District I
1625 N. French Dr , Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

## 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 June 10, 2003
Submit 3 Copies to appropriate

Submit 3 Copies to appropriate District Office

NFO Permit No. 1 - 606 N (For Division Use Only)

## APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

A.	Applicant Yates Drilling Company,
	whose address is105 South 4 <sup>th</sup> Street, Artesia, NM 88210_,
	hereby requests an exception to Rule 306 for <u>Indefinite</u> 365 days or until
	, Yr, for the following described tank battery (or LACT):
	Name of Lease Gallagher State Name of Pool SE Chaves Qn Gas Area Assoc
	Location of Battery: Unit Letter <u>D</u> Section <u>35</u> Township <u>12S</u> Range <u>31E</u>
	Number of wells producing into battery 1 30-005-20992
B.	Based upon oil production of barrels per day, the estimated * volume
	of gas to be flared isMCF; Valueper day.
C.	Name and location of nearest gas gathering facility:
	Frontier Field Services, Section 4-13S-31E
D.	Distance 2 miles Estimated cost of connection
E.	Frontier Field Services, Section 4-13S-31E  Distance 2 miles Estimated cost of connection  This exception is requested for the following reasons:
	Low volume of gas
	Low volume of gas
	- 1234851-1E00
,	
OPERATOR Lhereby certify	that the rules and regulations of the Oil Conservation  OIL CONSERVATION DIVISION
Division have b	een complied with and that the information given above plete to the best of my knowledge and belief.  Approved Until 2/13/08
Signature	
Printed Nam	Title
_	FEB 1 3 2007
Date 1/31/07	karente ypenn.com

<sup>\*</sup> Gas-Oil ratio test may be required to verify estimated gas volume.