



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

13 May 2003

Yates Petroleum Corp.
105 South 4th Street
Artesia, New Mexico 88210

RE: Rio Penasco KD Com # 3 A-11-19-25 30-015-23801

Dear Sirs:

This well is in violation of Rule 203.B.3. The Temporary Abandonment status for this well has expired and has failed a MIT. The MIT was conducted 1-24-03. A form C-103 dated 2-4-03 had requested the well be brought into compliance on or before 5-5-03. This is your second notice and request to bring the well into compliance.

Rule 201 of the New Mexico Oil Conservation Division provides as follows:

203 TEMPORARY ABANDONMENT

203.A. WELLS WHICH MAY BE TEMPORARILY ABANDONED

(1) The Division may permit any well which is required to be properly abandoned under these rules but which has potential for future beneficial use for enhanced recovery or injection, and any other well for which an operator requests temporary abandonment, to be temporarily abandoned for a period of up to five (5) years. Prior to the expiration of any approved temporary abandonment the operator shall return the well to beneficial use under a plan approved by the Division, permanently plug and abandon said well or apply for a new approval to temporarily abandon the well. [7-12-90...2-1-96]

203.B. REQUEST FOR APPROVAL AND PERMIT

(1) Any operator seeking approval for temporary abandonment shall submit on Form C-103, Sundry Notices and Reports on Wells, a notice of intent to temporarily abandon the well describing the proposed temporary abandonment procedure to be used. No work shall be commenced until approved by the Division and the operator shall give 24 hours notice to the appropriate District office of the Division before work actually begins. [7-12-90...2-1-96]

(2) No temporary abandonment shall be approved unless evidence is furnished to show that the casing of such well is mechanically sound and in such condition as to prevent:

- (a) damage to the producing zone;
- (b) migration of hydrocarbons or water;
- (c) the contamination of fresh water or other natural resources; and
- (d) the leakage of any substance at the surface.

[7-12-90...2-1-96]

(3) If the well fails the mechanical integrity test required herein, the well shall be plugged and abandoned in accordance with these rules or the casing problem corrected and the casing retested within ninety (90) days. [7-12-90...2-1-96]

(4) Upon successful completion of the work on the temporarily abandoned well, the operator will submit a request for Temporary Abandonment to the appropriate district office on Form C-103 together with such other information as is required by Rule 1103 E.(1). [7-12-90...2-1-96]

(5) The Division may require the operator to post with the Division a one-well plugging bond for the well in an amount to be determined by the Division to be satisfactory to meet the particular requirements of the well. [7-12-90...2-1-96]

(6) The Division shall specify the expiration date of the permit, which shall be not more than five (5) years from the date of approval. [7-12-90...2-1-96]

In the event that a satisfactory response is not received to this letter of direction by 13 June, 2003, 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,



Van Barton
Field Rep. II