

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

Submit 3 Copies to
Appropriate District Office

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

Form C-129
Revised 4-1-91

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

NFO Permit No. I-282-M
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

A. Applicant CHI ENERGY INC.

whose address is PO Box 1799, MIDLAND TX 79702

hereby requests an exception to Rule 306 for 365 days or until

JUNE 8 2000, for the following described tank battery (or LACT):

Name of Lease R45 SANTA FE Name of Pool DICKENSON-SAN ANDRES

Location of Battery: Unit Letter K Section 35 Township 10 Range 36

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 75 MM MCF; Value 75 MM per day.

C. Name and location of nearest gas gathering facility:

N/A

D. Distance N/A Estimated cost of connection N/A

E. This exception is requested for the following reasons: QUANTITY TOO SMALL

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 _____

Address _____ Telephone No. _____

OIL CONSERVATION DIVISION

Approved Until 6/8/2001

By _____ ORIGINAL SIGNED BY CHRIS WILLIAMS
DISTRICT I SUPERVISOR

Title _____

Date JUN 13 2000

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