



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

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Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

18-Apr-05

YATES PETROLEUM CORPORATION

105 S 4TH ST

ARTESIA NM 88210

NOTICE OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

YATES FEDERAL No.003

E-25-18S-25E

30-015-22116-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/15/2005	Routine/Periodic	Mike Bratcher	Yes	No	5/16/2005	iMLB0510549113
Violations						
Surface Leaks/Spills						

Comments on Inspection: Tank battery just West of this well is being excavated. Heavily saturated soils are being encountered. C-141 has not been submitted on this release. Violation Rule 13 and Rule 116.

EDDY GR STATE No.001

E-16-23S-28E

30-015-22611-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/15/2005	Routine/Periodic	Mike Bratcher	Yes	No	5/16/2005	iMLB0510543864
Violations						
Surface Leaks/Spills						

Comments on Inspection: Tank battery for this well is heavily contaminated. Flare stack area West of battery is heavily contaminated and has produced fluids running from stack South into pasture. Battery has a below grade tank. Well site is in violation of Rule 13 and Rule 116. A remediation workplan using OCD guidelines is required to be submitted to NMOCD District 2 office for review.

LOVING AIB STATE No.001

G-16-23S-28E

30-015-22889-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/15/2005	Routine/Periodic	Mike Bratcher	Yes	No	5/16/2005	iMLB0510544429
Violations						
Surface Leaks/Spills						

Comments on Inspection: Tank battery for this well is shared by the Eddy SWD #1 and is heavily contaminated. Area at flare stack is contaminated and has had produced fluids run South out into pasture. Violation Rule 13 and Rule 116.

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.

Sincerely,



Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.