



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor

**Joanna Prukop**  
Cabinet Secretary  
Acting Director  
Oil Conservation Division

17 June 2004

Yates Petroleum Corp.  
105 South 4th Street  
Artesia, New Mexico 88210

RE: Permit Stipulations - Coats Com # 1                      990'FNL & 990'FEL                      Unit A SEC-19 T-22S R-27E

The Oil Conservation Division of Artesia is in receipt of your application to construct a pit for the purpose of drilling. The request is hereby accepted and approved with the following provisions:

1. Construction and closing of pit(s) must meet the criteria of Rule 19.15.2.50 and the Pit Guidelines.
2. The pit is not located in any watercourse, lakebed, sinkhole, playa lake, or wetland.
3. Notice is to be given to the OCD prior to construction of the pit(s).
4. Liner must be a minimum of 12 mil. woven.
5. Due to depth to groundwater, the pit's contents and the liner shall be removed and disposed of in a manner approved by the Division.
6. Upon cessation of drilling the freestanding fluid will be removed and disposed of in an OCD approved facility.
7. The integrity of the bottom liner may not be breached at any time for any reason.
8. The pit will not be used for any additional storage of fluids.
9. The Division may attach additional conditions to any permit upon a finding that such conditions are necessary to prevent the contamination of fresh water, or to protect public health or the environment. (19.15.2.50.C.3.G.1.)
10. Re-seeding mixture will must be approved or authorized by surface owner.

For further assistance, please feel free to call Van Barton (505) 748-1283 ext. 109.

Sincerely,

Mike Bratcher