



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

*File
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8 April, 2002

Via Certified Mail

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

RE: NOTICE OF VIOLATION: NMOCD Rule 201
Yates Petroleum Corp.
State 25 Com. # 2 I-25-10-26 API# 30-005-63388

Dear Sirs:

This letter shall serve as a Notice of Violation of the rules of the New Mexico Oil Conservation Division.

You were notified of this matter by a phone call to Ms. Susan Herpin on 1-28-2002 and by a letter dated 2-14-2002. This certified letter is being sent in part because all of the foregoing directives have brought no response.

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

201 WELLS TO BE PROPERLY ABANDONED

201.A. The operator of any well drilled for oil, gas or injection; for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof. [7-12-90...2-1-96]

201.B. A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after:

- (1) A sixty (60) day period following suspension of drilling operations, or
- (2) A determination that a well is no longer usable for beneficial purposes, or
- (3) A period of one (1) year in which a well has been continuously inactive.

Your above referenced well has remained inactive for a considerably longer time than allowed under this Rule. Your failure to respond to OCD directives and failure to bring this well into compliance is a serious violation of the Rules and merits a severe sanction, up to and including abandonment and plugging.

In the event that a satisfactory response is not received to this letter of direction by 15 May, 2002, 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.

Respectfully yours,

Tim Gum, District Supervisor, District II
cc: OCD Legal