

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-129
Revised 4-1-91

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

NFO Permit No. I-826-D
(For Division Use Only)

Submit 3 Copies to
Appropriate District Office

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

A. Applicant Santa Fe Energy Resources, Inc.
whose address is 550 W. Texas, Suite 1330, Midland TX 79701

hereby requests an exception to Rule 306 for 365 days or until
Sept. 1, 19 99, for the following described tank battery (or LACT):

Name of Lease Thistle Unit Name of Pool Brinninstool (Delaware)

Location of Battery: Unit Letter C Section 33 Township 23S Range 33E

Number of wells producing into battery One (1)

B. Based upon oil production of 15 barrels per day, the estimated * volume
of gas to be flared is 10 MCF; Value \$22.00 per day.

C. Name and location of nearest gas gathering facility:
Llano

D. Distance 1.5 miles Estimated cost of connection \$150,000

E. This exception is requested for the following reasons: Due to the low volume of gas
and the high cost of obtaining a connection, it is very difficult to
obtain a market for this well.

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 Sr. Production Clerk

Date 9/25/98 Telephone No. 915/686-6612

OIL CONSERVATION DIVISION

Approved Until 1/13/2000

By ORIG. SIGNED BY CHRIS WILLIAMS
DISTRICT I SUPERVISOR

Title _____

Date 9/25/98

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