells will need compression to produce against the existing sales line pressure in the area. Both of these reasons make surface commingling of these wells a more economical project.

R & G proposes to lay a buried production line from the wellhead of the Krause #22 well to the Krause #5 location. The production lines from the two wells will come together at that point, go through the compressor and through the meter run for gas sales. A meter will be placed on the Krause #22 location by R & G to directly measure gas flow from this well. The production from the Krause #5 will be calculated by subtracting the Krause #22 production from the total production reported from the two wells by El Paso.

I have enclosed a plat of this lease which shows these two wells along with the other wells in this area. I have also enclosed the approved sundry from the BLM concerning this request. If you need anything further concerning this matter, please advise.

Sincerely,

Kevin H. McCord
Petroleum Engineer

KHM/tls

enc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

5. Lease Designation and Serial No.
SF-078863

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Krause #22

9. API Well No.
30-045-0696800

10. Field and Pool, or Exploratory Area
Kutz PC West

11. County or Parish, State
San Juan, NM

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
R & G Drilling Company C/O KM Production Company

3. Address and Telephone No.
P.O. Box 2406, Farmington, N.M. 87499 (505)325-6900

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
790' FSL & 1850' FEL Sec. 32, T28N, R11W

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent <input type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other <u>Surface Commingle</u> <input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

We propose to surface commingle the Fruitland Coal gas produced from this well with the Krause #5 well which is located in the SW 1/4 of Section 32, T28N, R11W. This surface commingling will enable us to use a common compressor for both wells. The gas produced from the Krause #22 well will be metered on location.

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DIST. 3

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BLM
92 OCT -7 AM 11:00
019 FARMINGTON, N.M.

14. I hereby certify that the foregoing is true and correct

Signed *Kevin H. McLeod* Title Petroleum Engineer Date 10-6-92

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any

APPROVED

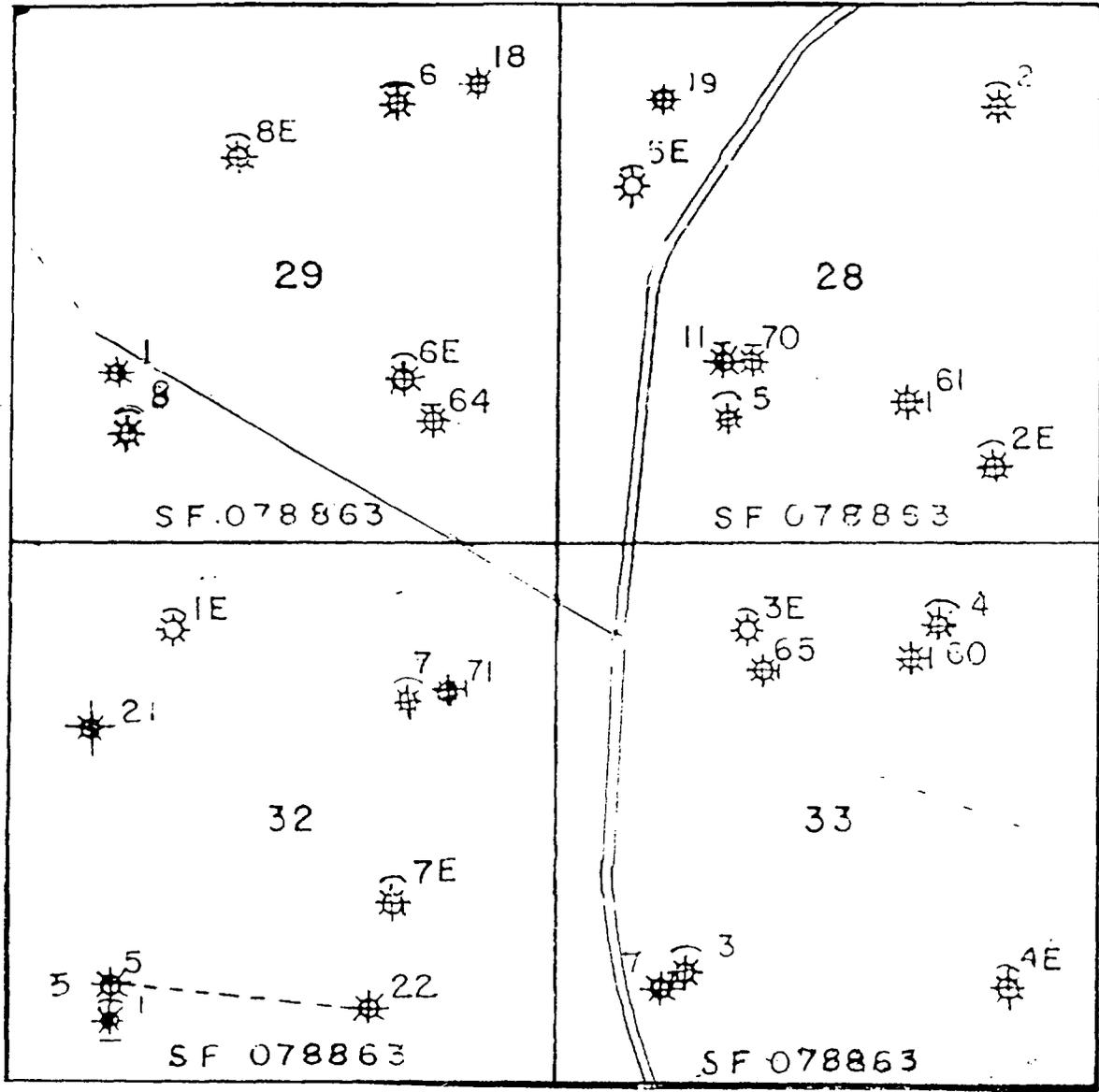
*Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make in any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

*See Instruction on Reverse Side

OPERATOR

OCT 07 1992
AREA MANAGER

T 28 N R 11 W



----- PROPOSED PIPELINE