

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

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-9719

DISTRICT III
1000 Rio Bravo 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: R & G Drilling Company Operator No. 505-325-6900
Operator Address: C/O KM Production Company P O Box 2406 Farmington NM 87499
Lease Name: Krause #1 Type: State Federal XX Fee
Location: L-29-T28N. R11W. Sec. 29 Unit-L
Pool: Kutz PC - West
Requested Effective Time Period: Beginning 5/1/94 Ending 5/1/95

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. (A)
- 2) A one year production history of each well included in this application (showing the annual and daily volumes). (A)
- 3) The established or agreed-upon daily producing rate for each well and the effective time period. (B)
- 4) Designate wells to be equipped with a flow device (required for wells capable of producing 5 MCF per day or more). (A)
- 5) The gas transporter(s) connected to each well. (A)

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: Kevin H. McCord

Printed Name & Title: Kevin H. McCord
Petroleum Engineer

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: 5-1-95

By: Ernie Busch

Title: DEPUTY OIL & GAS INSPECTOR, DIST. #13

ATTACHMENT A

R&G DRILLING COMPANY - LOW VOLUME WELL INFORMATION

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WELL: KRAUSE #1
 LOCATION: T28N R11W SEC 29 UNIT L
 LEASE NUMBER: SF-078863
 METER NUMBER: 74-181
 POOL: KUTZ PC-WEST

MEASUREMENT METHOD: FLOW DEVICE - AGREED UPON VOLUME

ESTABLISHED OR AGREED
 DAILY PRODUCING RATE: 3.84 MCFD

EFFECTIVE TIME PERIOD: 1 YEAR

GAS TRANSPORTER: EL PASO NATURAL GAS

1993 C115 PRODUCTION HISTORY:

	OIL (BBLs)	GAS (MCF)	WATER (BBLs)	PROD DAYS	DAILY (MCFD)
	=====	=====	=====	=====	=====
JANUARY	0	34	1	31	1.1
FEBRUARY	0	35	1	25	1.4
MARCH	0	45	1	21	2.1
APRIL	0	0	0	0	0.0
MAY	0	49	1	8	6.1
JUNE	0	23	2	30	0.8
JULY	0	0	0	0	0.0
AUGUST	0	0	0	0	0.0
SEPTEMBER	0	0	0	0	0.0
OCTOBER	0	0	0	0	0.0
NOVEMBER	0	0	0	0	0.0
DECEMBER	0	0	0	0	0.0
	=====	=====	=====	=====	=====
1993 TOTAL	0	186	6	115	1.6

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ATTACHMENT B
ALTERNATIVE METHOD

Operator Code	7335
Operator Name	<u>R & G Drilling Co. Inc.</u>

90.688 Krause #71 NM 31 Aztec 2397 5097.8 0.47 11.28 TC *ELM*

ACCEPTED BY: Wm H. Moore
3/23/94