

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

Form C-129
Revised March 17, 1999

Submit 3 Copies to appropriate
District Office

NFO Permit No. I-466-4
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

A. Applicant CHI ENERGY INC.

whose address is PO Box 1799, MIDLAND TX 79702

hereby requests an exception to Rule 306 for 730 days or until

SEPT, Yr 2004, for the following described tank battery (or LACT):

Name of Lease SUSCO 3 STATE Name of Pool SOLVER, SAN ANTONIO WEST

Location of Battery: Unit Letter D Section 3 Township 10 S Range 37 E

Number of wells producing into battery 1

B. Based upon oil production of 4 barrels per day, the estimated * volume

of gas to be flared is 2 MCF; Value 3⁰⁰ per day.

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

DIXIEGUY VERDADO

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons: TO SMALL, GAS

COMPANY WILL NOT TAKE LESS THAN 5 MCF
PER DAY

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 Oren Albright

Printed Name & Title OREN ALBRIGHT, SWN.

Date 9-23-02 Telephone No. 915/684-0504

OIL CONSERVATION DIVISION

Approved Until 9/26/03

By PAUL F. KAUTZ

Title PETROLEUM ENGINEER

Date SEP 27 2002

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