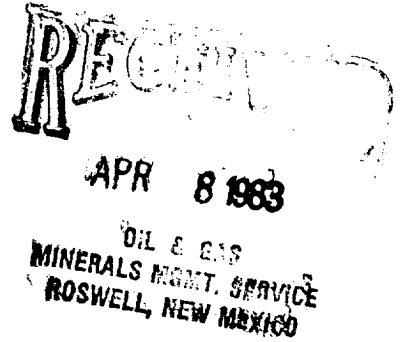


NM OIL CONS. COMMISSION
Drawer DD
Artesia, NM 88210
STEVENS OPERATING CORPORATION
118 WEST FIRST STREET
P. O. BOX 2203
ROSWELL, NEW MEXICO 88201
505-833-1273

April 7, 1983

AUG 11 1983

O. C. D.
ARTESIA, OFFICE



Mr. Peter Chester
United States Department of the Interior
Bureau of Land Management
P. O. Drawer 1857
Roswell, New Mexico 88201

Re: NM 17042 - Sand Creek Federal #1
NW/NW Sec. 17, T-7-S, R-27-E
Chaves County, New Mexico

Dear Mr. Chester:

We have been advised by the Oil Conservation Division that Exception to No-Flare Rule on Federal wells must be approved by your office. This letter will serve as an application for the above mentioned well.

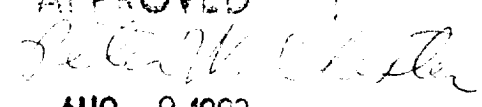
The nearest gathering facility is located in Sec. 16, T-9-S, R-29-E owned by MAPCO Production Company. It is approximately 18 miles Southeast of the Sand Creek Federal #1. The estimated cost of connection to this facility is \$500,000.00. There is no market available due to the distance, expense of installing a system and insufficient gas to warrant constructing a plant. The estimated gas to be flared is 13 MCF per day at a value of \$26.00 per day.

~~This letter will also acknowledge receipt of the letter from James W. Gilham dated April 1, 1983 pursuant to the disposal of produced water from this well. Please be advised that no water is being disposed of in pits. It is being taken to drilling wells in the area or to salt water disposal stations authorized by the Oil Conservation Division of New Mexico. We have, in our files, an approved Form C-133, Authorization to Move Produced Water.~~

If you have any further questions or need additional information, please do not hesitate to contact me.

Very truly yours,


Pat Thompson
Production Controller

APPROVED

AUG 9 1983

PT/ms

APPROVED FOR ¹² MONTH PERIOD
ENDING 8/9/84