



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

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Director

Oil Conservation Division

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

16-Feb-06

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

RICHARD KNOB AEX STATE No.001

G-34-17S-24E

30-015-25848-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/16/2006	Routine/Periodic	Chris Beadle	Yes	No	2/16/2006	iCLB0604738528
Violations						
Surface Damage/Restoration						
Surface Leaks/Spills						

Comments on Inspection: Tank battery on south side of location has had multiple releases from the tanks. Soils in and around the tank battery have been impacted.

A complete site delineation and remediation is required. Submit remediation work plan based on results of site ranking and delineation. All soil remediation activities that occur on location must comply with the soil remediation guidelines in OCD publication "Guidelines For Remediation of Leaks, Spills, and Releases". This document may be found on the OCD web site: www.emnrd.state.nm.us/ocd, under Publications> Environmental Handbook> Miscellaneous Guidelines> Remediation of Leaks, Spills and Releases.

Notify NMOCD District 2 Office 48 hours prior to any remediation work or prior to taking samples where results of the samples may be submitted to the OCD. Site remediation must be completed prior to March 16, 2006.

An old pit north of this well is open. Provide NMOCD District 2 Office with information on the nature and purpose of this pit prior to March 16, 2006.

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. 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.