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

HOBBS OCD
JUL 02 2018
RECEIVED

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 CHISHOLM ENERGY OPERATING, LLC,

whose address is 801 CHERRY STREET, SUITE 1200-UNIT 20, FORT WORTH, TX 76102, hereby

requests an exception to Rule 19.15.18.12 for 90 days or until

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

Name of Lease GAZELLE 32 STATE COM 2BS 1H & 2Y Name of Pool CORBIN; BONE SPRING, SOUTH

Location of Battery: Unit Letter D Section 32 Township 18S Range 33E

Number of wells producing into battery 2

B. Based upon oil production of 220 barrels per day, the estimated * volume

of gas to be flared is 350 MCF; Value _____ per day.

C. Name and location of nearest gas gathering facility:

DCP MIDSTREAM

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons: _____

PIPELINE CURTAILMENT

REPRESENTATIVE FOR CHISHOLM ENERGY OPERATING WILL BE ON LOCATION

LEA COUNTY FIRE MARSHAL WILL BE NOTIFIED THAT THESE WELLS WILL BE FLARING

1H-30-025-43906
2H-30-025-44192

| OPERATOR | OIL CONSERVATION DIVISION |
|---|---|
| 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. | Approved Until 10/2/2018 |
| Signature Jennifer Elrod | By Maley S Brown |
| Printed Name & Title JENNIFER ELROD; SR. REGULATORY TECH | Title AO/I |
| E-mail Address jelrod@chisholmenergy.com | Date 7/2/2018 |
| Date 05/31/2018 Telephone No. 817-953-3728 | |

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