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

RECEIVED
FEB 25 2011
HOBBSOCD

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. I-994-A
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

A. Applicant CAMPBELL & HEDRICK,

whose address is P. O. BOX 401, MIDLAND, TEXAS 79702,

hereby requests an exception to Rule 306 for 365 days or until

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

Name of Lease SHELL STATE Name of Pool EUNICE 7-RIVERS-QUEEN-SOUTH

Location of Battery: Unit Letter M Section 32 Township 21S Range 36E

Number of wells producing into battery 1

B. Based upon oil production of 1 barrels per day, the estimated * volume

of gas to be flared is <3 MCF; Value $9.00 per day.

C. Name and location of nearest gas gathering facility:

DCP MIDSTREAM 30-025-04881

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons: We volunteered to lay line on DCP right-a-way, hook up at both our end and their end and give the line to DCP if they would continue to take our gas. DCP said that less than 3mcf/day is not economical for them to purchase. See DCP letter attached.

OPERATOR	OIL CONSERVATION DIVISION
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.	Approved Until Feb. 22, 2012
Signature [signature]	By [signature]
Printed Name & Title O. F. HEDRICK, OPERATOR	Title DISTRICT 1 SUPERVISOR
E-mail Address	Date MAR 03 2011
Date 02/22/2011 Telephone No. 432-684-4393	

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