

DISTRICT I

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

DISTRICT II

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

DISTRICT III

100 Rio Brazos Rd, Aztec, NM 87410

Send 3 Copies to

Appropriate District Office

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-129

Revised 4-1-91

OIL CONSERVATION DIVISION

2040 Pacheco St.

Santa Fe, NM 87505

NFO Permit No.

2-927

(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

LOVING AIB #1 30-015-22889 G

LOVING AIB #2 30-015-26497 J

A. Applicant YATES PETROLEUM CORPORATION

whose address is 105 S FOURTH STREET ARTESIA, NM 88210

hereby requests an exception to Rule 306 for one (1) year days or until

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

Name of Lease LOVING AIB STATE #1 & #2 Name of Pool DELAWARE

Location of Battery: Unit Letter G Section 16 Township 23S Range 28E

Number of wells producing into battery 2 (Two)

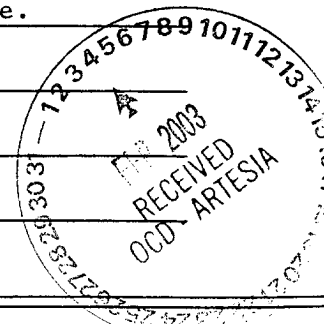
B. Based upon oil production of barrels per day, the estimated * volume of gas to be flared is #1 = 31 & #2 = 40 MCF; Value per day.

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 Donna Clack

Printed Name & Title DONNA CLACK REGULATORY COMPLIANCE TECH

Date 2-3-03 Telephone No. 505-748-1471

OIL CONSERVATION DIVISION

Approved Until 10-1-03

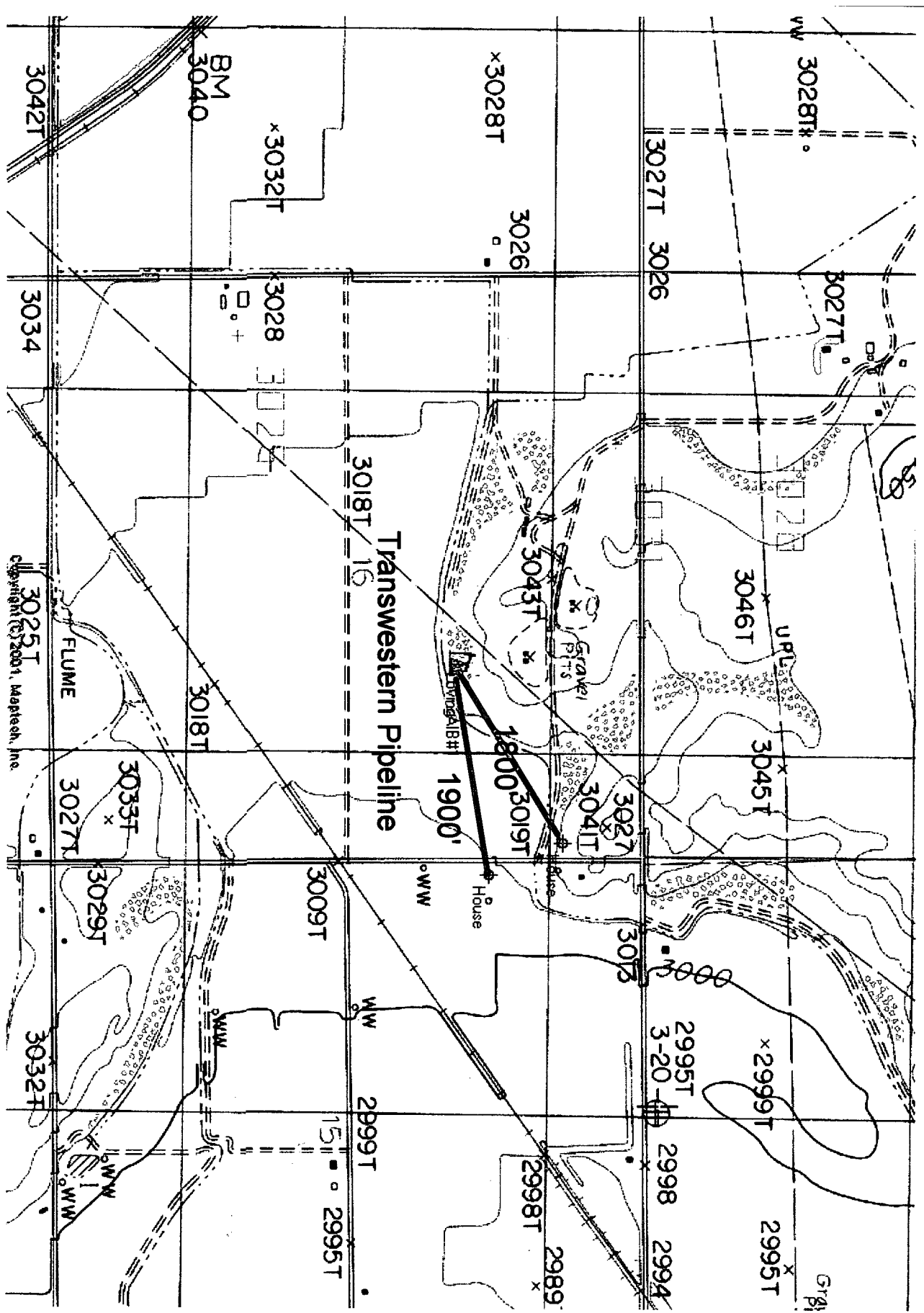
By

Title

Date

MAR 20 2003

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





2300 Ladue Lane
Odessa, TX 79762
Phone 915-552-7625
Toll Free 877-879-8899
Fax 915-363-3911

PO Box 1166
Artesia, NM 88210
Phone 505-746-1096
Toll Free 877-879-8899
Fax 505-746-3530

March 17, 2003

Yates Petroleum
Attn: Gene Poteet
101 S. Fourth Street
Artesia, NM 88210

Mr. Poteet;

The results of the H2S content test performed on the AIB State #1 and #2 Battery by Terry O'Brain on March 7, 2003 are as follows. Terry pulled the H2S tube on the heater and also the meter run and found the e to be no H2S present.

Thank you,

Kevin Hockett
President

