

DISTRICT I

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

DISTRICT II

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

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410

Submit 3 Copies to
Appropriate District Office

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-129

Revised 4-1-91

NFO Permit No. _____

(For Division Use Only)

JAN 1 2008
RECEIVED
OCD - ARTESIA

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

30.015.35047

A. Applicant **YATES PETROLEUM CORPORATION**whose address is 105 S. Fourth Street Artesia, NM 88210hereby requests an exception to Rule 306 for 1 year days or until
 , 20 for the following described tank battery (or LACT):Name of Lease Draw BJL ST #1 Name of Pool Location of Battery: Unit Letter K Section 36 Township 25S Range 29ENumber of wells producing into battery ONEB. Based upon oil production of 11 barrels per day, the estimated * volume
of gas to be flared is 20 MCF; Value per day.

C. Name and location of nearest gas gathering facility:

Torch Energy Advisor Inc.D. Distance 1 MILE Estimated cost of connection E. This exception is requested for the following reasons: Gas is continuing to decline and it is uneconomical to connect
at this time.

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 Elaina DavisPrinted Name
& Title Elaina Davis - Regulatory Compliance Tech.Date 1/12/2007 Telephone No. 505-748-1471

OIL CONSERVATION DIVISION

Approved Until 2/1/08By Michael W. E.Title District II SupervisorDate 1/31/07

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