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

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-129
Revised 4-1-91

NFO Permit No. I-850-A
(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 South Fourth St. - Artesia, NM 88210,

hereby requests an exception to Rule 306 for One (1) year or 365 days or until

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

Name of Lease East Bagley AHK State #1 Name of Pool East Bagley Penn

Location of Battery: Unit Letter G Section 6 Township 12S Range 34E

Number of wells producing into battery One (1)

B. Based upon oil production of 9 barrels per day, the estimated * volume

of gas to be flared is 4 MCF; Value _____ per day.

C. Name and location of nearest gas gathering facility:

Warren Petroleum Corporation

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons: Warren will no longer take gas as it is uneconomical

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 Rusty Klein

Printed Name & Title Rusty Klein - Operations Technician

Date Jan. 17, 2000 Telephone No. 505-748-1471

OIL CONSERVATION DIVISION

Approved Until 1-28-2001

By ORIGINAL SIGNED BY GARY WINK FIELD REP. II

Title

Date JAN 28 2000

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