

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

DESTRUCTION

1000 Rio Brazos Rd, Aztec, NM 87410

Submit 3 Copies to

Appropriate District Office

OIL CONSERVATION DIVISION

2040 Pacheco St.

Santa Fe, NM 87505

Form C-129

Revised 4-1-91

NFO Permit No.

I-920

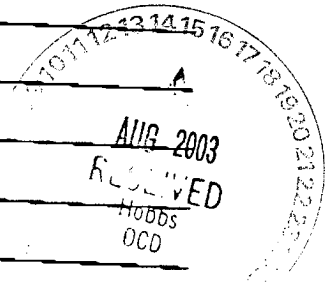
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306
(See Rule 306 and Rule 1129)A. Applicant SAGA PETROLEUM LLCwhose address is 415 W. Wall, Suite 1900, Midland, TX 79701hereby requests an exception to Rule 306 for 365 days or untilMay 1, 19 2004, for the following described tank battery (or LACT):Name of Lease ESTACADO 14 STATE Name of Pool HIGH PLAINS PERMO UPPER PENNLocation of Battery: Unit Letter G Section 14 Township 14S Range 34ENumber of wells producing into battery 1B. Based upon oil production of 6 barrels per day, the estimated * volume of gas to be flared is 6 MCF; Value \$6.00 per day.

C. Name and location of nearest gas gathering facility:

VERSADO GAS/Dynegy Midstream Services, LPD. Distance approx 1/4 Estimated cost of connection \$10,000

E. This exception is requested for the following reasons:

Too small volume production to justify connection**CERTIFICATION**

I certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is complete to the best of my knowledge and belief.

Bonnie HusbandName Bonnie Husband, Production AnalystAug 13, 2003 Telephone No. 432/684-4293**OIL CONSERVATION DIVISION**

Approved/Date

8/13/04

By

Title PETROLEUM ENGINEER

Date

AUG 26 2003

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