

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

HOBBS OCD
MAR 28 2019
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

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 Steward Energy II, LLC,
whose address is 2600 N. Dallas Pkwy, Suite 400 | Frisco, TX 75034,
hereby requests an exception to Rule 19.15.18.12 for 90 days or until
June 30, Yr 2019, for the following described tank battery (or LACT):

Name of Lease POLLOS HERMANOS Battery Name of Pool Bronco San Andres South

Location of Battery: Unit Letter N Section 10 Township 14S Range 38E

Number of wells producing into battery 2 (Two) AP# 30-025-43735 and 30-025-44038

B. Based upon oil production of 150 barrels per day, the estimated * volume
of gas to be flared is 117 average MCF; Value \$234 per day.

C. Name and location of nearest gas gathering facility:
Immediate Area

D. Distance NA Estimated cost of connection NA

E. This exception is requested for the following reasons:
Steward Energy II, LLC (SE II) hereby request an exception to Rule 19.15.18.12 because Targa's Versado System,
due to pressure and gas quality constraints, cannot take all of SE II's contractual gas on their system 100 % of the time.
Interruptions can occur and it will be necessary for SE II to flare during these times.

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 Wayne Price JWP

Printed Name & Title WPrice-Price LLC mgm consultant for SEII

E-mail Address wayneprice@q.com

Date March 28, 2019 Telephone No. 505-715-2809

OIL CONSERVATION DIVISION

Approved Until 6/30/2019

By [Signature]
Title Petroleum Engineer

Date 03/28/19

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