



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

File
Copy

5 November 2002

Yates Petroleum Corp.
105 South 4th Street
Artesia, New Mexico 88210

RE: Engwall RL Federal # 3 A-4—9-26 API 30-005-63244 Violation of Rule 112 A.B.:
Segregation Test

Dear Sirs:

This second directive is to notify you that this well is still in violation of 112 A.B.

On 19 July, 2002 a letter was sent notifying you on the need to test. An inspection on 11-5-02 found no action had been taken.

Rule 112-A.B. of the New Mexico Oil Conservation Division provides as follows:

112-A.B. Operation and Testing

- (1) Wells shall be completed and produced so that no commingling of hydrocarbons from separate pools occurs.
- (2) The operator shall commence a segregation and/or packer leakage test within 20 days after the multiple completion. Segregation tests and/or packer leakage tests shall also be made any time the packer is disturbed. The operator shall also conduct any other tests and determinations required by the Division. The appropriate district office shall be notified 48 hours in advance of tests so the district office may schedule personnel to witness the tests. Offset operators may witness such tests and shall advise the operator in writing if they desire to be notified of the tests. Test results shall be filed with the Division within 20 days of test completion. In the event a segregation and/or packer leakage test indicates communication between separate pools, the operator shall immediately notify the Division and commence corrective action on the well.

Your failure to respond to OCD directives and failure to bring this well into compliance are serious violations and merit a severe sanction, up to and including abandonment and plugging as well as civil penalties. In the event that this well is not brought into compliance **on or before November 30, 2002** this second **Notice of Direction** may precede a request to the Division that you be summoned to a hearing in Santa Fe to **Show Cause why this well should not be plugged and civil penalties assessed.**

Sincerely,

Van Barton
Field Rep. II