

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-129
Revised June 10, 2003

Submit 3 Copies to appropriate
District Office

NFO Permit No. 2-934
(For Division Use Only)

30-015-32696
APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

RECEIVED

MAR - 5 2004

OCD-ARTESIA

A. Applicant Fasken Oil and Ranch, Ltd.

whose address is 303 West Wall, Suite 1800 Midland, TX 79701

hereby requests an exception to Rule 306 for _____ days or until

March 5, Yr 2005, for the following described tank battery (or LACT):

Name of Lease Soapberry Draw Undesignated Catclaw Draw;
"7" State Name of Pool Delaware, East

Location of Battery: Unit Letter K Section 7 Township 21S Range 26E

Number of wells producing into battery 1

B. Based upon oil production of 8 barrels per day, the estimated * volume
of gas to be flared is 61 MCF; Value \$240 per day.

C. Name and location of nearest gas gathering facility:

Duke Energy Field Services

D. Distance on location Estimated cost of connection existing connection

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

Please see the attached.

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 Jimmy D. Carlile

Printed Name
& Title Jimmy D. Carlile Regulatory Coord.

E-mail Address jimmyc@for1.com

Date 3/4/04 Telephone No. 432 687-1777

OIL CONSERVATION DIVISION

Approved Until 1-1-04

By [Signature]

Title Field Rep II

Date 3-16-04

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

Soapberry Draw "7" State No. 1

Request for Exception to No-Flare Rule 306

The subject well is currently connected to Duke Energy Field Services pipeline. On occasion, as was on-going when the State inspection took place, Duke has pipeline repairs taking place that interfere with the sale of gas into the pipeline system. Line pressure had gone above 100 psi which made it impossible for us to continue to use our heater-treater for primary separation. Fasken set a high pressure separator on location to get into the sales line with the gas, then dump our total fluid into the heater-treater. The flair was installed to burn off the flash that breaks out of the oil when it is dumped from high pressure (first separator) to low pressure (heater-treater). This explains the flare reported in the inspection as varying from 6" to 4' in length.

The estimated gas volume shown on Form C-129 of 61 MCFPD is the maximum gas produced from this wellbore. The only time the full stream volume would be flared would be an extreme upset situation, and should be minimal in its timing.



NEW MEXICO ENERGY, MINERALS
NATURAL RESOURCES DEPARTMENT

DL JC
Let's visit
about this.
LC

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

09-Jan-04

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JAN 16 2004

**FASKEN OIL AND
RANCH, LTD.**

FASKEN OIL & RANCH LTD

303 W WALL

STE 1900

MIDLAND, TX 79701-5116

NOTICE OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

SOAPBERRY DRAW 7 STATE 001

K-7-21S-26E

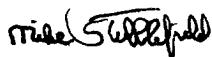
30-015-32696-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/09/2004	Routine/Periodic	Mike Stubblefield	Yes	No	4/13/2004	iMCS0400942727

Comments on Inspection: Inspected producing oil well. Found gate to lease to have changed combo. Called Odie Roberts and could only get voice mail. Walked into location. The well has a ignitor rigged up on flar line with backpressure relief valve. The well was selling gas periotically at 107 mcf per day and at times showing no gas sells on Digital Gas sells meter. The well flaired all the time when I was on location with a flame being from 6" to 4' in size. This well is in violation of no flare rule R-306. A exception permit to R-306 is required.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.