District I 1625 N. French Dr., Hobbs, NM 882400 RBS OCU

811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 8741 EP 1 6 2016

District IV

State of New Mexico Energy Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-129 Revised August 1, 2011

Submit one copy to appropriate District Office

NFO Permit No. (For Division Use Only)

1220 S. St. Francis Dr., Santa Fe, NM 87505 RECEIVED

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12 (See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

A. Applicant Yates Petroleum Corporation whose address is 105 S. Fourth Street, Artesia, NM 88210 hereby requests an exception to Rule 19.15.18.12 for September 16 – December 16, Yr 2016, for the following described tank battery (or LACT): Name of Lease Cranberry/Date Battery Name of Pool Bone Spring Location of Battery: Unit Letter P Section 11 Township 21S Range 33E API #4H 30-025-41377 Number of wells producing into battery 2 wells, API #5H 30-025-41670 ✓ Based upon oil production of ______ 212 _____ barrels per day, the estimated * volume B. of gas to be flared is 474 +/- Daily MCF; Value C. Name and location of nearest gas gathering facility: Distance Estimated cost of connection D. E. This exception is requested for the following reasons: Requesting permission to flare due to high CO2. The possibility of flare will not be consistent; therefore, the volume above can easily fluctuate. OIL CONSERVATION DIVISION **OPERATOR** I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above Approved Until is true and complete to the best of my knowledge and belief. Signature (By Printed Name Title & Title Tina Huerta, Regulatory Reporting Supervisor Date E-mail Address tinah@yatespetroleum.com

Date: September 14, 2016 Telephone No: 575-748-4168

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