

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. \_\_\_\_\_

(For Division Use Only)

APR 04 2008

# APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

## HOBBS OCD

30-025-27237

- A. Applicant Fasken Oil and Ranch, Ltd.  
whose address is 303 West Wall, Suite 1800 Midland, TX 79701  
hereby requests an exception to Rule 306 for 6 months ~~days~~ or until  
22314, Yr 22314, for the following described tank battery (or LACT):  
Name of Lease James O'Neill Name of Pool Morton; Wolfcamp  
Location of Battery: Unit Letter E Section 7 Township 15S Range 35E  
Number of wells producing into battery 1
- B. Based upon oil production of \_\_\_\_\_ barrels per day, the estimated \* volume  
of gas to be flared is 11 MCF; Value 80.00 per day.
- C. Name and location of nearest gas gathering facility:  
Targa Mid-Stream Services at the battery
- D. Distance \_\_\_\_\_ Estimated cost of connection \_\_\_\_\_
- E. This exception is requested for the following reasons: Targa has reached its maximum amount of H2S that it can process under its plant operating permit. Therefore, they have stopped taking the James O'Neill gas. We are aggressively looking for a new gas purchaser. We are requesting approval to vent this gas during the transition.

### 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 Jimmy D. Carlile

Printed Name Jimmy D. Carlile  
& Title Regulatory Affairs

E-mail Address jimmyc@forl.com

Date 3/18/08 Telephone No. 432 687-1777

### OIL CONSERVATION DIVISION

Approved Until 9/18/08

By Chris Williams

Title OC DISTRICT SUPERVISOR/GENERAL MANAGER

Date APR 04 2008

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

**TARGA**

Targa Midstream Services  
Limited Partnership  
Suite 4300  
1000 Louisiana  
Houston, Texas 77002  
[www.targaresources.com](http://www.targaresources.com)

March 13, 2008

Fasken Oil & Ranch LTD  
Sheila Payne  
303 West Wall Suite 1800  
Midland, Texas 797701

**SUBJECT: UNPROFITABLE GAS**  
**Saunders Plant – Lea County, New Mexico**  
**Gas Purchase Contract dated May 1, 1985 Targa Contract No. 002971**  
**Meter 146-965 James Oneill ST3**

**NOTE: PLEASE ENSURE THAT THIS LETTER IS DELIVERED ASAP TO THE  
APPROPRIATE DEPARTMENT/PERSON WITHIN YOUR COMPANY**

Dear Sheila:

In accordance with the provisions of Article 18 Unprofitable Gas of the subject Contract, Targa Midstream Services Limited Partnership is hereby providing written notification that the subject meter has been shut in as of March 13, 2008 due to an unprofitable gas condition. The meter will be deactivated for as long as this condition exists.

We appreciate your cooperation in this matter and if you have any questions regarding wells involved, you may contact me at (432) 688-0551 or email me at [JGegelman@targaresources.com](mailto:JGegelman@targaresources.com).

Very truly yours,

Jerome Gegelman  
Director, Gas Supply and Business Development

Copy: Tim Jordan

Contract Nos:

**FASKEN OIL AND RANCH, LTD.  
303 WEST WALL AVENUE, SUITE 1800  
MIDLAND, TEXAS 79701-5116  
(432) 687-1777 Phone  
(432) 687-1570 Fax**

**FAX TRANSMITTAL FORM**

**To:** Cindy  
**Company:** NMOCD - Hobbs  
**Date:** April 4, 2008  
**Phone #:** (505) 393-6161 **Fax #:** (505) 393-0720  
**Number of Pages (including cover):** 3  
**Sent By:** Jimmy D. Carlile  
Regulatory Affairs Coordinator

**PLEASE NOTE:** The information contained in this facsimile message may be **PRIVILEGED AND CONFIDENTIAL**, and is intended only for the use of the individual named above and others who have been specifically authorized to receive it. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, or if any problems occur with this transmission, please notify us immediately by telephone: (432) 687-1777, and return the original message to us at the address above via the United States mail. Thank You.

Cindy, attached is the C-129 we have played phone tag over. Please let me know when this is approved. Thanks for your help.

Jimmy D. Carlile