





NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

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Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Eleld Inspection Programs "Preserving the Integrity of Our Environment"

RECEIVED

05-Aug-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

BENSON DEEP AAZ FEDERAL No.004

F-3-19S-30E

30-015-24775-00-00

Inspection

Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance? Corrective

Inspection No.

08/05/2005

Action Due By:

Routine/Periodic

Chris Beadle

Yes

No

9/6/2005

iCLB0521741310

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection:

Well sign lists well as Benson Deep AAZ Federal #1, OCD files and API number on well sign shows this well to be well #4. Sign needs to be corrected. Contact NMOCD District 2 office once sign is corrected. Separator showing signs of deterioration, chlorides encrusting on side of

gunbarrel and running down to ground.