

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

HOBBS OCD
JAN 08 2019
RECEIVED

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 RG EXPLORATION LLC,
whose address is PO BOX 5023, MIDLAND, TX 78705,
hereby requests an exception to Rule 19.15.18.12 for 90 ~~180~~ days from 1/10/2018 days or until
APRIL
JULY 9TH, Yr 2019, for the following described tank battery (or LACT):
Name of Lease JADE 19 39 29 STATE COM Name of Pool NADINE; ABO EAST
Location of Battery: Unit Letter D Section 29 Township 19S Range 39E
Number of wells producing into battery 1 WELL 30-025-43294
- B. Based upon oil production of 70 barrels per day, the estimated * volume
of gas to be flared is 12,000 MCF; Value \$135 per day.
- C. Name and location of nearest gas gathering facility:
Targa Midstream Services
- D. Distance 3 mi. Estimated cost of connection n/a
- E. This exception is requested for the following reasons: RG Exploration requests on extension
to flare gas. The Targa gas system is currently at capacity and cannot handle additional
gas volume commitments. The next closest system is greater than 10 miles away.
Targa had expected to have more capacity at the end of the year but this has been revised to
late 2019 when they will be able to take more gas volume commitments.

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 Martha Wulfstange
Printed Name
& Title Martha Wulfstange, Regulatory Analyst

E-mail Address mwulfstange@progressivepcs.net

Date 1-8-2019 Telephone No. 303-309-1595

OIL CONSERVATION DIVISION

Approved Until 04/09/19

By [Signature]
Title Petroleum Engineer

Date 01/10/19

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

Jade, Jackson & Petersen Wells Contact Log for Gas Sales Connection

Company	Contact	Comments
Targa	Cullen Ingram	Emailed and phoned
Targa	Randy Tamplen	Emailed and phoned - scheduled meeting for next week
Targa	Randy Tamplen	Met with Randy on 8/23 in Dallas.
Targa	Randy Tamplen	Requested contract for Jade & Jackson wells (phone and email)
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Targa	Randy Tamplen	Requested call to discuss Peterson and update on Jade/Jackson.
Targa	Randy Tamplen	Current contract terms, received current agreement for review. Scheduled call for Monday
Targa	Randy Tamplen	Discussion on contract management, which contract should the Jade and Jackson fall under.
Targa	Randy Tamplen	Targa contract comparison.
Stakeholder	Danny Craig	Executed Confidentiality Agreement
Targa	Randy Tamplen	Questioned whereabouts of promised contract.
Targa	Randy Tamplen	Emailed to enquire about contracts.
Targa	Randy Tamplen	Response telling me Targa is on hold in delivering new contracts.
Targa	Tony Aldrich	Contacted Tony Aldrich, Targa OKC office requesting help.
Targa	Randy Tamplen	Received email requesting phone conference on 10/10/18 to discuss new contract structure.
Stakeholder	Blake Shelton	Met with Blake, Brett Baker & Danny Craig on Stakeholder's plans to expand into this area
Targa	Randy Tamplen	phone call to Targa to inquire status - left message
ETC Texas Pipeline	Brian Beebe	Executed Confidentiality Agreement
Stakeholder	Blake Shelton	phone call to Stakeholder to discuss expansion project details
Stakeholder	Blake Shelton	Discussed status of Stakeholder project with Blake Shelton. Requested production info on Petersen,Jade & Jackson wells
ETC Texas Pipeline	James Anbouba	Discussed ETC asset locations
ETC Texas Pipeline	James Anbouba	Received & reviewed map from Energy Transfer of their system. Requested info on available capacity.
Targa	Randy Tamplen	Contacted Targa on project status-received info from Targa for review
Targa	Randy Tamplen	Received and reviewed details of proposal - severely reduced pricing for 2 years due to ngls going to storage
Stakeholder	Blake Shelton	Sent gas production forecast to Stakeholder
ETC Texas Pipeline	James Anbouba	Sent gas production forecast to ETC
ETC Texas Pipeline	James Anbouba	reviewed gas production forecast info
Stakeholder	Blake Shelton	reviewed gas production forecast info
Targa	Randy Tamplen	requested clarification of proposal info
ETC Texas Pipeline	James Anbouba	called and left msg for ETC to check on status. Exchanged emails.
ETC Texas Pipeline	James Anbouba	discussed status with ETC - should receive more info soon
ETC Texas Pipeline	James Anbouba	requested status
ETC Texas Pipeline	James Anbouba	discussed status - they are still working on
Targa	Randy Tamplen	received updated proposal info - still severely reduced pricing for 2 years
Targa	Randy Tamplen	discussed updated proposal with Targa
Stakeholder	Blake Shelton	requested info and project update from Stakeholder
ETC Texas Pipeline	James Anbouba	spoke with ETC - received & reviewed connection location info and options with proposal info forthcoming



RG EXPLORATION, LLC
PO Box 50203 - Midland, TX 79710

January 8, 2019

State of New Mexico
Energy Minerals and Natural Resources,
Oil Conservation Division

**Re: Application for Extension of Exception to No-Flare Rule 19.15.18.12 –
Jade 19 39 29 State Com 003H**

Dear Mr. Brown,

RG Exploration, LLC is requesting an extension for flaring for the Jade 19 39 29 State Com 003H (API 30-025-43294). The extension is being requested because the nearest gathering line, owned by Targa Midstream Services (Targa), is at capacity and not accepting gas volume commitments.

The previous permit was approved on October 11, 2018 for a period of 90 days. The expectation was that Targa would be able to accept gas volume by Fall 2018. RG Exploration has been in weekly contact with Targa to try and secure a tie-in for gas. However, Targa is still not accepting gas volumes. Therefore, RG Exploration is requesting an extension of 180-days through July 9, 2019. The end date was calculated from the date the current flare exception expires (January 10, 2019).

The application for Exception to the No-Flare Rule 19.15.18.12 (Form C-129) is attached. Also attached is the Correspondence Log with three midstream service providers. RG Exploration has been in discussions with the following companies: Targa Midstream Services since 2017 (before the well was drilled), Stakeholder starting in September 2018, and ETC Texas Pipeline starting in November 2018. While Stakeholder and ETC Texas Pipeline do not currently have lines near the RG Exploration's well sites, they are interested in expanding their pipelines. RG Exploration is looking at all available options to connect to a midstream service provider as soon as possible.

Please feel free to contact me with any questions about this matter. Regards,

A handwritten signature in black ink that reads 'Martha Wulftange'.

Martha Wulftange
mwulftange@progressivepcs.net
O: (303) 309-1595
Regulatory Analyst - Consultant
RG Exploration, LLC