

DISTRICT

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

DISTRICT

P.O. Box 20, Artesia, NM 88211-0020

DISTRICT

1000 Las Brisas Rd., Aztec, NM 87410

Submit 3 Copies to

Appropriate District Office

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-1

Revised 4

OIL CONSERVATION DIVISION

2040 Pacheco St.

Santa Fe, NM 87505

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 LO STATE #8-N 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 correct 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-Dil ratio test may be required to verify estimated gas volume.