



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Yates Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210
Attn: Dan Dolan

January 12, 2006

Reference: Grynberg LZ State 001 I-36-5s-24e API: 30-005-60602

Operator,

A release of produced fluids at the above referenced well site was reported to the New Mexico Oil Conservation Division District II Office (OCD) by a field inspector with the Bureau of Land Management (BLM). The BLM inspector indicated the release appeared to have occurred within the last 30 days, appeared to be the result of a "blow down of a pipeline" possibly belonging to Agave Energy, and that visibly identifiable contaminants covered an estimated "one-quarter acre".

Please investigate this release and report findings to the OCD no later than February 2, 2006.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mike Bratcher".

Mike Bratcher

NMOCD District II

1301 W. Grand Ave.

Artesia, NM 88210

Mike.Bratcher@state.nm.us