DISTRICT I
P.O.Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

Submit 3 Copies to
Appropriate District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-129
Revised 4-1-91

NFO Permit No. I-900
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

A. Applicant PREMIER OIL & GAS, INC.,

whose address is P.O. Box 1246 (422 W. Main), Artesia, NM 88211-1246,

hereby requests an exception to Rule 306 for 5 years days or until

_____, 19 ____, for the following described tank battery (or LACT):

Name of Lease State H-22 Name of Pool Vacuum Grayburg-San Andres

Location of Battery: Unit Letter O Section 22 Township 17 Range 34

Number of wells producing into battery One (30-025-02064

B. Based upon oil production of 2 barrels per day, the estimated * volume

of gas to be flared is TSTM MCF; Value _____ per day.

C. Name and location of nearest gas gathering facility:

Conoco, Inc.

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons: The amount of gas is so small that no gas transporter would be willing to hook up.

OCT 2002

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 Rosalie Jones

Printed Name & Title Rosalie Jones, President

Date 10/21/02 Telephone No. 505-748-2093

OIL CONSERVATION DIVISION

Approved Until 10/29/03

By ORIGINAL SIGNED BY PAUL F. KAUTZ

Title PETROLEUM ENGINEER

Date OCT 31 2002

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