

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

NFO Permit No. 2-785  
(For Division Use Only)

RECEIVED  
SEP 21 '87  
O. C. D.  
ARTESIA, OFFICE

- A. Applicant, Spectrum 7 Exploration Company,  
whose address is P.O. Box 10626, Midland, Texas 79702,  
hereby requests an exception to Rule 306 for indefinite days or until  
                    , 19    , for the following described tank battery (or LACT):

Name of Lease State 24 # 12-2 Name of Pool Queen Grayburg Pool

Location of Battery: Unit Letter 0 Section 24 Township 16-S Range 28-E

Number of wells producing into battery Three (3)

- B. Based upon oil production of 80 barrels per day, the estimated volume  
of gas to be flared is 10 MCF; Value \$14.00 per day.

- C. Name and location of the nearest gas gathering facility:

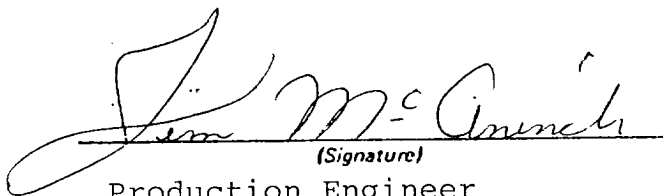
Conoco Inc. located one (1) mile south

- D. Distance                      Estimated cost of connection

- E. This exception is requested for the following reasons:

Conoco disconnected gas sales line because of the high nitrogen  
content and the low BTU. Attached for your information is a  
letter from Conoco.

- F. 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)  
Production Engineer  
(Title)

September 17, 1987  
(Date)

Approved Until Further Notice

NEW MEXICO OIL CONSERVATION DIVISION

By Mike Williams

Title OIL AND GAS INSPECTOR

Date SEP 21 1987



Neil S. Rensvold  
Coordinator, Gas Supply  
Natural Gas Department

Conoco Inc.  
Briercroft Savings Center  
Suite 1350  
P.O. Box 1959  
Midland, TX 79702  
(915) 686-5561

RECEIVED  
SEP 16 1987  
Ans'd.....

September 14, 1987

Spectrum 7 Energy  
P. O. Box 10626  
Midland, Texas 79702

Attn: Jim McAninch

Re: #1 State "24" Lease  
Eddy County, New Mexico

Dear Mr. McAninch:

Attached is a copy of the chromatographic analysis of the gas produced from the referenced lease. As you can see, the high nitrogen content of the gas reduces the BTU content of the gas to 641 BTU/cubic foot. At this low level, Conoco has determined the gas quality to be non-commercial and has ceased purchasing the production. If the quality of the gas improves, Conoco is very interested in once again purchasing the gas. If Conoco can be of any further assistance, please let me know.

Sincerely,

Neil Rensvold

mcp