90strict 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 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources Oil Conservation Division 2040 South Pacheco Santa Fe, NM 87505

Form C-129 Revised March 17, 1999

Submit 3 Copies to appropriate District Office

NFO Permit No.

(For Division Use Only)

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

Location of Battery: Unit Letter N Section 32 Township 31N Range 18E

Number of wells producing into battery 1

Name of Lease VPR 'D 20 F Name of Pool Castle Rock Park (D)

C. Name and location of nearest gas gathering facility:

___VPR 'A' Compressor Station; NE ½ Sec. L, T31 N, R19E_____

D. Distance 27 miles Estimated cost of connection

E. This exception is requested for the following reasons: The well will be completed as a re-entry.

After completion, the produced water will be used as source water for subsequent drilling operations. Much of the flared gas will be nitrogen contaminated.

Date 02/21/00 Telephone No. (505)445-4621

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