District IV	Avenue, Artesia, NM 88210 Road, Aztec, NM AR ₀ 2 0 2008 Dil Conservation Division 1220 South St, Francis Dr. Santa Fe, NM 87505 NFO Permit No. <u>1-988</u> (For Division Use Only)
	APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306 (See Rule 306 and Rule 1129)
Α.	Applicant Fasken Oil and Ranch, Ltd.
	whose address is <u>303 West Wall, Suite 1800 Midland, - TX 79701</u> ,
	hereby requests an exception to Rule 306 for <u>6 months</u> days or until
	, Yr, for the following described tank battery (or LACT):
	Name of Lease James O'Neill Name of Pool Morton; Wolfcamp
	Location of Battery: Unit Letter <u>E</u> Section 7 Township <u>15S</u> Range <u>35E</u>
	Number of wells producing into battery1 30-025-27237
В.	Based upon oil production ofbarrels per day, the estimated * volume
	of gas to be flared is MCF; Value 80.00 per day.
C.	Name and location of nearest gas gathering facility:
	Targa Mid-Stream Services at the battery
D.	DistanceEstimated cost of connection
E.	This exception is requested for the following reasons: Targa has reached its maximum amount H2S that it can process under its plant operating permit. Therefore, they stopped taking the James O'Neill gas. We are agressively looking for a new gas purchaser. We are requising appproval to vent this gas during the transition.
OPERATOR	COLL CONSERVATION DIVISION
. nereby continy	been complied with and that the information given above plete to the best of my knowledge and belief. Approved Until
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is true and com	thung allee this Thelling
is true and com Signature	Hump aller By Chins Williams
is true and com	

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

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Targa Midstream Services Limited Partnership Suite 4300 1000 Louisiana Houston, Texas 77002 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 <u>JGegelman@targaresources.com</u>.

Very truly yours,

Jume Bigelin

Jerome Gegelman Director, Gas Supply and Business Development

Copy: Tim Jordan