



YATES DRILLING COMPANY

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PEYTON YATES
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VICE PRESIDENT

RANDY G. PATTERSON
SECRETARY

DENNIS G. KINSEY
TREASURER

10/18/2005

Oil Conservation Division
Att: Criss Beale
1301 West Grand
Artesia, New Mexico

RECEIVED
OCT 19 2005
OOD-ARTESIA

Re: Violation letter dated 9/19/2005
30-015-30562 Ut.G 16-17s-28e Mule Train 16 State Com. #1

Dear Mr. Chris Beadle,

The impacted area with-in the diked area at the Mule Train 16 State Com. #1 was the result of a drain line becoming disconnected and falling into the diked area of the tank battery. This drain line is designed to remove standing rain waters and any other mislaneious fluids which may accumulate on the compressor skid. Corrective actions were taken when the drain line was reattached to the 210 bbl fiber glass tank.

The volume of fluids released with-in the diked area was less than 5 bbls, being mostly rain water with a skim of hydrocarbon.

A vertical hole was dug with-in the impacted area of the tank battery on 10/18/2005 and the vertical depth of the release were determined to be less than 1".

Corrective action of the impacted area will be taken by tilling visible stained area of the dike and applying micro blaze to the tilled area.

The Oil Conservation will be notified after corrective actions are final for reinspection.

Sincerely,

Mike Stubblefield
Environmental Regulatory Agent

cc. Greg Boans