

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E. Director Oil Conservation Division

Field Inspection Program "Preserving the Integrity of Our Environment"

06-Jan-06

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

WILLIAMS No.008

F-25-18S-26E

30-015-24072-00-00

Inspection Date

Type Inspection

Inspector Violation? *Significant

Corrective Action Due By:

01/04/2006

Routine/Periodic

Mike Bratcher

Non-Compliance? Yes

Inspection No.

No

1/27/2006

iMLB0600444985

Violations

Surface Leaks/Spills

Comments on Inspection:

Some visibly identifiable contamination at tank nearest pumping unit. Appears to be salt (chloride) impacted. This area is site of monitor wells for water abatement project. Some hydrocarbon staining at tanks on North end of battery. Contamination at this site requires delineation and submittal of a Remediation Work Plan based on delineation results and site ranking. Remediation Work Plan is to be submitted to OCD District II office no later than January 27, 2006. Violation Rule 13. The OCD District II office is to be notified 24 hours prior to any delineation, remediation, and/or sampling

Oil Conservation Division * 1301 W. Grand * Artesia, New Mexico 88210 Phone: 505-748-1283 * Fax: 505-748-9720 * http://www.emnrd.state.nm.us **SCRIPPS No.004**

M-25-18S-26E

30-015-24880-00-00

Inspection

01/04/2006

Date Type

Type Inspection
Routine/Periodic

Inspector

Mike Bratcher

Violation? Yes *Significant Non-Compliance? No Corrective Action Due By: 1/27/2006

Inspection No.

iMLB0600443324

Violations

Absent Well Identification Signs (Rule 103)

Surface Leaks/Spills

Comments on Inspection:

No visible well sign. Violation Rule 103. This is site of water abatement project monitor wells. There are several areas of visibly identifiable contamination at this site. Area surrounding twin fiberglass open top tanks, area at, and west of seperator/treater, and area West of battery towards monitor well. Current surface contamination requires delineation with a remediation work plan to be submitted based on site ranking and delineation results. Violation Rule 13 and Rule 116. Remediation work plan is to be submitted to OCD District II office no later than January 27, 2006. The OCD District II office is to be notified 24 hours prior to any delineation, remediation, and/or

sampling event.

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 Divison 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.