

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Joanna Prukop Cabinet Secretary

Mark E. Fesmire, P.E. Director Oil Conservation Divisiona

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19-Sep-05

YATES DRILLING CO 105 S 4TH ST ARTESIA NM 88210

NOTICE OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. 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 indicates preliminary findings and/or probable nature of the violation. This determination is based on am inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

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

INSPECTION DETAIL SECTION

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MULE TRAIN 16 STATE COM No.001					G-16-17S-28E	30-015-30562-00-0	0
Inspection Date	Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
09/19/2005	Routine/Period	lic	Chris Beadle	Yes	No	10/19/2005	iCLB05226243514
	Violations						
	Surface Leaks/Spi	ils					
1		Open piping coming into tank battery from the south (buried until just before berm) appears to have drained produced water inside bermed area of tank battery. West side of produced water tank and posturest, bottom half of middle tank are until produced by the base of the uniter.					

and soutwest, bottom half of middle tank are wet, pooled liquids are around the base of the water tank. Western side of bermed area is wet across entire length.

Remediaiton is required. Submt C-141. Contact NMOCD District 2 Environmental Compliance Officer with site ranking and remediation work plan.

Notify NMOCD District 2 Office 48 hours prior to any remediation work or prior to taking samples where results of the samples may be submitted to OCD.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Divison Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

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.