

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 Murchison Oil & Gas, Inc. 015-40793
whose address is 1100 Mira Vista Blvd., Plano, TX 75093
hereby requests an exception to Rule 19.15.18.12 for _____ days or until
July 31, 2013, for the following described tank battery (or LACT):
Name of Lease Ogden State 8H (30-015-40793) Name of Pool Black River; Delaware, South
Location of Battery: Unit Letter A Section 2 Township 25S Range 26E
Number of wells producing into battery 3
- B. Based upon oil production of 45 barrels per day, the estimated * volume
of gas to be flared is 60 MCF; Value \$138 per day.
- C. Name and location of nearest gas gathering facility:
DCP Black River Booster Station located 2 miles northeast of subject well
- D. Distance 2 miles Estimated cost of connection \$2,500,000
- E. This exception is requested for the following reasons: No economic gas pipeline connection has
been discovered which will handle the H2S content. We are continuing to look for a gas sales option.
In the mean time, we need to flare gas production to maintain the oil production.

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 <u>Michael S. Daugherty</u> Printed Name & Title <u>Michael S. Daugherty, COO</u> Email Address <u>mdaugherty@jdmii.com</u> Date <u>03/27/2013</u> Telephone No. <u>972-931-0700</u>	OIL CONSERVATION DIVISION Approved Until <u>July 31 2013</u> By <u>RR Dade</u> Title <u>Dist. AP Supervisor</u> Date <u>04/11/2013</u>
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* Gas-Oil ratio test may be required to verify estimated gas volume.

SEE ATTACHED COA'S

NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
811 SOUTH FIRST STREET
ARTESIA, NM 88210
(575)748-1283

CONDITIONS OF APPROVAL for FLARING or VENTING GAS

1. Venting gas is absolutely not allowed.
2. Prior to flaring gas, C-129 must be filed & approved. Blanket approval cannot be given for this operation.
3. Flared volumes of gas are to be metered & reported.
4. Flares WILL be manned at all times. Brush should be cut down to 1 or 2 inches around flare stack at least a radial distance of 2 times the height of the flare stack.
5. Flares WILL NOT be left unattended.
6. No flaring operations to be conducted during red-flag days.
<http://www.gacc.nifc.gov/swcc> (go to "Predictive Services" on SWCC website).to check for red-flag warnings.
7. Follow safe practices for flaring guidelines.
8. Permit may be rescinded at any time by NMOCD.
9. If well is able to be connected to a gas gathering system, it will be done so as soon as possible.
10. Flaring of gas is prohibited. The State Forester grants an exception to the prohibition on open fires for the flaring of natural gas when the following conditions are met. Unless flaring is needed for safety purposes, flaring pursuant to this exception shall not be done on days that are "red flag days" as determined by the National Weather Service or on days when the sustained wind is in excess of 25 miles per hour in the area.
- 11.1. The day is not a "red flag day" as determined by the National Weather Service and the sustained wind is not in excess of 25 miles per hour in the area.

- 12.2. The local fire department and county dispatch are notified at least 24 hours in advance of anticipated releases that will result in flaring. If flaring is done by an automated system then the schedule of flaring shall be provided to the local fire department and county dispatch. The area is mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris shall be cleared in the area for a distance of one and one half times the height of the stack.
- 13.3. At least one adult is on site with communications equipment adequate to reach county dispatch and the local fire department in the event of a fire. The individual should also be equipped with a shovel and a water backpack pump or other equipment to deliver water to suppress a fire.
- 14.4. If flaring is to take place at an unmanned facility, then the area around the flare stack is mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris shall be cleared in the area for a distance of three times the height of the stack.

Your initials here

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