



State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
District IV
1220 South St. Francis Dr.
Santa Fe, NM 87505

Shell Exploration & Production Co.
Pennzoil Place, PNT 14086
800 Milam Street
Houston, TX 77002

RECEIVED
SEP 17 PM 12 35

September 7, 2007

Subject: Application for Exception to No-Flare Rule 306 (Form C-129)
Shell Exploration & Production Co., Well CD#1; API# 30-019-20134
Guadalupe County, New Mexico

Per NMAC 19.15.5.306 Shell is submitting an application for exception to No-Flare Rule 306 for flaring associated with completion and testing of the Shell well CD#1 (API# 30-019-20134). Shell is requesting the exception in order to conduct extensive testing of Well CD#1. This is the 1st exploration well tested by Shell in the area and it is important that significant testing of this well be conducted to understand well yield and formation characteristics.

Attached please find Form C-129 with as required by NMAC 19.15.5.306.

Should you have questions regarding this application please contact me at (713) 546-6466.

Regards,

Richard W. Lewis
Shell Exploration & Production Company

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)

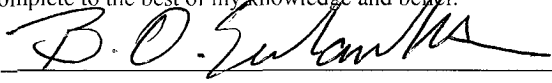
- A. Applicant SWEPI LP, whose address is 200 North Dairy Ashford, Houston, Texas 77079, hereby requests an exception to Rule 306 for an additional 60 (total 120) days or until approximately December 15, Yr 2007, for the following described tank battery (or LACT): Name of Lease Webb CD#1 Well, API# 30-019-20134 Name of Pool NA Location of Battery: Unit Letter N Section 25 Township 11N Range 23E Number of wells producing into battery no producing wells; just 1 well requiring completion/production testing.
- B. Based upon oil production of (not applicable) barrels per day, the estimated * volume of gas to be flared is unknown MCF; Value unknown per day.
- C. Name and location of nearest gas gathering facility: New Mexico Public Utilities gas pipeline in Tucumcari, NM
- D. Distance app. 48 miles Estimated cost of connection 6" line \$15 MM + 2000 HP Compression \$4.5 MM; Total \$19.5 MM
- E. This exception is requested for the following reasons:

The Webb CD#1 natural gas well is a wildcat well and not part of an established production field therefore little information is known about potential rates and formation characteristics. Shell has not completed a well within the Pennsylvania play in New Mexico. Therefore to insure adequate testing and data gathering of the Webb CD#1 well Shell is asking for an exemption to the 60-day flaring requirement (Rule 306). Shell is requesting an additional 60 days (total 120 days) for flaring.

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

Printed Name
& Title**B. O. Eubanks**
Attorney-in-Fact

E-mail Address

BRAD.EUBANKS@SHELL.COM

Date

9/4/07

Telephone No.

281.544.3473

OIL CONSERVATION DIVISION

Approved Until

1/24/08

By



Title

DISTRICT SUPERVISOR

Date

9/24/07

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