

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-B
(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 2002, for the following described tank battery (or LACT):
Name of Lease Estacado 14 State Name of Pool High Plains Permo 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 10 barrels per day, the estimated * volume
of gas to be flared is 10 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 05/11/01 Telephone No. 505-334-8126

OIL CONSERVATION DIVISION

Approved Until

6/11/02

By

Paul J. Kuntz

Title

Geologist

Date

JUN 11 2001

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