

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. F-921
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

A. Applicant EverQuest Energy Corporation,

whose address is 10 Desta Drive, Suite 300-E, Midland, Texas 79705,

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

January 1, Yr 2004 for the following described tank battery (or LACT):

Name of Lease West Ranger Unit Name of Pool West Ranger Lake, Atoka, West

Location of Battery: Unit Letter N Section 23 Township 12S Range 34E

Number of wells producing into battery 1

B. Based upon oil production of 5 barrels per day, the estimated* volume

of gas to be flared is 6 Mcf/day; Value \$20 per day.

C. Name and location of nearest gas gathering facility:

Dynegy Midstream Services, L.P.

D. Distance 1.25 miles Estimated cost of connection \$20,000

E. This exception is requested for the following reasons: Current Gas Purchaser (Duke Energy) has problems at a booster station serving this area. As a result the sales line pressure has increased above our ability to deliver casinghead gas into the system. Lease production volume is insufficient to economically compress the gas to the pressure necessary to enter the system. Duke representatives have stated that plans to address the booster problem are under consideration but that relief should not be expected until late in 2003. The nearest alternate market is Dynegy located 1.25 miles away.

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 Terry M. Duffey

Printed Name
& Title Terry M. Duffey, President

E-mail Address EverQuest@nts-online.net

Date 8/21/03 Telephone No. 432-686-9790

OIL CONSERVATION DIVISION

Approved Until 11/1/04

By [Signature]

PETROLEUM ENGINEER

Title _____

Date SEP 03 2003

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