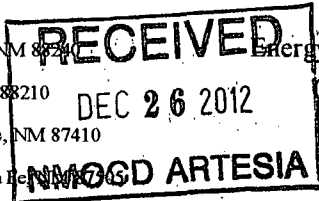


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505



State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
220 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 Caza Operating, LLC

30-015-39844

whose address is 200 N. Loraine, Suite 1550, Midland, Texas 79701

hereby requests an exception to Rule 19.15.18.12 for 30 days or until

February 1st, Yr 2013, for the following described tank battery (or LACT):

Name of Lease Forehand Ranch 27 St. Com 1H Name of Pool Bone Springs, Wildcat

Location of Battery: Unit Letter B Section 27 Township 23 S Range 27 E

Number of wells producing into battery 1

B. Based upon oil production of 100 barrels per day, the estimated * volume

of gas to be flared is ± 500 MCF, Value \$2,000 per day

C. Name and location of nearest gas gathering facility:

DCP Tie in SW/SW Sec 23, T23S, R27E, Eddy County.

D. Distance 2500 ft. Estimated cost of connection \$50,000

E. This exception is requested for the following reasons: Evaluating Well thru Temporary Facility.

W/O SLO to approve previous Filed ROW. Meter is set for gas sales.

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 Richard L. Wright

Printed Name & Title Richard L. Wright

E-mail Address rwright@cazapetro.com

Date 12-20-2012 Telephone No. 432 682 7424-xt 1006

OIL CONSERVATION DIVISION

Approved Until Feb 28th 2013

By RL Dade

Title Dist. B Supervisor

Date 01/03/2013

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