

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-906
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

A. Applicant Read & Stevens, Inc.

whose address is P. O. Box 1518 Roswell, New Mexico 88202

hereby requests an exception to Rule 306 for 90 days or until

October, Yr 2002, for the following described tank battery (or LACT):

Name of Lease Liberty 4 #1 Name of Pool North Osudo Devonian

Location of Battery: Unit Letter L Section 4 Township 20S Range 36E

Number of wells producing into battery 1

B. Based upon oil production of 150 barrels per day, the estimated * volume

of gas to be flared is 15 MCF; Value \$30.00 per day.

C. Name and location of nearest gas gathering facility:

Duke

D. Distance 2 miles Estimated cost of connection \$58,000

E. This exception is requested for the following reasons: Gas connection is not
economic based upon well declining at a rate of 92% per year. However,

if offset well that is now being completed has enough gas to make the
connection viable, Read & Stevens will build line.

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 [Signature]

Printed Name

& Title John C. Maxey, Jr.-Operations Manager

Date 7-1-02 Telephone No. 505/622-3770

Ext 224

OIL CONSERVATION DIVISION

Approved Until 7-8-03

By [Signature]

Title [Signature]

Date JUL 11 2002

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