



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

7/28/2004

Yates Drilling Co
105 S 4th
Artesia, NM 88210

RE:

South Loco Hills Ut #2

30-015-10180

19-18-29

Dear Sirs:

This second directive is to notify you that this well is still in violation of Rule 103.

On June 23, 2004 a letter was sent notifying you of the violation of Rule 103.. An inspection on July 27, 2004 found no action had been taken to bring the well into compliance. **This well must be brought into compliance on or before the date indicated below.**

Rule 103 of the New Mexico Oil Conservation Division provides as follows:

19.15.3.103 SIGN ON WELLS

- A. All wells and related facilities regulated by the Division shall be identified by a sign, which sign shall remain in place until the well is plugged and abandoned and the related facilities are closed.
- B. For drilling wells, the sign shall be posted on the derrick or not more than 20 feet from the well.
- C. The sign shall be of durable construction and the lettering shall be legible and large enough to be read under normal conditions at a distance of 50 feet.
- D. The wells on each lease or property shall be numbered in non-repetitive, logical and distinctive sequence.
- E. An operator will have 90 days from the effective date of an operator name change to change the operator name on the well sign unless an extension of time, for good cause shown along with a schedule for making the changes, is granted.
- F. Each sign shall show the:
 - (1) number of well;
 - (2) name of property;
 - (3) name of operator;
 - (4) location by footage, quarter-quarter section, township and range (or Unit Letter can be substituted for the quarter-quarter section); and
 - (5) API number.

In the event that a satisfactory response is not received to this letter of direction by August 9, 2004, 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.

Sincerely


Gerry Guye
Deputy Field Inspector