

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)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

RECEIVED

APR 12 2004

OCB-ARTESIAA. Applicant **YATES PETROLEUM CORPORATION** 30-015-26497whose address is 105 S. Fourth Street Artesia, NM 88210

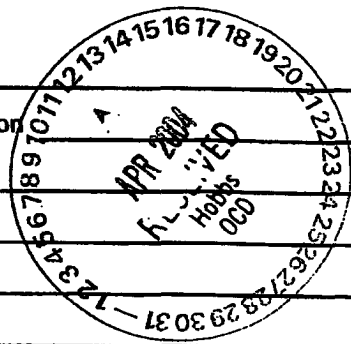
hereby requests an exception to Rule 306 for _____ days or until

the well is plugged or connected to pipeline, 20 _____ for the following described tank battery (or LACT):Name of Lease Loving AIB State #1 & #2 Name of Pool DelawareLocation of Battery: Unit Letter G Section 16 Township 23S Range 28ENumber of wells producing into battery 2 (Two)B. Based upon oil production of _____ barrels per day, the estimated * volume
of gas to be flared is #1 = 31 & #2 = 40 MCF; Value _____ per day.

C. Name and location of nearest gas gathering facility:

N/A

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons: No facilities available.**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

SuAnn RogersPrinted Name
& TitleSuAnn Rogers - Regulatory Compliance Tech.

Date

4/8/04

Telephone No.

505-748-1471**OIL CONSERVATION DIVISION**

Approved Until

7-7-04

By

Title

Field Sup ID

Date

5-7-04

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

Please Note wells were flaring prior to approval