

Energy Minerals and Natural Resources

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

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) **HOBBS OCD**

DEC 31 2019

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
March 31, Yr 2020, for the following described tank battery (or LACT):

RECEIVED

Name of Lease Salamanca 1H Name of Pool Bronco San Andres South
Location of Battery: Unit Letter P Section 27 Township 13S Range 38E
Number of wells producing into battery One- Salamanca 1H 30-025-45933

B. Based upon oil production of 29 barrels per day, the estimated * volume
of gas to be flared is 27 average MCF; Value \$54 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.

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| <p>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.</p> <p>Signature <u>W Price</u> <u>SWP</u></p> <p>Printed Name & Title <u>WPrice-Price LLC mgm consultant for SEII</u></p> <p>E-mail Address <u>wayneprice@q.com</u></p> <p>Date <u>Dec 27, 2019</u> Telephone No. <u>505-715-2809</u></p> | <p>OIL CONSERVATION DIVISION</p> <p>Approved Until <u>03/31/20</u></p> <p>By <u>[Signature]</u></p> <p>Title <u>Petroleum Engineer</u></p> <p>Date <u>01/09/20</u></p> |
|--|---|

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