

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

A. Applicant MANZANO, LLC,
whose address is P.O. BOX 1737 - ROSWELL, N M 88202,
hereby requests an exception to Rule 19.15.18.12 for 365 90 days or until

30-041-20971 SEPTEMBER 1, Yr 2018, for the following described tank battery (or LACT):

Name of Lease TUPELO HONEY 27 COM Name of Pool MILNESAND:SAN ANDRES, WEST

Location of Battery: Unit Letter M Section 27 Township 6 S Range 34 E

Number of wells producing into battery 1

B. Based upon oil production of 250 barrels per day, the estimated * volume
of gas to be flared is 300 MCF; Value \$150 per day.

C. Name and location of nearest gas gathering facility:

Stakeholder Gas Services - Lovington Plant

D. Distance 18 Estimated cost of connection \$5,400,000

E. This exception is requested for the following reasons: Targa is nearest system but is unwilling
to take this very poor quality gas (15-20% CO2/5-10% N2). Stakeholder Gas Services is planning
on building a gathering system and a processing plant that can process this gas but it will be at least
one year before they will be able to build the system to gather & process this gas.

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 Mike Hanagan

Printed Name
& Title MIKE HANAGAN, MANAGER

E-mail Address mike.emanzano@energy.com

Date 9/5/17 Telephone No. 515-623-1996

OIL CONSERVATION DIVISION

Approved Until 12/5/2017

By Mary Brown

Title AO/II

Date 9/6/2017

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