



# New Mexico Energy, Minerals and Natural Resources Department

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**Bill Richardson**

Governor

**Jim Noel**

Cabinet Secretary

**Karen W. Garcia**

Deputy Cabinet Secretary

**Mark Fesmire**

Division Director

Oil Conservation Division



December 15, 2010

30-015-37941

Yates Petroleum Corporation  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

Dear Operator,

During a recent well file review, it has come to our attention that "lease hold" drilling operations have commenced on the Buho BQH St. #2.

This operation is not in compliance with the Condition of Approval (COA) as attached to your approved APD. The COA states: "Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the water zone or zones and shall immediately set in cement the water protection string."

In order to come into compliance with the COA, NMOCD requests that you set a conductor and cement in place, with cement to surface. The conductor may be of an adequate size to allow continued operations, set at a depth of 10 feet. Top of conductor shall be at least 1 foot above ground surface level and be equipped with a locking cap type device to prevent potential ground water contamination.

Failure to satisfy the COA within 60 days of the receipt of this letter will be an acknowledgement of non-compliance, and further enforcement action will occur.

Sincerely,

Randy Dade  
District Supervisor  
NMOCD

Oil Conservation Division  
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