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) 30-015-39673

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 Steelers BRS State #1H Name of Pool Bone Spring

Location of Battery: Unit Letter P Section 24 Township 20S Range 27E

Number of wells producing into battery 1 API #30-015-39673

B. Based upon oil production of 110 barrels per day, the estimated * volume

of gas to be flared is 11,300 monthly MCF; Value _____ per day.

C. Name and location of nearest gas gathering facility:

DCP Midstream

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DEC 07 2012
NMOCD ARTESIA

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.

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 Miriam Morales

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 RDade

Title Dist II Supervisor

Date 12/12/2012

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