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OP

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

NFO Permit No. 2-837
(For Division Use Only)

O. C. D.
SPECIAL PERMIT

A. Applicant, UNION OIL COMPANY OF CALIFORNIA

whose address is P.O. Drawer 1749, Andrews, TX 79714

hereby requests an exception to Rule 306 for 1 year days or until

January 1, 1992, for the following described tank battery (or LACT):

Name of Lease Medano State Comm #1 Name of Pool Lovington Ridge Bone Springs

Location of Battery: Unit Letter K Section 36 Township 225 Range 31E

Number of wells producing into battery One Well

B. Based upon oil production of 12 barrels per day, the estimated* volume
of gas to be flared is 42 MCF; Value \$60.00 per day.

C. Name and location of the nearest gas gathering facility:

Phillips Pet. N E 1/4 N W 1/4 Sec 18 T235 R32E 15,840'

D. Distance 3.8 Miles Estimated cost of connection \$79,200

E. This exception is requested for the following reasons:

Union Oil Company of California request an exception to No-Flare rule 306 in order to deplete the Bone Springs formation prior to P & A the well. Oil & Gas Production has continued to decline each month as shown by the attached daily production sheets. The well test will verify that the decline in gas production which is also used for fuel gas will not payout the cost to install a gas sales line. When production is resumed the 42 MCFD gas currently being flared will be reduced to 25 MCFD and the balance used for fuel gas to power the Ajax prime mover.

F. 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.

Donald Ray Tyler
(Signature)
Field Superintendent
(Title)

1-29-91

(Date)

Gas Must Be Flared

Approved Until Further Notice

NEW MEXICO OIL CONSERVATION DIVISION

By M. H. Williams

Title SUPERVISOR, DISTRICT II

Date FEB 20 1991

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