



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

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Cabinet Secretary

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Director

Oil Conservation Division

New Inspection Program

"Preserving the Integrity of Our Environment"

06-Apr-05

YATES PETROLEUM CORPORATION

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 an 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 so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

HORNBAKER BA No.001

G-25-18S-25E

30-015-20015-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/05/2005	Routine/Periodic	Mike Bratcher	Yes	No	5/5/2005	iMLB0509542994
Violations Surface Leaks/Spills						

Comments on Inspection: Tank battery situated between the Hornbaker BA 001 (a plugged well) and the Hornbaker BA 002. Sign on tank battery reads Hornbaker BA No 1 FEE Tank Battery. Oil pooled at end of load line. Violation Rule 13. Some contamination at gun barrel. Partially below grade fiberglass tank approx half full fluids.

NIX CURTIS BH No.001

I-25-18S-25E

30-015-20070-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/05/2005	Routine/Periodic	Mike Bratcher	Yes	No	5/5/2005	iMLB0509540808
Violations Surface Leaks/Spills						

Comments on Inspection: Tank battery South of this well has a below grade fiberglass tank, Fluid level in tank is approx 6-12 inches from top. Evidence of tank having been overflowed at some point. Several stained areas in battery from past releases. Violation Rule 13.

NIX CURTIS BH No.002

P-25-18S-25E

30-015-20113-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/05/2005	Routine/Periodic Violations Surface Leaks/Spills	Mike Bratcher	Yes	No	5/5/2005	iMLB0509539489

Comments on Inspection: Historical contamination at wellhead area. Well has had a recent small leak at wellhead area. Fresh oil pooled around flowline. Violation Rule 13.

GERARD AW No.003

J-25-18S-25E

30-015-21410-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/05/2005	Routine/Periodic Violations Absent Well Identification Signs (Rule 103)	Mike Bratcher	Yes	No	5/5/2005	iMLB0509540296

Comments on Inspection: Contamination at wellhead area. Well sign is not visible. Violation Rule 103.

GERARD AW No.004

O-25-18S-25E

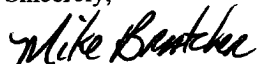
30-015-22286-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/05/2005	Routine/Periodic Violations Surface Leaks/Spills	Mike Bratcher	Yes	No	5/5/2005	iMLB0509538227

Comments on Inspection: Well has had a release of produced fluids from wellhead area. Estimated volume is over 5 bbls. Heavy contamination at wellhead running North and East from wellhead area. Violation Rule 116 and Rule 13. Reporting and remediation required. 24 hour notice required prior to remediation activities or samples obtained.

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 Division 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.