District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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 August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

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)   30 -015- 40404

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 _____90_____days or until

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

Name of Lease _Zia AHZ Federal Com #2H___ Name of Pool __Bone Spring_____

Location of Battery: Unit Letter ___C___ Section __13___ Township __20S_ Range __29E_

Number of wells producing into battery _1___ Zia #2H API #30-015-40404_____

B.   Based upon oil production of ___250_____barrels per day, the estimated * volume

of gas to be flared is __2400 monthly____MCF; Value _____per day.

C.   Name and location of nearest gas gathering facility:

__DCP Midstream_____

D.   Distance _____Estimated cost of connection _____

E.   This exception is requested for the following reasons: _____

_due to abnormal system pressures in the DCP lines._____

_The possibility to flare will not be consistent; therefore, the volume above can easily fluctuate.

RECEIVED
DEC 07 2012
NMOCD ARTESIA
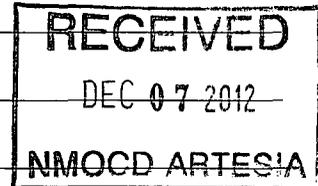
OPERATOR
I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name
& Title __Miriam Morales –Production Analyst_____

E-mail Address _mmorales@yatespetroleum.com___

Date _12/6/12_   Telephone No. 575-748-1471

OIL CONSERVATION DIVISION

Approved Until March 31 - 2013

By _____

Title Dist II Supervisor

Date 12-10-2012

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