

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

DEC 23 2008
OCD-ARTESIA

NFO Permit No.

2-978

(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

30-015-36421

A. Applicant YATES PETROLEUM CORPORATIONwhose address is 105 S. Fourth Street Artesia, NM 88210hereby requests an exception to Rule 306 for 365 days or until20 for the following described tank battery (or LACT):Name of Lease Junior AWW State #4h Name of Pool Wildcat; WolfcampLocation of Battery: Unit Letter I Section 17 Township 16S Range 28ENumber of wells producing into battery OneB. Based upon oil production of 45 barrels per day, the estimated volumeof gas to be flared is 50 mcfpd MCF Value per day

C. Name and location of nearest gas gathering facility:

DCPD. Distance 400' Estimated cost of connectionE. This exception is requested for the following reasons: A temporary line to DCP will be installed soon until the permanent line can be built.

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 Susan S. LopezPrinted Name & Title Susan Lopez - Regulatory Compliance Tech.Date 12/22/2008 Telephone No. 575-748-1471

OIL CONSERVATION DIVISION

Approved Until 12/28/2009By Signed By Mike BrannanTitle Env. Spec.Date JAN 07 2009

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