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
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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 _SPECIAL ENERGY CORPORATION _____,

whose address is _PO DRAWER 369 STILLWATER, OK 74076_____,

hereby requests an exception to Rule 19.15.18.12 for _____90_____days or until

___September 8th _____, Yr _2019_____, for the following described tank battery (or LACT):

Name of Lease JENNA_____Name of Pool SAN ANDRES POOL (98238) WC-025 G-01 S113830O

Location of Battery: Unit Letter ____J___Section ___31____Township __11S_____Range ___38E__

Number of wells producing into battery _ONE_____30-025-43888_____

B. Based upon oil production of _____32_____barrels per day, the estimated * volume

of gas to be flared is ____38_____MCF; Value _____$89_____per day.

C. Name and location of nearest gas gathering facility:

_Versado_____

D. Distance __N/A_____Estimated cost of connection __N/A_____

E. This exception is requested for the following reasons:

The Versado gas gathering facility is currently at full capacity. Stakeholder Midstream intends to build a natural gas pipeline to our acreage that will be ready by the end of the year.

_____

| 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 9/8/2019 |
| Signature _____ | By Rick Rickman |
| Printed Name & Title Clark Cunningham Petroleum Engineer_____ | Title DIST I SPV |
| E-mail Address_clark.cunningham@specialenergycorp.com__ | Date 6-11-19 |
| Date 6/10/19 Telephone No. 405-377-1177 | |

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