

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

*RESUBMITTED

redelivered - 11-9-05

RECEIVED

NOV 09 2005

OIL CONSERVATION DIVISION

NFO Permit No.

(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

30-015-26354

A. Applicant YATES PETROLEUM CORPORATIONwhose address is 105 S. Fourth Street Artesia, NM 88210hereby requests an exception to Rule 306 for 1 year days or until20 for the following described tank battery (or LACT):Name of Lease Gazelle AHG Fed Com #1 Name of Pool Burton Flat StrawnLocation of Battery: Unit Letter 1E Section 15 Township 20S Range 29ENumber of wells producing into battery OneB. Based upon oil production of 6 barrels per day, the estimated * volumeof gas to be flared is NOT MEASUREABLE MCF; Value N/A per day.

C. Name and location of nearest gas gathering facility:

N/AD. Distance N/A Estimated cost of connectionE. This exception is requested for the following reasons: Plunger lift operations. A small amount of gas is vented each day during plunger lift cycle.

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 RogersPrinted Name & Title Su'Ann Rogers - Regulatory Compliance Tech.Date 9/26/2005 Telephone No. 505-748-1471

OIL CONSERVATION DIVISION

Approved Phil HawkinsBy Phil HawkinsTitle DFIDate 12-5-05

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