

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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 August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

A. Applicant LRE Operating, LLC

whose address is 1111 Bagby Street Suite 4600 Houston, TX 77002,

hereby requests an exception to Rule 19.15.18.12 for 90 days or until

_____, Yr _____, for the following described tank battery (or LACT):

Name of Lease Staley State #1 Name of Pool Red Lake; Queen-Grayburg-SA

Location of Battery: Unit Letter J Section 30 Township 17S Range 28E

Number of wells producing into battery 8

B. Based upon oil production of N/A barrels per day, the estimated * volume

of gas to be flared is 370 MCF; Value N/A per day.

C. Name and location of nearest gas gathering facility:

Frontier Field Services

D. Distance N/A Estimated cost of connection N/A

E. This exception is requested for the following reasons:

Requesting to flare due to Frontier's inability to take gas.

RECEIVED

OCT 30 2012

~~NMOC~~ ARTESIA

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 [Signature]

Printed Name
& Title Michael Barrett / Production Supervisor

E-mail Address mbarrett@limerockresources.com

Date 10/29/2012 Telephone No. 575-623-8424

OIL CONSERVATION DIVISION

Approved Until Jan 31 - 2013

By

Title 157 # 200102

Date 10/30/2012

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