

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

Field Inspection Program
"Preserving the Integrity of Our Environment"

06-Mar-02

YATES PETROLEUM CORPORATION
105 S 4TH ST
ARTESIA, NM 88210-

Dear Operator:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicates that the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. 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 below 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.

Please notify the proper district office of the Division 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

TRAILBLAZER ANL STATE 002

H-11-8S-27E

30-005-62978-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|-----------------|------------|------------|------------------------------|---------------------------|----------------|
| 03/04/2002 | MIT Witnessed - | Gerry Guye | Yes | No | 3/15/2002 | iGEG020182831 |

Comments on Inspection: Idle Well - Violation of NMOCD Rule 201. Well must be reclassified using Form C-103

QUINCY AMQ STATE 009

G-12-8S-27E

30-005-63052-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|-----------------|------------|------------|------------------------------|---------------------------|----------------|
| 03/04/2002 | MIT Witnessed - | Gerry Guye | Yes | No | 3/15/2002 | iGEG020182832 |

Comments on Inspection: Well is pumping @ 700 psi and maximum allowable injection pressure is 437. Violation of NMOCD Rule 704.

Oil Conservation Division * 1301 W. Grand Ave. * Artesia, New Mexico 88210
Phone: 505-748-1283 * Fax: 505-748-9720 * <http://www.emnrd.state.nm.us>