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O.Box 1980, Hobbs, NM 88241-1980
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O. Drawer DD, Artesia, NM 88211-0719
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00 Rio Brazos Rd, Aztec, NM 87410
mit 3 Copies to
propriet District Office

State of New Mexico
Encl 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-535-M
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306
(See Rule 306 and Rule 1129)

- A. Applicant ELK OIL COMPANY,
whose address is Post Office Box 310, Roswell, New Mexico 88202-0310,
hereby requests an exception to Rule 306 for 365 days or until
January 1, 2004, 19 , for the following described tank battery (or LACT):
Name of Lease State "MX" Name of Pool Scharb Bone Spring
Location of Battery: Unit Letter D Section 15 Township 19S Range 35E
Number of wells producing into battery One (1)
- B. Based upon oil production of 3 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:
Phillips
- D. Distance Estimated cost of connection N/A
- E. This exception is requested for the following reasons: Uneconomical to connect gas.

JAN 2003
RECEIVED
Hobbs
DCD

OPERATOR

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.

ELK OIL COMPANY

Signature [Signature]

Printed Name Joseph J. Kelly, President
Title

Date 01/08/03 Telephone No. (505)623-3190

OIL CONSERVATION DIVISION

Approved Until 1/19/04

By [Signature]

Title PETROLEUM ENGINEER

Date JAN 13 2003

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