

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

RECEIVED

JAN 28 2011

HOBBS

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.

I-382-S

(For Division Use Only)

## APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

A. Applicant SOUTHWEST ROYLATIES, INC.

whose address is 6 DESTA DRIVE, STE 2100, MIDLAND, TEXAS 79705

hereby requests an exception to Rule 306 for \_\_\_\_\_ days or until

DECEMBER 2011, for the following described tank battery (or LACT):

Name of Lease Read & Stevens State #1 Name of Pool FLYING M SAN ANDRES

Location of Battery: Unit Letter D Section 5 Township 10S Range 33E

Number of wells producing into battery ONE Well #1 \_\_\_\_\_

B. Based upon oil production of 5 barrels per day, the estimated \* volume  
of gas to be flared is 3 MCF; Value \$12.30 per day.

C. Name and location of nearest gas gathering facility:

DYNEGY

D. Distance 4000' Estimated cost of connection N/A UNDER VOLUME REQUIREMENT

E. This exception is requested for the following reasons: \_\_\_\_\_

GATHERER WILL NOT ACCEPT AS WE DO NOT MEET MINIMAL REQUIREMENTS.

Read & Stevens State #1 / NFO #I-382-Q (API #30-025-24194)

### 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



Printed Name

& Title DAWN M. HOWARD /Opr Asst

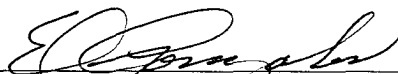
E-mail Address dhoward@claytonwilliams.com

Date 1/25/11 Telephone No. 432/6883267

### OIL CONSERVATION DIVISION

Approved Until 12-15-2011

By



Title

STAFF MGR

Date

1-31-2011

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