

RECEIVED

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-0980

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0709

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

NFO Permit No.

I-845-J
(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 365 days or until

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

Name of Lease Coachman State Name of Pool SE Chaves QN Gas Area Assoc.

Location of Battery: Unit Letter A Section 23 Township 12S Range 31E

Number of wells producing into battery 1

B. Based upon oil production of 1 barrels per day, the estimated * volume

of gas to be flared is TSTM MCF; Value per day.

C. Name and location of nearest gas gathering facility:

Frontier Field Services, Sec 4 T13S R31E

D. Distance 2 miles Estimated cost of connection

E. This exception is requested for the following reasons:

Volume of gas is too small to flare and measure 30-005-21147

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 Lopez

Printed Name & Title Susan Lopez - Regulatory Compliance Tech.

Date 2/8/2011 Telephone No. 575-748-1471

OIL CONSERVATION DIVISION

Approved Until 12-30-2011

By [Signature]

Title STAFF MGR

Date 2-9-2011

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