

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
2040 Pacheco St.
Santa Fe, NM 87505

c157
DP

Form C-129
Revised 4-1-91

NFO Permit No. 2-918

(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306
(See Rule 306 and Rule 1129)

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, 365 days or until
pipeline is built, 19 , for the following described tank battery (or LACT):

Name of Lease GRANDE MIKE AZK STATE #1 Name of Pool Undesignated Abo

Location of Battery: Unit Letter (B) Section 2 Township 16S Range 29E

Number of wells producing into battery one (1)

B. Based upon oil production of 80 barrels per day, the estimated * volume
of gas to be flared is 90 MCF; Value per day.

C. Name and location of nearest gas gathering facility:

DUKE ENERGY

D. Distance 2 miles Estimated cost of connection \$50,000

E. This exception is requested for the following reasons: Waiting on pipeline to finish
being built.

OPERATOR

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, OPERATIONS TECHNICIAN

Date January 31, 2002 Telephone No. 505-748-1471

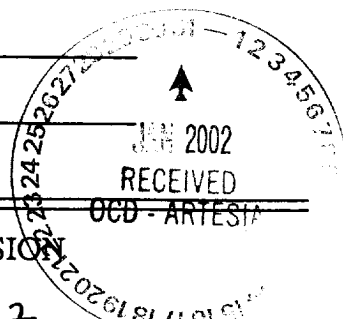
OIL CONSERVATION DIVISION

Approved Until 1 May 2002

By [Signature]

Title [Signature]

Date FEB 5 2002



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