

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 June 10, 2003

Submit 3 Copies to appropriate
District Office

OCT 09 2007

OCD-ARTESIA

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

30-015-35678

- A. Applicant Reef Exploration, L.P.,
whose address is 1901N. Central Expy, Suite 300, Richardson, TX 75080,
hereby requests an exception to Rule 306 for 60 days or until
December 6, Yr 2007, for the following described tank battery (or LACT):
Name of Lease State "2" Name of Pool Livingston Ridge; Delaware, S.E.
Location of Battery: Unit Letter G Section 2 Township 23S Range 31E
Number of wells producing into battery Total of 5 when drilling is completed
- B. Based upon oil production of 90 barrels per day, the estimated * volume
of gas to be flared is 70 MCF; Value \$490.00 per day.
- C. Name and location of nearest gas gathering facility:
Barclay State #2, 1980' FSL & 660' FEL, Sec.2-T23S-R31E
- D. Distance 2000' Estimated cost of connection \$10,000.00
- E. This exception is requested for the following reasons: We do not have an agreement with a
gas purchaser at this time

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 Rosalind W. Mercer

Printed Name
& Title Rosalind W. Mercer, Regulatory Analyst

E-mail Address rosalind@reefogc.com

Date 10/08/2007 Telephone No. 972-437-6792

OIL CONSERVATION DIVISION

Approved Until DEC 24 2007

By Phil Brannon
Signed By Field Supervisor

Title OCT 24 2007

Date

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