District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

OCT 2 5 2007

OCD-ARTESIA

Form C-129
Revised June 10, 2003

Submit 3 Copies to appropriate
District Office

NFO Permit   No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306
(See Rule 306 and Rule 1129)

_30-015-35674_

A.   Applicant ____Reef Exploration, L.P._____ ,

whose address is ___1901N. Central Expy, Suite 300, Richardson, TX 75080 _____ ,

hereby requests an exception to Rule 306 for _____60_____days or until

__December 15 _____, Yr _2007_, for the following described tank battery (or LACT):

Name of Lease __State "2" #2_____Name of Pool _Livingston Ridge; Delaware, S.E. ____

Location of Battery: Unit Letter ____C____Section ___2___Township __23S__Range _31E__

Number of wells producing into battery __Total of 5 when drilling is completed_____

B.   Based upon oil production of _____90_____barrels per day, the estimated * volume

of gas to be flared is ___70_____MCF; Value _____$490.00_____per day.

C.   Name and location of nearest gas gathering facility:

_Barclay State #2, 1980' FSL & 660' FEL, Sec.2-T23S-R31E_____

D.   Distance ____2000'_____Estimated cost of connection ___$10,000.00_____

E.   This exception is requested for the following reasons: __We do not have an agreement with a ____

__gas purchaser at this time_____

_____

_____

OPERATOR	OIL CONSERVATION DIVISION
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 _Rosalind W. Mercer_ Printed Name & Title _Rosalind W. Mercer, Regulatory Analyst _____ E-mail Address _rosalind@reefogc.com _____ Date 10/24/2007 Telephone No. 972-437-6792	Approved Until **DEC 1 5 2007** _____ By _____ Signed By _____ Title _Field Supervisor_____ Date NOV 1 5 2007 _____

* Gas-Oil ratio test may be required to verify estimated gas volume.