NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Joanna Prukon Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

Field Inspection Program "Preserving the Integrity of Our Environment"

20-May-03

YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA, NM 88210-0000

Dear Operator:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicates that the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section below indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division.

Please notify the proper district office of the Division of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

HAWKINS GY 001

Inspection Date

Type Inspection 05/20/2003 Routine/Periodic C-27-18S-26E

30-015-21940-00-00

Inspector Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

Comments on Inspection:

Mike Bratcher

Yes

No

8/23/2003

iMLB0314052660

Well sign illegible. Violation Rule 103. PJ-Oper.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infra-structure of the oil and gas industry.

Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. *Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.