

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 June 10, 2003

Submit 3 Copies to appropriate  
District Office

NFO Permit No. \_\_\_\_\_  
(For Division Use Only)

**APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306**

(See Rule 306 and Rule 1129)

*30-015-35676*

*OCT 25 2007*

- A. Applicant Reef Exploration, L.P.  
whose address is 1901N. Central Expy, Suite 300, Richardson, TX 75080  
hereby requests an exception to Rule 306 for 60 days or until  
December 15, Yr 2007, for the following described tank battery (or LACT):  
Name of Lease State "2" #4 Name of Pool Livingston Ridge; Delaware, South  
Location of Battery: Unit Letter K Section 2 Township 23S Range 31E  
Number of wells producing into battery Total of 5 when drilling is completed
- B. Based upon oil production of 90 barrels per day, the estimated \* volume  
of gas to be flared is 70 MCF; Value \$490.00 per day.
- C. Name and location of nearest gas gathering facility:  
Barclay State #2, 1980' FSL & 660' FEL, Sec.2-T23S-R31E
- D. Distance 2000' Estimated cost of connection \$10,000.00
- E. This exception is requested for the following reasons: We do not have an agreement with a  
gas purchaser at this time

**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 Rosalind W. Mercer

Printed Name  
& Title Rosalind W. Mercer, Regulatory Analyst

E-mail Address rosalind@reefogc.com

Date 10/24/2007 Telephone No. 972-437-6792

**OIL CONSERVATION DIVISION**

Approved Until DEC 15 2007

By Signed By Mike Brennan

Title Field Supervisor

Date NOV 15 2007

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