

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
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Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

02-Aug-01

YATES PETROLEUM CORPORATION
105 S 4TH ST
ARTESIA, NM 88210-

NOTICE OF VIOLATION

Dear Sirs:

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. Division Order R-9210 states that an operator cannot leave a well shut-in longer than one year. To comply with guidelines as established in the Division Rules and Regulations, corrective actions must be taken immediately and the situation brought into compliance. The following options are available for the future of the well(s). The detail section below indicates preliminary findings and/or probable nature of the violation. This is a subjective determination based on one or more factors of the results of the inspection.

1. Restore the well(s) to production, injection or disposal as applicable.
2. Submit a proposal to 'Plug and Abandon' the well(s), proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

To avoid further action, we request that you exercise one of the above options no later than the "Corrective Action" date indicated below.

This Notice of Violation is the first step in the documentation to take the well to Show Cause Hearing as to why the bond should not be forfeited and the well plugged. Please notify this office at least 24 hours prior to any repair and/or plugging, subsequent mechanical integrity test, or to request TA status for the well(s).

4-25-20-24 **IDLE WELL INSPECTION DETAIL SECTION**

CHARLETTE MCKAY FEDERAL #1 H-25-20S-24E 30-015-23095-00-0 Inspection No. iGEG0116436356
Inspection Date: 6/13/01 10:05:49 AM Corrective Action Due by: 9/17/01
Type Inspection Inspector Violation? *Significant Non-Compliance?
MIT Witnessed - Gerry Guye Yes No
Comments on Inspection: Violation of Rule 705c - Idle Well - Authority to inject has been withdrawn.

SAGUARO AGS FEDERAL COM #8 D-14-20S-24E 30-015-26517-00-0 Inspection No. iGEG0116435194
Inspection Date: 6/13/01 9:46:25 AM Corrective Action Due by: 9/17/01
Type Inspection Inspector Violation? *Significant Non-Compliance?
MIT Witnessed - Gerry Guye Yes No
Comments on Inspection: Violation of Rule 705c - idle well - Authority to inject withdrawn

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,

Tim Gum, District II, Supervisor

CC: Bureau of Land Management