



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

1/21/2005

Yates Petroleum Corporation

105 S. 4th

Artesia, NM 88210

Dear Operator:

I received the attached letter today indicating that the compliance issues were completed. However I have researched our records and can find no indication of the following:

1. Subsequent C-103 indicating the work completed on the wells.
2. Original charts for the MITs performed placing these wells in Temporary Abandon status.

Therefore, until these items have been received by the Artesia OCD the compliance issues remain open and the wells are in violation of OCD Rules.

Sincerely,

Gerry Guye
Deputy Field Inspector
District II – Artesia



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20-Sep-04

YATES PETROLEUM CORPORATION

105 S 4TH ST

ARTESIA NM 88210-0000

RECEIVED

SEP 22 2004

RECEIVED

JAN 20 2005

ARTESIA

NOTICE OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

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.

IDLE WELL INSPECTION DETAIL SECTION

SARA AHA COM 003	A-11-20S-24E	30-015-26545-00-00	Inspection No. iGEG0426449332
Inspection Date: 9/20/2004 1:42:09 PM			Corrective Action Due by: 12/24/2004
Type Inspection: Routine/Periodic	Inspector: Gerry Guye	Violation?: Yes	*Significant Non-Compliance?: No
Comments on Inspection: Idle Well (Rule 201)			
SARA AHA 009	J-15-20S-24E	30-015-27759-00-00	Inspection No. iGEG0426446134
Inspection Date: 9/20/2004 12:48:51 PM			Corrective Action Due by: 12/24/2004
Type Inspection: Routine/Periodic	Inspector: Gerry Guye	Violation?: Yes	*Significant Non-Compliance?: No
Comments on Inspection: Idle Well (Rule 201)			