

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

Subseries to

Appropriate District Office

A circular postmark from Energy, CA. The outer ring contains numbers 1 through 26. The center features an upward-pointing arrow, the date 'NOV 2006', and the text 'RECEIVED Energy, CA' and 'OCD - ARTESIA'. To the left of the circle, the numbers 1988, 1439, and 410 are printed vertically.

Minerals and Natural Resources Department

SOIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-129

Revised 4-1-91

***RESUBMITTED**

NFO Permit No.

(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

6 30-015-26354

A. Applicant **YATES PETROLEUM CORPORATION**

whose address is 105 S. Fourth Street Artesia, NM 88210

hereby requests an exception to Rule 306 for 1 year days or until

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

Name of Lease	Gazelle AHG Fed Com #1	Name of Pool	Burton Flat Strawn
---------------	------------------------	--------------	--------------------

Location of Battery: Unit Letter E Section 15 Township 20S Range 29E

Number of wells producing into battery One

B. Based upon oil production of 6 barrels per day, the estimated * volume

of gas to be flared is NOT MEASUREABLE MCF; Value N/A per day.

C. Name and location of nearest gas gathering facility:

N/A

D. Distance	N/A	Estimated cost of connection
-------------	-----	------------------------------

E. 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

Printed Name

& Title

Elaina Davis - Regulatory Compliance Tech.

Date 11/21/2006

Telephone No. 505-748-1471

OIL CONSERVATION DIVISION

Approved Until

By

Date _____

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