NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor

> Joanna Prukop Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

Field Inspection Program "Preserving the Integrity of Our Environment"

06-Mar-03

YATES ENERGY CORP PO BOX 2323 ROSWELL, NM 88202-

Dear Operator:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicates that the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. 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 below 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.

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

Please be advised that failure to comply with this directive will result in an application for an order to Show Cause why the Bond should not be forfeited, the well plugged and civil penalties assessed.

INSPECTION DETAIL SECTION

FULTON COLLIER 001

G-1-18S-28E

30-015-23676-00-00

Inspection Date

Type Inspection

Inspector Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

03/05/2003 Routine/Periodic

6/8/2003

Mike Bratcher

Yes

iMLB0306451890

Comments on Inspection:

Large area of contamination at wellhead area. Stuffing box is leaking now. Open workover pit has contaminated soil and trash. Area behind and east of workover pit has contamination and standing oil from a flowline leak. Flowline was repaired. Well is in violation of Rule 13 and Rule 116.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infra-structure of the oil and gas industry.

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.