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

Form C-129
Revised 4-1-

NFO Permit No. I-390-B
(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 days or until

_____, 19 ____, for the following described tank battery (or LACT):

Name of Lease LOVELESS LQ STATE #4-K Name of Pool TOMAHAWK SAN ANDRES

Location of Battery: Unit Letter _____ Section 36 Township 7S Range 31E

Number of wells producing into battery Eight (8)

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

of gas to be flared is 1 (one) MCF; Value _____ per day.

C. Name and location of nearest gas gathering facility:

DYNEGY

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons: Transporter has de-activated meter until specifications are met.

RECEIVED
OCD

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 Donna Clack

Printed Name & Title DONNA CLACK REGULATORY TECHNICIAN

Date 9-16-02 Telephone No. 505-748-1471

OIL CONSERVATION DIVISION

Approved Until 9/23/03

By ORIGINAL SIGNED BY PAUL F. KAUTZ

Title PETROLEUM ENGINEER

Date SEP 25 2002

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