

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 March 17, 1999

Submit 3 Copies to appropriate
District Office

NFO Permit No. I-548-I
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

- Chi Operating, Inc
- A. Applicant Chi Operating, Inc
PO Box 1799, Midland, TX 79702
whose address is 365
hereby requests an exception to Rule 306 for 365 days or until
Sept 30 02
Yr 02, for the following described tank battery (or LACT):
State 8 Chavaroo, San Andres
Name of Lease I Name of Pool 8
Location of Battery: Unit Letter I Section 8 Township 7S Range 34E
Number of wells producing into battery 1
- B. Based upon oil production of TSTM barrels per day, the estimated * volume
of gas to be flared is TSTM MCF; Value per day.
- C. Name and location of nearest gas gathering facility:
N/A
- D. Distance N/A Estimated cost of connection N/A
Quantity too small
- 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 Oren Albright

Printed Name Oren Albright, Supv.
& Title

Date 7-24-01 Telephone No. 915/684-0504

OIL CONSERVATION DIVISION

Approved Until 7-30-02

By Paul Kautz

Orig. Signed by
Paul Kautz
Geologist

Title

Date JUL 30 2001

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