

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
2040 South Pacheco
Santa Fe, New Mexico 87504-2088

RECEIVED
MAR - 4 1998
OIL CON. DIV.
DIST. 3

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: James L. Ludwick Operator No. 011633
Operator Address: Box 70, Farmington, New Mexico 87499-0070
Lease Name: Gem # / / Foothills C Type: State Federal Fee XX
Location: NE 1/4 14-30N-13W
Pool: Fulcher Kutz-Pictured Cliffs / Wildcat:Foothills Fruitland Sand
Requested Effective Time Period: Beginning March, 1998 Ending At plugging

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: AR Kendrick

Printed Name & Title: A. R. Kendrick, Agent

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: Indefinitely or when Lease Production > 200 MCFD

By: ORIGINAL SIGNED BY ERNIE BUSCH

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

ATTACHMENT TO FORM C-136
Application for Approval to Use Alternate Gas Measurement Method
Rule 403.B.(2)

1. See attached plat

a. Wells which will be metered separately:

Operator: (011633) James L. Ludwick
Well: (22312) Gem #1, API No. 30-045-26160
Location: 1070' FNL, 987' FEL, A-14-T30N-R13W, San Juan County
Pool: (77200) Fulcher Kutz-Pictured Cliffs
POD Gas: 2820661

b. Wells which will not be metered separately:

Operator: (011633) James L. Ludwick
Well: (14979) Foothills C #1, API No. 30-045-29515
Location: 1070' FNL 945' FEL, A-14-30N-13W, San Juan County
Pool: (96170) Wildcat:Foothills-Fruitland Sand
POD Gas: 649530

2. The method of allocating production from non-metered wells:

Subtract the volume of the metered well from the value of the CPD meter which will measure the total lease production from both wells.

3. The wells are new low-volume completions with similar shut-in pressures and capacities: SIP's 525 p.s.i.g. vs 450 p.s.i.g.; and IP's 222 AOF vs 194 AOF respectively. Anticipated production rates after the first 60 days are not expected to exceed 25% to 30% of the AOF values or less than 100 Mcfpd for either formation.

4. The gas transporter is:

El Paso Natural Gas Company (007057)
Box 4990
Farmington, New Mexico 87499-4990

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Plat showing the NE/4 of 14-T30N-R13W

The ownerships of Fruitland Sand and Pictured Cliffs formations are common

