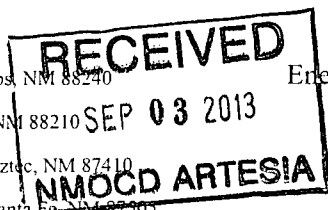


District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505



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 OKY USA INC.,  
whose address is P.O. Box 50250 Midland, TX 79710,  
hereby requests an exception to Rule 19.15.18.12 for 90 days or until  
November 30, Yr 2013, for the following described tank battery (or LACT):  
Name of Lease Cedar Canyon 16 State #7H Name of Pool Pierce Crossing Bone Springs, E.  
API No. 30-015-41251  
Location of Battery: Unit Letter E Section 15 Township 24S Range 29E  
Number of wells producing into battery Temporary Battery on Location
- B. Based upon oil production of 383 barrels per day, the estimated \* volume  
of gas to be flared is 434 MCF; Value \$ 1410.50 per day.
- C. Name and location of nearest gas gathering facility:  
Enterprise Cedar Canyon - Sec 15 T24S R29E
- D. Distance .5 miles Estimated cost of connection 0
- E. This exception is requested for the following reasons: See 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 [Signature]

Printed Name  
& Title David Stewart - Sp. Reg. Advisor

E-mail Address david\_stewart@oky.com

Date 8/29/13 Telephone No. 432-685-5717

**OIL CONSERVATION DIVISION**

Approved Until Dec 31, 2013

By [Signature]

Title Dist. P. Supervisor

Date Sept 12, 2013

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

\* See Attached COA's

Attachment C-129  
Cedar Canyon 16 State #7H  
API No. 30-015-41251  
Sec 15 T24S R29E Eddy Cty

In July 2013, OXY signed an agreement with Enterprise to set a compressor and install a metering facility in order to begin producing newly drilled wells in the Cedar Canyon area, located in Eddy County, New Mexico (T24S, R29E). This Enterprise agreement was signed after DCP Midstream, who had been contracted to process the gas in this area, stated that they would not be able to accept any additional gas due to piping constraints. The contract with DCP Midstream had a primary term through Jun 30, 2013 and has been terminated.

**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 *RDade*

11

*9/12/2013*

State of New Mexico  
Energy, Minerals and Natural Resources Department

---

Susana Martinez  
Governor

John Bemis  
Cabinet Secretary

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

Jami Bailey  
Division Director  
Oil Conservation Division



**March 19, 2013**

FOR IMMEDIATE RELEASE

Contact: Jim Winchester (505)231-8800 E-Mail: [jim.winchester@state.nm.us](mailto:jim.winchester@state.nm.us)

## **Notice to Oil and Gas Facilities and Operators Flaring Gas in New Mexico**

SANTA FE, NM – The Oil Conservation Division (OCD) encourages all oil and gas facilities with flare stacks and well operators that are flaring gas to upgrade their *Fire Awareness Programs* this year. New Mexico State Forestry reports that 460 fires have burned 25,475 acres on state and private land in calendar year 2012.

Forecasts remain dismal this spring with fewer chances for normal precipitation, particularly in southwestern New Mexico and southeastern Arizona. Temperatures could also be higher than normal.

Open flames and gas flares should be monitored carefully and oil and gas operators should create a defensible space to help prevent wildfires. Defensible Space is the area around a structure where combustible vegetation that can spread fire has been cleared, reduced or replaced. This space acts as a barrier between a structure and an advancing wildfire.

During the course of the upcoming fire season, it may become necessary for New Mexico State Forestry to issue fire restriction on State and private land. Log on to [www.nmforestry.com](http://www.nmforestry.com) for updates or call your local district office.

New Mexico State Forestry offers the following guidelines for establishing effective defensible space:

- Create a "Lean, Clean and Green" firebreak area by removing flammable vegetation and growth within 30 feet of each structure. Single trees and shrubs may be retained if they are well spaced, pruned and placed so they avoid the spread of fire. Maintain an irrigation system for any vegetation near structures.
- Keep grass and weeds mowed.
- Prune lower tree limbs to at least 6 feet up to 15 feet (or lower 1/3 of branches on smaller trees).
- Remove vegetation and debris around propane tanks.

For the latest fire weather information please visit USDA Forest Service website:  
<http://activefiremaps.fs.fed.us/current.php>

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***The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.***