

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

NFO Permit No. 2-968  
(For Division Use Only)

**APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306**

(See Rule 306 and Rule 1129)

A. Applicant Devon Energy Production Co, LP,

whose address is 20 North Broadway, OKC OK 73102,

hereby requests an exception to Rule 306 for 365 days or until

                    , Yr             , for the following described tank battery (or LACT):

Algerita 32 State 1:

Name of Lease API # 30-015-35339 Name of Pool Happy Valley; Morrow Gas

Location of Battery: Unit Letter M Section 32 Township 22S Range 26E

Number of wells producing into battery 1

B. Based upon oil production of 17 barrels per day, the estimated \* volume

of gas to be flared is 50 MCF; Value \$ 2,270 per day.

C. Name and location of nearest gas gathering facility:

DCP

D. Distance 4 miles away                      Estimated cost of connection                     

E. This exception is requested for the following reasons:                     

No sour gas gathering system, cost prohibitive to sweeten. Per attached letter from

consultant the location is categorized as NPR (no permit required), no NOI required.

No disclosure to the State required, not emitting over 10T per year. See attached.

*Note: Approval is for exception to No Flare Rule Only*

**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 

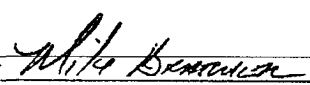
Printed Name  
& Title Stephanie A. Ysasaga / Sr. Staff Eng Tech

E-mail Address Stephanie.Ysasaga@dvn.com

Date 09/05/08 Telephone No. 405-552-7802

**OIL CONSERVATION DIVISION**

Approved Until SEP 24 2009

By   
Signed By                     

Title                     

Date SEP 24 2008

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



*an SAIC company*

**The Benham Companies, LLC**

1200 East Copeland Road, Suite 510  
Arlington, TX 76011

Telephone 817.640.6407  
Fax 817.640.6447

info@benham.com  
www.benham.com  
www.saic.com

September 12, 2008

Mr. Montral Walker  
Devon Energy Production Company, L.P.  
6488 Seven Rivers Highway  
Artesia, NM 88210

**RE: Evaluation of Air Permitting Requirements  
Algerita 32 #1  
Eddy County, New Mexico**

Dear Mr. Walker:

The BENHAM Companies, LLC, (BENHAM) has completed an evaluation of the air permitting requirements for the Devon Energy Production Company LP (Devon) Algerita 32 #1 site located in Eddy County, New Mexico. The emission sources at this site include the following:

- One (1) John Deere Diesel Generator
- Two (2) 500 bbl Crude Oil Storage Tanks
- One (1) 500 bbl Water Tank
- One (1) Heater Treater
- Crude Loading
- Sitewide Fugitives
- One (1) Emergency Flare

Based upon the calculated emission rates and a review of the New Mexico Environment Department Air Quality Bureau (AQB) requirements (Title 20, Chapter 2), BENHAM has concluded that no permit or Notice of Intent (NOI) is required at this time since potential emissions of each regulated air contaminant will remain below 10 tons per year. In accordance with AQB guidelines, we have included flash emission calculations in this evaluation. The Vasquez-Beggs equation was used to estimate flash emissions from the tanks at this site.

The diesel engine is subject to the requirements of 40 Code of Federal Regulations Part 60, Subpart IIII (NSPS IIII). As such, the engine must meet the following requirements:

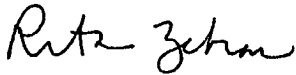
1. The engine must be certified. A copy of the certification documentation is attached.
2. The engine must use diesel fuel containing no more than 500 ppm sulfur. Devon should request documentation from the diesel supplier showing that the fuel meets this requirement.
3. Devon must operate the engine according to the manufacturer's written instructions or procedures developed by Devon that are approved by the manufacturer. Devon may only change those settings that are permitted by the engine manufacturer.
4. Maintain records of all maintenance performed on the engine.
5. Maintain a copy of the certification letter provided by the manufacturer.
6. No initial notification or testing is required.

According to the engine specifications, the useful life of this engine is 8000 hours. If you expect to operate the engine more than 8000 hours, we will research whether stack testing or an updated manufacturer certification will be required.

Although no air permit or NOI is required, BENHAM recommends that you retain the attached documentation in your files for future reference.

If you have any questions, please do not hesitate to contact me at (817) 640-6407.

Sincerely,  
**The BENHAM Companies, LLC**



Rita Zebian  
Project Manager, Air Quality

Encl