

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

RECEIVED

JAN 08 2004

OCD-ARTESIA

NFO Permit No.

2-933
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

A. Applicant YATES PETROLEUM CORPORATION

30-005-63539

whose 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 Starkissed AWS St. #2 Name of Pool Mesa Diablo Siluro Devonian

Location of Battery: Unit Letter E Section 3 Township 10S Range 27E

Number of wells producing into battery One (1)

B. Based upon oil production of 55 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:

Agave Energy

D. Distance 3 Miles Estimated cost of connection _____

E. This exception is requested for the following reasons: It is uneconomical to lay a pipeline.

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 Su'Ann Rogers

Printed Name & Title Su'Ann Rogers - Production Clerk

Date 12/23/03 Telephone No. 505-748-1471

OIL CONSERVATION DIVISION

Approved Until 6-15-04

By [Signature]

Title [Signature]

Date APPROVED JAN 13 2004

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