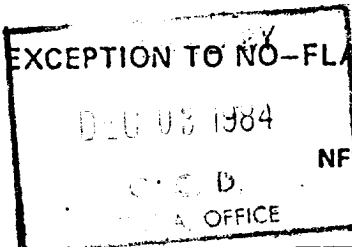


APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306



NFO Permit No. 2-694  
(For Division Use Only)

A. Applicant, MYCO Industries, Inc. ✓

whose address is 207 S. 4th, Artesia, NM 88210

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

                    , 19    , for the following described tank battery (or LACT):

Name of Lease Golpher Gulch State #1 Name of Pool South Leo Queen Grayburg SA

Location of Battery: Unit Letter P Section 36 Township 18s Range 29e

Number of wells producing into battery 1

B. Based upon oil production of 80 barrels per day, the estimated volume  
of gas to be flared is TSTM MCF; Value Estimate \$1.00 per day.

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

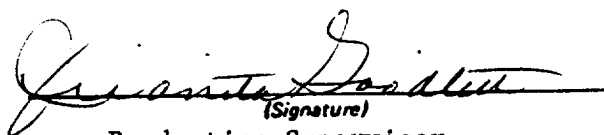
Phillips Petroleum

D. Distance 2 miles (est.) Estimated cost of connection \$12000.00

E. This exception is requested for the following reasons:

Insufficient gas to warrant gas connection.

F. 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)

Production Supervisor

(Title)

12-3-84

(Date)

Approved Until Further Notice

NEW MEXICO OIL CONSERVATION DIVISION

By M. Williams

Title OIL AND GAS INSPECTOR

Date DEC - 5 1984