

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: Kerns Oil & Gas, Inc. Operator No. \_\_\_\_\_  
Operator Address: 2600 N. Fernbrook Lane, Suite 138, Plymouth, MN 55447  
Lease Name: Jicarilla J 157 (2) Type: State \_\_\_\_\_ Federal \_\_\_\_\_ Fee \_\_\_\_\_  
Location: C Sec 10 23N 2W Rio Arriba County, New Mexico  
Pool: Blanco P. C. South  
Requested Effective Time Period: Beginning January 11, 1993 Ending 1/10/98; then month-to-month

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.

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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 this CPD.

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- 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: \_\_\_\_\_

Printed Name & Title: Kerry A. Johnston  
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: 1-10-98

By: Original Signed by FRANK T. CHAVEZ

Title: SUPERVISOR DISTRICT # 3

## KERNS OIL &amp; GAS, INC.

## FOR EPNG ALTERNATIVE GAS MEASUREMENT METHOD

| WELLNAME           | WELL NO. | LOCATION      | API NO.      | EPNG METER NO. | Jan-92 | Feb-92 | Mar-92 | Apr-92 | May-92 | Jun-92 | Jul-92 | Aug-92 | Sep-92 | Oct-92 | Nov-92 | Dec-92 | 1/92-12/92<br>AVG<br>(12 Mos) | (A) ACTUAL<br>MCFD AVG<br>(12 Mos) |       | EPNG<br>ALTERN.<br>METHOD<br>MCFD<br>(B)-(A)<br>VARIANCE |      |
|--------------------|----------|---------------|--------------|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------------------|------------------------------------|-------|----------------------------------------------------------|------|
|                    |          |               |              |                |        |        |        |        |        |        |        |        |        |        |        |        |                               |                                    |       |                                                          |      |
| H. B. BROWNING     | 1C       | SEC 33 24N 1W | 38-039-05258 | 7322701        | 0      | 0      | 0      | 1      | 0      | 0      | 10     | 0      | 0      | 4      | 0      | 0      | 90                            | 9                                  | 0.3   | 6.00                                                     | 5.71 |
| HARRINGTON FEDERAL | 1F       | SEC 28 24N 1W | 38-039-05306 | 7325101        | 184    | 240    | 211    | 130    | 122    | 105    | 88     | 168    | 160    | 164    | 221    | 270    | 172                           | 164                                | 5.7   | 6.00                                                     | 0.27 |
| BUFF A GOVERNMENT  | 1N       | SEC 22 24N 1W | 38-039-02318 | 7326101        | 236    | 218    | 210    | 183    | 66     | 72     | 275    | 312    | 265    | 229    | 276    | 248    | 216                           | 216                                | 7.2   | 7.92                                                     | 0.73 |
| WERNITZ FEDERAL    | 2F       | SEC 21 24N 1W | 38-039-05391 | 7326501        | 516    | 468    | 459    | 452    | 415    | 469    | 461    | 459    | 410    | 439    | 441    | 426    | 451                           | 451                                | 15.0  | 15.36                                                    | 0.36 |
| ABRAHAM FEDERAL    | 30       | SEC 24 24N 2W | 38-039-05356 | 7327201        | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 1                             | 0                                  | 0.0   | 8.40                                                     | 8.38 |
| GARDNER FEDERAL    | 10       | SEC 5 23N 1W  | 38-039-05185 | 7327301        | 310    | 465    | 438    | 367    | 290    | 287    | 368    | 311    | 371    | 228    | 178    | 482    | 335                           | 11.2                               | 15.12 | 3.97                                                     |      |
| BUFF FEDERAL       | 20       | SEC 27 24N 1W | 38-039-05278 | 7328001        | 392    | 298    | 351    | 384    | 320    | 305    | 324    | 370    | 400    | 312    | 288    | 334    | 340                           | 11.3                               | 11.52 | 0.19                                                     |      |
| HARRINGTON FEDERAL | 5J       | SEC 33 24N 1W | 38-039-05228 | 7328201        | 0      | 0      | 0      | 0      | 122    | 27     | 36     | 26     | 139    | 13     | 24     | 157    | 45                            | 1.5                                | 7.68  | 6.17                                                     |      |
| EDWARDS FEDERAL    | 10       | SEC 27 24N 1W | 38-039-02319 | 7342201        | 349    | 373    | 334    | 353    | 288    | 358    | 361    | 382    | 344    | 283    | 329    | 423    | 348                           | 11.6                               | 12.24 | 0.64                                                     |      |
| JICARILLA A        | 1A       | SEC 1 23N 2W  | 38-039-05188 | 7343301        | 199    | 141    | 192    | 155    | 144    | 170    | 170    | 176    | 160    | 153    | 212    | 232    | 175                           | 5.8                                | 6.00  | 0.16                                                     |      |
| EMMA MC DANIEL     | 1P       | SEC 22 24N 1W | 38-039-05358 | 7357001        | 158    | 205    | 145    | 148    | 147    | 179    | 195    | 222    | 215    | 126    | 115    | 122    | 165                           | 5.5                                | 12.72 | 7.23                                                     |      |
| H. B. BROWNING     | 3C       | SEC 4 23N 1W  | 38-039-05180 | 7358201        | 103    | 377    | 310    | 139    | 237    | 7      | 0      | 11     | 282    | 46     | 41     | 118    | 133                           | 4.4                                | 9.60  | 5.18                                                     |      |
| DOUTHITT BROWNING  | 2L       | SEC 4 23N 1W  | 38-039-05182 | 7358301        | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 1      | 2      | 0      | 0      | 0                             | 0.0                                | 5.28  | 5.27                                                     |      |
| JICARILLA E        | 1A       | SEC 12 23N 2W | 38-039-05122 | 7358801        | 228    | 193    | 215    | 192    | 161    | 225    | 245    | 224    | 260    | 239    | 228    | 287    | 225                           | 7.5                                | 7.20  | -0.29                                                    |      |
| ELLIOTT FEDERAL    | 20       | SEC 7 23N 1W  | 38-039-05117 | 7358901        | 471    | 456    | 403    | 410    | 445    | 460    | 419    | 411    | 398    | 489    | 389    | 473    | 429                           | 14.3                               | 14.88 | 0.59                                                     |      |
| HALL FEDERAL       | 20       | SEC 7 23N 1W  | 38-039-05125 | 7359501        | 339    | 342    | 345    | 315    | 275    | 322    | 291    | 381    | 323    | 294    | 212    | 269    | 302                           | 10.1                               | 11.28 | 1.20                                                     |      |
| HALL FEDERAL       | 1C       | SEC 6 23N 1W  | 38-039-05190 | 7359701        | 287    | 312    | 290    | 319    | 218    | 332    | 269    | 299    | 216    | 238    | 249    | 281    | 276                           | 9.2                                | 9.84  | 0.65                                                     |      |
| MORELOCK COM       | 1L       | SEC 7 23N 1W  | 38-039-05098 | 7360701        | 263    | 340    | 320    | 286    | 266    | 266    | 323    | 328    | 320    | 258    | 261    | 199    | 294                           | 9.8                                | 10.56 | 0.78                                                     |      |
| JICARILLA A        | 3K       | SEC 1 23N 2W  | 38-039-02311 | 7362501        | 141    | 257    | 160    | 142    | 135    | 91     | 80     | 79     | 168    | 195    | 189    | 197    | 148                           | 4.9                                | 6.00  | 1.07                                                     |      |
| JICARILLA B        | 2P       | SEC 1 23N 2W  | 38-039-05144 | 7362901        | 305    | 498    | 377    | 313    | 292    | 382    | 298    | 311    | 265    | 36     | 7      | 267    | 273                           | 9.1                                | 11.52 | 2.43                                                     |      |
| JICARILLA B        | 3M       | SEC 2 23N 2W  | 38-039-05132 | 7363101        | 337    | 321    | 323    | 277    | 276    | 237    | 225    | 248    | 251    | 243    | 322    | 284    | 279                           | 9.3                                | 9.12  | -0.17                                                    |      |
| JICARILLA C        | 1G       | SEC 3 23N 2W  | 38-039-05164 | 7363201        | 274    | 337    | 110    | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 12     | 61                            | 2.0                                | 13.44 | 11.40                                                    |      |
| JICARILLA D        | 40       | SEC 11 23N 2W | 38-039-05112 | 7363301        | 306    | 290    | 304    | 284    | 261    | 237    | 290    | 281    | 262    | 250    | 271    | 275    | 276                           | 9.2                                | 9.12  | -0.08                                                    |      |
| JICARILLA F        | 4F       | SEC 13 23N 2W | 38-039-02314 | 7363601        | 340    | 340    | 348    | 316    | 9      | 341    | 397    | 437    | 428    | 331    | 239    | 324    | 321                           | 10.7                               | 12.72 | 2.03                                                     |      |
| JICARILLA H        | 1A       | SEC 24 23N 2W | 38-043-05052 | 7363901        | 296    | 60     | 349    | 330    | 202    | 363    | 389    | 430    | 334    | 281    | 147    | 202    | 282                           | 9.4                                | 11.52 | 2.12                                                     |      |
| BUFF B FEDERAL     | 10       | SEC 19 23N 1W | 38-043-05200 | 7364001        | 394    | 357    | 385    | 285    | 483    | 383    | 383    | 349    | 327    | 326    | 321    | 345    | 348                           | 11.6                               | 12.24 | 0.63                                                     |      |
| JICARILLA C        | 20       | SEC 3 23N 2W  | 38-039-05129 | 7364101        | 313    | 336    | 291    | 287    | 310    | 211    | 287    | 296    | 412    | 429    | 388    | 447    | 334                           | 11.1                               | 10.56 | -0.57                                                    |      |
| BUZZY FEDERAL      | 20       | SEC 33 24N 2W | 38-039-05201 | 7364501        | 214    | 295    | 188    | 183    | 351    | 237    | 169    | 147    | 288    | 338    | 255    | 254    | 243                           | 8.1                                | 7.92  | -0.19                                                    |      |
| JICARILLA D        | 2J       | SEC 11 23N 2W | 38-039-05091 | 7365001        | 389    | 295    | 375    | 476    | 348    | 331    | 336    | 432    | 416    | 341    | 380    | 274    | 359                           | 12.0                               | 12.72 | 0.74                                                     |      |
| JICARILLA C        | 40       | SEC 14 23N 2W | 38-039-05071 | 7365101        | 330    | 289    | 388    | 297    | 360    | 323    | 358    | 332    | 321    | 323    | 301    | 382    | 320                           | 10.7                               | 10.56 | -0.12                                                    |      |
| JICARILLA C        | 3K       | SEC 3 23N 2W  | 38-039-05142 | 7365301        | 373    | 321    | 385    | 278    | 340    | 292    | 243    | 324    | 268    | 283    | 189    | 251    | 282                           | 9.4                                | 15.12 | 5.71                                                     |      |
| JICARILLA F        | 1G       | SEC 13 23N 2W | 38-039-05066 | 7365801        | 220    | 229    | 31     | 170    | 114    | 218    | 181    | 174    | 166    | 31     | 11     | 123    | 139                           | 4.6                                | 6.48  | 1.85                                                     |      |
| JICARILLA J        | 3K       | SEC 10 23N 2W | 38-039-05094 | 7365901        | 338    | 251    | 270    | 329    | 331    | 350    | 361    | 293    | 230    | 247    | 236    | 242    | 290                           | 9.7                                | 10.08 | 0.42                                                     |      |
| JICARILLA C        | 4E       | SEC 3 23N 2W  | 38-039-05165 | 7366001        | 228    | 199    | 205    | 289    | 228    | 207    | 162    | 200    | 105    | 168    | 162    | 205    | 197                           | 6.6                                | 6.48  | -0.07                                                    |      |
| JICARILLA B        | 1G       | SEC 2 23N 2W  | 38-039-05166 | 7366101        | 15     | 1      | 2      | 4      | 1      | 0      | 0      | 3      | 0      | 0      | 0      | 0      | 4                             | 0.1                                | 8.40  | 8.28                                                     |      |
| JICARILLA B        | 4E       | SEC 2 23N 2W  | 38-039-05167 | 7366201        | 119    | 151    | 159    | 159    | 175    | 139    | 145    | 172    | 135    | 146    | 243    | 235    | 165                           | 5.5                                | 5.28  | -0.21                                                    |      |
| JICARILLA J        | 20       | SEC 10 23N 2W | 38-039-05085 | 7366601        | 376    | 431    | 388    | 246    | 563    | 598    | 267    | 363    | 296    | 276    | 296    | 380    | 367                           | 12.2                               | 13.20 | 0.98                                                     |      |
| JICARILLA M        | 1G       | SEC 8 23N 2W  | 38-039-05102 | 7366801        | 384    | 278    | 332    | 246    | 274    | 278    | 344    | 341    | 263    | 275    | 244    | 256    | 286                           | 9.5                                | 9.84  | 0.30                                                     |      |
| EVANS FEDERAL      | 1M       | SEC 10 23N 1W | 38-039-05056 | 7367501        | 72     | 99     | 121    | 88     | 189    | 133    | 111    | 131    | 122    | 19     | 59     | 61     | 94                            | 3.1                                | 5.04  | 1.92                                                     |      |
| JICARILLA M        | 2J       | SEC 8 23N 2W  | 38-039-05007 | 7385001        | 0      | 0      | 0      | 0      | 0      | 0      | 11     | 20     | 0      | 0      | 0      | 0      | 3                             | 0.1                                | 5.28  | 5.19                                                     |      |
| BUFF GOVERNMENT    | 4K       | SEC 35 24N 1W | 38-039-05216 | 7509801        | 158    | 143    | 72     | 123    | 183    | 150    | 152    | 161    | 152    | 145    | 117    | 158    | 143                           | 4.8                                | 5.52  | 0.76                                                     |      |
| CONSALES FEDERAL   | 10       | SEC 34 24N 2W | 38-039-05204 | 7510201        | 141    | 49     | 86     | 111    | 104    | 257    | 111    | 124    | 280    | 267    | 40     | 376    | 156                           | 5.2                                | 11.04 | 5.86                                                     |      |
| BUZZY FEDERAL      | 1M       | SEC 34 24N 2W | 38-039-05203 | 7510301        | 37     | 11     | 24     | 53     | 121    | 99     | 155    | 99     | 239    | 154    | 46     | 152    | 99                            | 3.3                                | 5.28  | 1.97                                                     |      |
| JICARILLA I        | 21       | SEC 23 23N 2W | 38-043-05107 | 7510701        | 358    | 471    | 432    | 386    | 438    | 362    | 385    | 410    | 374    | 333    | 345    | 355    | 387                           | 12.9                               | 14.64 | 1.73                                                     |      |
| JICARILLA L        | 20       | SEC 15 23N 2W | 38-039-02273 | 7529901        | 345    | 441    | 444    | 444    | 363    | 388    | 331    | 368    | 411    | 467    | 354    | 384    | 382                           | 12.7                               | 12.72 | 0.00                                                     |      |
| JICARILLA L        | 40       | SEC 15 23N 2W | 38-039-02230 | 7534001        | 523    | 792    | 448    | 426    | 202    | 387    | 468    | 431    | 274    | 284    | 440    | 573    | 444                           | 14.8                               | 15.12 | 0.32                                                     |      |
| TOTALS             |          |               |              |                | 11,281 | 11,970 | 11,061 | 10,133 | 10,177 | 10,519 | 10,492 | 10,936 | 10,915 | 9,454  | 8,986  | 11,205 | 10,594                        | 353.1                              | 454.6 | 101.4                                                    |      |