

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

30-019-20134

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

January 7, 2008

Mr. Michael L. Bergstrom Regulatory Affairs-EP Americas Shell Exploration & Production Co. 4285 S. Ulster Way Parkway Suite 1400 Denver, CO 80237

Dear Mr. Bergstrom:

The New Mexico Oil Conservation Division has received your request on behalf of Shell Exploration and Production Co. dated December 20, 2007, for an extension of exception to OCD's No-Flare Rule 306 to May 31, 2008 for the Webb CD#1 well in Guadalupe County New Mexico.

This request is hereby approved.

NEW MEXICO OIL CONSERVATION DIVISION

Ed Martin

District IV Supervisor

State of New Mexico
Energy, Minerals and Natural Resources Dept.
Oil Conservation Division-District 4
1220 South St. Francis Drive
Sante Fe, New Mexico 87505
Attn.: Ed Martin, District Supervisor

Shell Exploration & Production Co.

Regulatory Affairs-EP Americas 4285 S. Ulster Way Parkway Suite 1400 Denver, Colorado 80237

December 20, 2007

Subject: Request for Extension of Exception to No-Flare Rule 306

Shell Exploration & Production Co., Webb CD#1, API# 30-019-20134

Guadalupe County, New Mexico

Dear Mr. Martin:

Shell Exploration & Production Company (Shell) is currently testing Webb CD#1, an exploratory well located in Guadalupe County, New Mexico, under an approved exception to No-Flare Rule 306 (Form C-129). Under terms of the approval, Shell has completed 51.6 days of testing of certain potential producing formations, prior to December 15, 2007. Shell intends to resume testing of certain additional, potential producing formations, in January or February 2008, completing testing up to the 120 days total duration previously approved.

Shell requests that the Oil Conservation Division-District 4 (OCD) extend the final date for the previously authorized Exception to No flare Rule 306 to May 31, 2008, thereby allowing the approximately 68 days of testing remaining to be completed.

Should you have questions regarding this request, please contact me at (303) 222-6347.

Yours sincerely,

Michael L. Bergstrom

Regulatory Coordinator

Shell Exploration & Production Company