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OCD DIST II

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State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-129
Revised 4-1-91**DISTRICT I**

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

DISTRICT II

P.O. Drawer DD, Arasia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410

Submit 3 Copies to

Appropriate District Office

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

NFO Permit No. _____

(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306
(See Rule 306 and Rule 1129)

- A. Applicant Louis Dreyfus Natural Gas Corp,
whose address is 14000 Quail Springs Pkwy, Suite 600, Oklahoma City, OK 73134
hereby requests an exception to Rule 306 for 90 days or until
February 23, 19 95, for the following described tank battery (or LACT):
Name of Lease Sheep Draw Federal #2 Name of Pool Happy Valley (Delaware)
Location of Battery: Unit Letter C Section 33 Township 22S Range 26E
Number of wells producing into battery 1
- B. Based upon oil production of 64 barrels per day, the estimated * volume
of gas to be flared is 110 MCF; Value \$154 per day.
- C. Name and location of nearest gas gathering facility:
Well is connected to Llano
- D. Distance _____ Estimated cost of connection _____
- E. This exception is requested for the following reasons: Well has H2S content of 1600 ppm
and costs \$200/day to chemically treat the H2S. Expense to treat the
gas to sales quality exceeds the value of sales. Operator will
utilize automatic flare ignitor.

RECEIVED
MAR 17 1995
OIL CON. DIV.
DIST. 2

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

Kenton L. SamsPrinted Name
& TitleKenton L. Sams, Production Engineer

Date

02/23/95Telephone No. (405) 749-1300**OIL CONSERVATION DIVISION**

Approved Until

7/1/95

By

**ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR**

Title

Date

MAR 30 1995

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