

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

**Tony Delfin**  
Deputy Cabinet Secretary

**David Catanach, Director**  
Oil Conservation Division



REC

AUG 05 2016

**\*Response Required - Deadline Enclosed\***

*Field Inspection Program*  
*"Preserving the Integrity of Our Environment"*

YPC MAIL ROOM

02-Aug-16

**YATES PETROLEUM CORPORATION**  
105 S 4TH ST  
ARTESIA NM 88210

**LETTER 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**

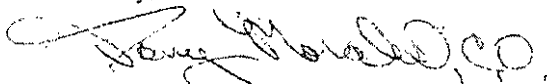
<b>CERROS LOCOS AQM FEDERAL COM No.001</b>			<b>E-6-18S-30E</b>	<b>30-015-29336-00-00</b>		
<b>Inspection Date</b>	<b>Type Inspection</b>	<b>Inspector</b>	<b>Violation?</b>	<b>*Significant Non-Compliance?</b>	<b>Corrective Action Due By:</b>	<b>Inspection No.</b>
08/02/2016	Routine/Periodic	Tony Morales	Yes	No	11/5/2016	TM1621537021
<b>Violations</b>						
General Housekeeping (Rule 114)						

**Comments on Inspection:** OK. All Equipment and Location in Good Shape. TANK BATTERIES OK. OLD UNMARKED 55 GALL DRUMS ON LOCATION.

*REMOVED EMPTY BBL'S. PUT 1 DRUM IN CHEMICAL CONTAINER WITH PROPER NETTING FOR BIRD PROTECTION. gja*

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.

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.