

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, 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-856-C  
(For Division Use Only)

**APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306**

(See Rule 306 and Rule 1129)

A. Applicant KUKUI, Inc.

whose address is c/o KUKUI Operating Company, 26 Rd. 2965, Aztec, N.M. 87410

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

May 1, Yr 2003, for the following described tank battery (or LACT):

Name of Lease Estacado 14 State Name of Pool High Plains Perm Upper Penn

Location of Battery: Unit Letter G Section 14 Township 14S Range 34E

Number of wells producing into battery 1

B. Based upon oil production of 7 barrels per day, the estimated \* volume  
of gas to be flared is 7 MCF; Value \$10.00 per day.

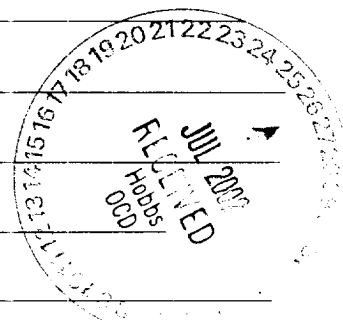
C. Name and location of nearest gas gathering facility:

Versado Gas

D. Distance Approx. 1/4 mile Estimated cost of connection \$10,000

E. This exception is requested for the following reasons:

Volume too small to justify connection.



**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 Christine Severns

Printed Name

& Title Christine Severns, Technician

Date 07/11/01 Telephone No. 505-334-8126

**OIL CONSERVATION DIVISION**

Approved Until 7/26/03

By PAUL F. KAUTZ

Title PETROLEUM ENGINEER

Date JUL 30 2002

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