

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

RECEIVED 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

JUN 18 2018

NFO Permit No. _____
(For Division Use Only)

DISTRICT II-ARTESIA O.C.D.

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.,
whose address is 7250 Dallas Parkway, Ste. 1400, Plano, TX 75024,
hereby requests an exception to Rule 19.15.18.12 for days or until September 18, 2018, for the
following described tank battery (or LACT):
Name of Lease Ogden State 9H (30-015-37701) Name of Pool Black River, Delaware, South
Location of Battery: Unit Letter K Section 2 Township 25S Range 26E
Number of wells producing into battery 1
- B. Based upon oil production of 2 barrels per day, the estimated * volume
of gas to be flared is 2 MCF; Value \$1 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 [Signature]

Printed Name
& Title Gary Cooper, Vice President Operations

Email Address rcocooper@jdmii.com

Date 06/13/2018 Telephone No. 972-931-0700

OIL CONSERVATION DIVISION

Approved Until Sept. 20, 2018

By Amalia Bustamante

Title Business Operations Specialist-O

Date 6/19/18

PLEASE REFER TO ATTACHED
CONDITIONS OF APPROVAL

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

**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.

initials

DATE: 6/19/2018

News Release info dated, May 30, 2018 attached along with the Conditions of Approval. Thank you

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Donald Griego, State Forester
Forestry Division



May 30, 2018

News Release

Contact: Wendy Mason 505-476-3209, wendy.mason@state.nm.us
Beth Wojahn 505-476-3226, beth.wojahn@state.nm.us

Energy, Minerals and Natural Resources Department Cabinet Secretary and State Forester Announce Fire Restrictions on All State Lands in New Mexico

SANTA FE, NM –New Mexico Energy, Minerals and Natural Resources Secretary Ken McQueen and State Forester Donald Griego today announced restrictions on fireworks, smoking, campfires and open fires on all state-owned land, as incidences of wildfires increase. Fire danger throughout the state is high due to warm temperatures, low humidity, high winds, and the abundance of dry, fine fuels. **The restrictions will go into effect at 12:01 a.m. on Friday, June 1, 2018 and remain in effect until further notice on all state lands.**

"We're urging all New Mexicans to follow the restriction guidelines on state lands and to be vigilant on their own private land to help protect lives and property from wildfire in their communities," said State Forester Donald Griego. "We also encourage local municipalities and counties to consider necessary and appropriate restrictions for their area if they haven't done so already."

State Forestry will continue to coordinate with other jurisdictions including federal, counties and municipalities to ensure that appropriate protections are in place as fire danger and wildfires increase.

SMOKING, FIREWORKS, CAMPFIRES, OPEN BURNING, AND OPEN FIRES ARE PROHIBITED ON STATE- OWNED LAND UNLESS THE FOLLOWING CONDITIONS ARE MET:

Smoking is prohibited except in enclosed buildings, within vehicles equipped with ashtrays, and on paved or surfaced roads, developed recreation sites, or while stopped in an area at least three feet in diameter that is barren or cleared of all flammable material.

Fireworks use is prohibited on lands covered wholly or in part in timber, brush, grass, grain, or other flammable vegetation. The State Forester is allowing exceptions to the ban on fireworks where they are a part of a public exhibit approved by the local fire department.

Campfires are prohibited unless the following exceptions are met. An exception is granted where cooking or heating devices use kerosene, white gas, or propane as a fuel in an improved camping area that is cleared of flammable vegetation for at least 30 feet or has a water source. New Mexico

State Parks are included in this prohibition and may have more stringent park fire restrictions in place. For more information, contact the local State Park Office or visit nmparks.com.

Flaring of natural gas is prohibited. Unless flaring is needed for safety purposes, flaring 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. The State Forester grants an exception to the prohibition on open fires for the flaring of natural gas when the following conditions are met:

1. The day is not a "red flag day" as determined by the National Weather Service and the sustained wind is not more than 25 miles per hour in the area.
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.
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.
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.

Other exceptions may be requested

The State Forester may allow additional exemptions upon receiving a written request and granting subsequent approval in writing. You may apply for exemptions other than those listed above for flaring or agricultural burning on the Forestry Division website at nmforestry.com. The exemptions provided above for flaring and agricultural burning do not require written approval so long as the conditions listed are met.

The State Forester may allow exemptions from the above upon receiving a written request and granting subsequent approval in writing. You may apply for an exemption on the Forestry Division website at nmforestry.com.

An exemption does not relieve a person from any civil or criminal liability associated with an uncontrolled fire, including costs associated with wildland fire suppression.

For details and the legal restriction notification, log onto nmforestry.com or call (505) 476-3325.

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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.

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3325 • Fax (505) 476-3330

www.emnrd.state.nm.us?id

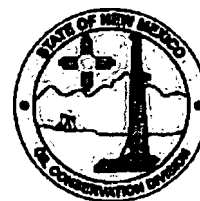
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Heather Riley, Division Director
Oil Conservation Division



March 6, 2018

FOR IMMEDIATE RELEASE

Contact: Beth Wojahn (505) 476-3226 E-Mail: Beth.Wojahn@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 370 fires burned 33,154 acres on state and private land in calendar year 2017.

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.

This means that as a general rule of thumb, the area around staffed flaring facilities should be mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris should be cleared in the area for a distance of at least one and one half times the height of the stack.

If flaring is to take place at an unstaffed facility, then the mowed area around the flare stack should be increased to three times the height of the stack. On "red flag" days local fire departments should be notified prior to the flaring operations.

During the course of the upcoming fire season, it may become necessary for New Mexico State Forestry to issue fire restrictions on State and private land. Log on to www.nmforestry.com for updates or to get information on how to contact your local State Forestry District office. For the latest fire weather information please visit USDA Forest Service website:

http://gacc.nifc.gov/swcc/predictive/outlooks/monthly/swa_monthly.pdf

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State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
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Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



OIL CONSERVATION DIVISION
NOTICE TO OIL AND GAS OPERATORS

Vented & Flared Volumes Reporting Communication

On October 19, 2015, the Oil Conservation Division issued a Notice to Operators that implemented the "Non-Transported Disposition" Code "F" for flared gas and to report vented volumes utilizing the existing "V" code for any vented gas. The change became effective for November, 2015 production month with reporting date of January 15, 2016.

The Gas Capture Committee's continuing evaluation of volumes being reported determined that not all Operators are following the requirement to report flared and vented volumes. Out of 603 well Operators active in the state, only 51 Operators are reporting volumes using the "V" and "F" code.

It is very important that all Operators in New Mexico report flared and vented volumes since part of the evaluation will help determine any policy or requirements setting goals for reduction of flared gas.

We urge all companies to work with their operations and production accounting groups to ensure proper production reporting.

DAVID R. CATANACH, Director

March 8, 2017

Instructions on filing Form C-115

http://www.emnrd.state.nm.us/OCD/documents/C115_FullInstructions10.2017.pdf

RULES

19.15.7.24 OPERATOR'S MONTHLY REPORT (Form C-115):

A. An operator shall file a form **C-115** for each non-plugged well completion for which the division has approved a form **C-104** and for each secondary or other enhanced recovery project or pressure maintenance project injection well or other injection well within the state, setting forth complete information and data Indicated on the forms in the order, format and style the director prescribes. The operator shall estimate oil production from wells producing into common storage as accurately as possible based on periodic tests.

19.15.18.12 CASINGHEAD GAS:

F. Pending connection of a well to a gas-gathering facility, or when a well has been excepted from the provisions of **Subsection A of 19.15.18.12 NMAC**, the operator shall burn all gas produced and not used and report the estimated volume on form **C-115**.

Thank you for your assistance in this matter. If you have any questions, please contact the appropriate OCD District Office.