

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. 2-953  
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

30-015-34879

JAN -9 2008

OCD-ARTESIA

A. Applicant Marshall & Winston, Inc.

whose address is P. O. Box 50880, Midland, TX 79710-0880

hereby requests an exception to Rule 306 for \_\_\_\_\_ days or until

\_\_\_\_\_, Yr \_\_\_\_\_, for the following described tank battery (or LACT):

Name of Lease Dublin 23 Federal Name of Pool Herradura Bend; Delaware, East

Location of Battery: Unit Letter 0 Section 23 Township 22S Range 28E

Number of wells producing into battery 4

B. Based upon oil production of 170 barrels per day, the estimated \* volume  
of gas to be flared is 190 MCF; Value Not marketable  
due to H2S content per day.

C. Name and location of nearest gas gathering facility:

DCP Midstream - NM Sweet Super System

D. Distance .5 mile Estimated cost of connection \$175,000

E. This exception is requested for the following reasons: \_\_\_\_\_

See attached letter.

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 Tom M Brandt

Printed Name Tom M. Brandt  
& Title Vice President

E-mail Address \_\_\_\_\_

Date 01/08/08 Telephone No. 432-684-6373

OIL CONSERVATION DIVISION

Approved Until July 9, 2008

By \_\_\_\_\_ Signed By Mike Brannon

Title Field Supervisor

Date JAN 17 2008

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



JAN -9 2008  
OCD-ARTESIA

January 8, 2008

United States Dept. of the Interior  
Bureau of Land Management  
620 E. Greene Street  
Carlsbad, NM 88220

Attn: Mr. Wesley W. Ingram

RE: Dublin 23 Federal Lease  
LC-069157  
Eddy Co., NM  
Exception to Rule 306

Dear Mr. Ingram,

Please find described here within an updated status report for the captioned property being operated by Marshall & Winston, Inc. This update is being provided as requested in Sundry Approval dated September 13, 2007.

Three additional wells have been drilled and are in the process of being tested and completed. There are now four producing wells on the lease, all producing from the Delaware at  $\pm$  4250 feet. Current lease production is 160-170 BOPD and 450 BWPD with 190 MCFD. All gas has been found to contain 2000 ppm H<sub>2</sub>S.

The nearest gas market in this area requires that H<sub>2</sub>S content be below 4 ppm. A line has been laid one half mile to this market. Equipment has also been installed to scavenge H<sub>2</sub>S from the gas. Various chemicals are being tested at this time to determine if an economical scavenger exists to treat this gas. Current economics on operating with scavengers tested to date are yielding a loss of approximately \$7,000.00 per month. These economics do not include amortizing the \$175,000 that has been spent installing equipment. Additional tests are planned using different scavengers as soon as they become available.

Economics for treating this low volume of gas with an amine plant have proven to be uneconomical due to the excessive cost of this type of equipment. An initial investment of \$500,000 would be required for an amine plant.

The current radius of exposure using 2000 ppm H<sub>2</sub>S and 190 MCFD volume is 500 ppm ROE 25.1 feet and 100 ppm ROE 55.0 feet.

Letter to U.S. Dept of the Interior  
Dated January 8, 2008  
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All produced gas continues being measured to satisfy royalty obligations.

Marshall & Winston, Inc. respectfully requests that non marketable gas continue to be allowed to be flared per Exception to No-Flare Rule 306.

Very truly yours,

A handwritten signature in black ink, reading "Tom M Brandt". The signature is written in a cursive style with a large, stylized "T" and "M".

Tom M. Brandt  
Vice President

TMB/sr

**SUNDRY NOTICE DATED 08/31/07 ATTACHMENT****SUBJECT: Dublin 23 Federal #1**

Sundry to allow for the flaring of vented gas from the subject well. Operations that have taken place since Sundry approval to flare gas until 9/11/07 was approved on 06/11/07 are as follows:

- 1) Additional gas analysis determined that H<sub>2</sub>S concentration stabilized at 2000 ppm.
- 2) Equipment has been installed to allow for the removal of H<sub>2</sub>S by utilizing a liquid H<sub>2</sub>S scavenger.
- 3) Pipeline R-O-W has been obtained and a steel 4" gas line has been installed to connect to DCP sales line (Approx. 2600').
- 4) Gas sales line will be completed upon arrival and installation of DCP equipment that will monitor and return to flare line any gas found to have a H<sub>2</sub>S content greater than 4 ppm. DCP expects this equipment to be installed by Sept. 10, 2007.

Permission to flare gas is being requested as a result of the following conditions:

- 1) The H<sub>2</sub>S scavenger being utilized will eventually become saturated and will need to be replaced. Gas will need to be flared during the changing out of chemicals.
- 2) Production equipment on this lease is rated to maximum 50 psi working pressure. Times when gas sales line pressure exceeds 50 psi gas will need to be flared to keep working pressures on equipment within design specifications.
- 3) Additional development is being done on this lease which may result in having to change out equipment to be able to handle increased production. Gas may need to be flared to accommodate changing or adding production equipment to tank battery.

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Gas measurement equipment has been installed so that all gas volumes will be measured going into the sales line and/or the flare line. This will allow for proper payment of royalty on all gas production.

Additional Sundry's will be submitted every 3 to 6 months to facilitate additional development and gas sales line operating conditions.