

OIL CONSERVATION DIVISION

2040 Pacheco St.

Santa Fe, NM 87505

NFO Permit No. L-390-13
(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 LO STATE # 7-M 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.

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 Hanna 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 _____

Date SEP 25 2002

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