DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-07

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
Submit 3 Copies to
Appropriate District Office

Energy and Natural Resources Department

OIL CONSERVATION D_ ISION

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

Form
Rev.

NFO Permit No. I-701-E
(For Division

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129)

A. Applicant YATES ENERGY CORPORATION,

whose address is P. O. Box 2323, Roswell, NM 88202-2323,

hereby requests an exception to Rule 306 for until further notice days or until

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

Name of Lease Reddy-Gulf State #3 Name of Pool Quail Queen

Location of Battery: Unit Letter E Section 18 Township 19-S Range 35-E

Number of wells producing into battery 2

B. Based upon oil production of _____ barrels per day, the estimated * volume of gas to be flared is _____ MCF; Value _____ per day.

C. Name and location of nearest gas gathering facility:

_____

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons: Gas insufficient to measure or market.

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 Cindy Stevens

Printed Name & Title Cindy Stevens
Production Analyst

Date 1/5/99 Telephone No. 505/623-4935

OIL CONSERVATION DIVISION

Approved Until 2/4/2000

By ORIGINAL SIGNED BY CHRIS WILLIAMS
DISTRICT I SUPERVISOR

Title

Date FEB 04 1999

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