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APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

NFO Permit No. ~~15-C~~ 15-C  
(For Division Use Only)

A. Applicant, Pennzoil Exploration and Production Company,  
whose address is P.O. Box 2967, Houston, Texas 77252

hereby requests an exception to Rule 306 for 90 days or until

8/31, 1990, for the following described tank battery (or LACT):

Name of Lease CASILE ROCK 3017-021 M Name of Pool WILDCAT

Location of Battery: Unit Letter M Section 02 Township 30N Range 17E

Number of wells producing into battery 1

B. Based upon oil production of N/A barrels per day, the estimated \* volume  
of gas to be flared is 0 to 150 MCF; Value N/P per day.

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

D. Distance 70 miles Estimated cost of connection \$9,500,000.00 for development project

E. This exception is requested for the following reasons:

Test the potential for production of coal methane from coal beds in  
the Raton and Vermejo formations.

CONTINUE TESTING DUE TO UNUSUAL  
PRODUCTION PATTERN

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.

[Signature]  
(Signature)  
Superintendent of District Operations  
(Title)  
6/13/90  
(Date)

Approved Until 8-31-90

NEW MEXICO OIL CONSERVATION DIVISION

By [Signature]

Title DISTRICT SUPERVISOR

Date 6-20-90

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