



March 14, 1995

Attn. Tim Gum
State of New Mexico
Oil Conservation Division
P.O. Drawer DD
Artesia, New Mexico 88211-0719

RE: Application for Exception to Non-Flare Rule 306 for the following wells: Dall Federal 1, Sheep Draw Federal 2,3, & 5

Dear Mr. Gum:

Louis Dreyfus Natural Gas Corp respectfully request that an Exception to Non-Flare Rule 306 be granted on the before mentioned wells.

LDNGC recently acquired the before mentioned wells from Collins & Ware on January 1, 1995. Since that time we have determined that the cost of treating the gas associated with the oil production from these wells is very expensive due to the H2S content of said gas. The treatments are so expensive that the cost to treat the gas exceeds the revenue received from the treated gas. The wells are currently transported by Llano, Inc and they will not accept gas into there system with H2S contents higher than 4 ppm. The working interest owners associated with these wells have also complained about the high treatment costs and have requested that treatment be ceased.

LDNGC would like this Exception to be granted for 90 days. LDNGC's current plan for the gas is to lay a line to a GPM gathering line that ties into their sulfur plant. We expect this project to be completed within the 90 days requested for the exception. We are asking for a 90 day extension to flare the gas so that Right of Way may be acquired and the gas line put in place without excessive cost for treating the gas. LDNG as operator would flare the gas utilizing a automatic flame ignitor. LDNGC would abide by the rules of the Exception and report the estimated volume of gas for each well that is flared on the monthly production report, Form C-115.

We at LDNGC would like to thank you in advance for your attention in this matter. Should you need additional information please feel free to contact me at (405) 749-1300.

Sincerely;

A handwritten signature in cursive script, appearing to read 'Kent Sams'.

Kent Sams
LDNG Production Engineer
cc: Well File