

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

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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 Days from 08/29/2019 days or until
November 27, 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 50 barrels per day, the estimated * volume
of gas to be flared is 4,500 MCF; Value \$0.00 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 an 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 expected to have more capacity at the end of 2018 but this has been revised to late 2019 when they will be able to take more gas volume commitments. The reasoning behind the \$0.00 value is the negative gas price in the Permian. RGX has had to pay Targa the last 2 months for gas takeaway on other leases in the area.

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 Rachel Milne

Printed Name
& Title Rachel Milne, Regulatory Analyst III

E-mail
Address ramilne@progressivepcs.net

Date 08/29/2019 Telephone No. 303-309-1656

OIL CONSERVATION DIVISION

Approved Until 11/27/2019

By Rick Rickman

Title A/OI

Date 8-26-19

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



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

HOBBS OCD

AUG 26 2019

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August 21, 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. Rickman,

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 June 10, 2019 and is valid until August 28, 2019. The expectation was that Targa would be able to accept gas volume by Fall 2019. 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 90-days through November 27, 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 4 pipeline companies including: Targa Midstream Services since 2017 (before the well was drilled), Stakeholder starting in September 2018, ETC Texas Pipeline starting in November 2018, and DCP starting in June 2019. 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 'Rachel Milne'.

Rachel Milne
ramilne@progressivepcs.net
O: (303) 309-1656
Regulatory Analyst - Consultant
RG Exploration, LLC

RG Exploration, LLC
Jade 003H Contact Log for Gas Sales Connection
June - August 2019

8/15/2019

Date	Company	Contact	Comments
6/6/19	Targa	Randy Tamplen	requested status from Targa
6/7/19	Targa	Randy Tamplen	Spoke with Targa - they promise to respond about locations early next week.
6/12/19	Targa	Randy Tamplen	requested status from Targa
6/13/19	Targa	Randy Tamplen	requested status from Targa
6/14/19	Targa	Randy Tamplen	Spoke with Targa in am - has been out all week and will review notes called again in afternoon and left message
6/17/19	Targa	Randy Tamplen	Left voicemail for Targa; received copy of email from Targa rep requesting info. Responded to email - awaiting reply.
6/19/19	Targa	Randy Tamplen	Spoke with Targa field personnel about locations.
6/20/19	Targa	Randy Tamplen	Left voicemail and sent email for rep to discuss status, Received reply they are checking on system inert capacity.
6/21/19	Targa	Randy Tamplen	requested status from Targa - received info on system flow configuration
6/24/19	Targa	Randy Tamplen	Received word from Targa that they are at capacity for Nitrogen in the gas. Requested additional info on possible solutions.
6/26/19	Targa	Randy Tamplen	Targa - now officially declining to connect any more gas to their system, due to nitrogen handling ability at capacity
6/26/19	DCP	Willie Barton	DCP willing to take a look at to see if can work volumes into their system
6/26/19	Stakeholder	Blake Shelton	Reached out to Stakeholder Pipeline - still too far away (more than 10 miles)
6/27/19	DCP	Willie Barton	DCP requested additional info - requested info from team
7/9/19	DCP	Willie Barton	Assembled and transmitted info to DCP requesting connection review.
7/10/19	DCP	Willie Barton	Communicated additional info to DCP. Called and left message for DCP
7/12/19	DCP	Willie Barton	Spoke with DCP rep - they will have hydraulic personnel review asap to check compression and pipe capacity.
7/15/19	DCP	Willie Barton	Sent gas forecast info for two potential connect sites to DCP.
7/17/19	DCP	Willie Barton	Received questions from DCP. Assembled info and called to discuss - left message.
7/19/19	DCP	Willie Barton	Called DCP and left voicemail - received email from DCP requesting more info and provided responses.
7/22/19	DCP	Willie Barton	Spoke with DCP to answer questions on production estimates.
7/29/19	DCP	Willie Barton	Requested status update from DCP. No update as of yet, awaiting their review. Reminded them of need for timeliness.
8/5/19	DCP	Willie Barton	Requested status update from DCP. Asked for acceleration of their review due to well timeline. Currently reviewing.
8/8/19	DCP	Mike Hosey	Requested status update and timeline from DCP
8/12/19	DCP	Mike Hosey	Requested update from DCP. Currently updating system map with potential connect points and well distance from pipeline.
8/13/19	DCP	Mike Hosey	Requested timing from DCP - they replied will provide info this week or next