Form 3160-5 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

FORM APPROVED OMB No. 1004-0135 Expires March 31, 2007

| 5. | Lease | Serial | No. |
|----|-------|--------|-----|
| N | M-6 | 5392 | |

| abandoned well. Use Form 3160-3 (APD) for su | \ | 6. If Indian, | Allottee or Tribe Name | |
|---|-------------------------------|-------------------------------|---|--|
| SUBMIT IN TRIPLICATE - Other instruct | 7. If Unit or (| CA/Agreement, Name and/or No. | | |
| 1. Type of Well Oil Well Gas Well X Other SV | WD | 8. Well Nam | ne and No. | |
| 2. Name of Operator | | Compro | mise SWD #1 | |
| Yates Petroleum Corporation | | 9. API Well | No. | |
| | Phone No. (include area code) | 30-015-2 | 30-015-25665 | |
| 105 S. 4th Str., Artesia, NM 88210 | 505-748-1471 | | 10. Field and Pool, or Exploratory Area | |
| 4. Location of Well (Footage, Sec.,T.,R.,M., OR Survey Description) | | | nated Canyon | |
| | |) ' | or Parish, State | |
| 1980'FNL & 800'FEL of Section 30-T18S-R27E (Unit | | | ounty, New Mexico | |
| 12. CHECK APPROPRIATE BOX(ES) TO INI | DICATE NATURE OF N | OTICE, REPORT, O | R OTHER DATA | |
| TYPE OF SUBMISSION | TYPE O | FACTION | | |
| Acidize | Deepen | Production (Start/Resume) | Water Shut-Off | |
| | <u></u> | | | |
| Notice of Intent Alter Casing | Fracture Treat | Reclamation | Well Integrity | |
| X Subsequent Report Casing Repair | New Construction | Recomplete | Other Mechanical | |
| Change Plans | Plug and Abandon | Temporarily Abandon | Integrity Test | |
| Final Abandonment Notice Convert to Injection | Plug Back | Water Disposal | | |
| 3/17/07 Re-test casing to 500 psi for 30 min. Lost 2 3/19/07 Ran MIT to 320 psi for 30 min, held OK. Go test passed. Gerry Guye kept original MIT of 320 psi for 30 min, held OK. | erry Guye with NMOCD | | | |
| | | Accepted for | record | |
| | | NMOC | D //h. | |
| | | APR 2 20 | 007/ | |
| 14. I hereby certify that the foregoing is true and correct | | | | |
| Name <i>(Printed/Typed)</i> Tina Hu e rta | Title Regulat | ory Compliance Sup | ervisor | |
| Tina radia | Tide Togulat | ory compliance cup | OI VIOOI | |
| Signature (Ina) kurte | Date March 2 | 8, 2007 | | |
| THIS SPACE FOI | R FEDERAL OR STATE OF | FICE USE | | |
| Approved by | Title | | Date | |
| Conditions of approval, if any, are attached. Approval of this notice does r | not warrant or | | | |

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willbully to make to any department or agency of the United

States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction



2-26-07 RB, QA NEW MEXICO ENERGY, MINERALS a NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop Cabinet Secretary Completed

3-26-07

Mark E. Fesmire, P.E.

RECEIVED

Director

Oil Conservation Division

FFR 2 6 2007

PRODUCTION DEPARTMENT

16-Feb-07

YATES PETROLEUM CORPORATION

105 S 4TH ST ARTESIA NM 88210LOV NO. 02 1007

LETTER OF VIOLATION and SHUT-IN **DIRECTIVE Failed Mechanical Integrity Test**

Dear Operator:

The following test(s) were performed on the listed dates on the following well(s) shown below in the test detail section.

The test(s) indicates that the well or wells failed to meet mechanical integrity standards of the New Mexico Oil Conservation Division. To comply with guidelines established by the U.S. Environmental Protection Agency, the well(s) must be shut-in immediately until it is successfully repaired. The test detail section which follows indicates preliminary findings and/or probable causes of the failure. This determination is based on a test of your well or facility by an inspector employed by the Oil Conservation Division. Additional testing during the repair operation may be necessary to properly identify the nature of the well failure.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that the well(s) will be retested so the test may be witnessed by a field representative.

MECHANICAL INTEGRITY TEST DETAIL SECTION

COMPROMISE SWD No.001

30-015-25665-00-00

Active Salt Water Disposal Well

H-30-18S-27E Actual PSI:

Test Date: Test Reason:

2/15/2007 5-year Test Permitted Injection PSI: Test Result:

F

Repair Due:

5/21/2007

Test Type:

Std. Annulus Pres. Test

FAIL TYPE: Casing

FAIL CAUSE:

Comments on MIT:

Well will not hold pressure

In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, or if the well(s) are not immediately shut-in, 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,

Servey Dury

Artesia OCD District Office

Note: Pressure Tests are performed prior to initial injection, after repairs and otherwise, every 5 years; Bradenhead Tests are performed annually. Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. "Failure Type" and "Failure Cause" and any Comments are not to be interpreted as a diagnosis of the condition of the wellbore. Additional testing should be conducted by the operator to accurately determine the nature of the actual failure. * Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.