

RECEIVED

AUG - 5 2008

PIA'd. OK TO RELEASE.  
MSB 8/6/2008

Submit 2 Copies To Appropriate District Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources  
**HOBBS OCD**  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103  
October 25, 2007

|  |  |   |
|--|--|---|
| SUNDRY NOTICES AND REPORTS ON WELLS<br>(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)     |  | WELL API NO.<br><b>30-025-31210</b>   |
| 1. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other PA  |  | 5. Indicate Type of Lease<br>STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator<br><b>Yates Petroleum Corporation</b>  |  | 6. State Oil & Gas Lease No.<br><b>V-3306</b>   |
| 3. Address of Operator<br><b>105 S. 4th Street, Artesia, NM 88210</b>  |  | 7. Lease Name or Unit Agreement Name<br><b>Cerca AIX State</b>                                      |
| 4. Well Location<br>Unit Letter <b>M</b> <b>660</b> feet from the <b>S</b> line and <b>810</b> feet from the <b>W</b> line<br>Section <b>4</b> Township <b>14S</b> Range <b>34E</b> NMPM County <b>Lea</b> |  | 8. Well Number <b>41</b>  |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.)   |  | 9. OGRID Number<br><b>025575</b>  |
|  |  | 10. Pool name or Wildcat<br><b>Saunders Permo Penn E</b>  |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER. ☐

☒ Location is ready for OCD inspection after P&A

- ☒ All pits have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan.  
☒ Rat hole and cellar have been filled and leveled. Cathodic protection holes have been properly abandoned.  
☒ A steel marker at least 4" in diameter and at least 4' above ground level has been set in concrete. It shows the

**OPERATOR NAME, LEASE NAME, WELL NUMBER, API NUMBER, QUARTER/QUARTER LOCATION OR UNIT LETTER, SECTION, TOWNSHIP, AND RANGE. ALL INFORMATION HAS BEEN WELDED OR PERMANENTLY STAMPED ON THE MARKER'S SURFACE.**

- ☒ The location has been leveled as nearly as possible to original ground contour and has been cleared of all junk, trash, flow lines and other production equipment.  
☒ Anchors: dead men, tie downs and risers have been cut off at least two feet below ground level.  
☒ If this is a one-well lease or last remaining well on lease, the battery and pit location(s) have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan. All flow lines, production equipment and junk have been removed from lease and well location.  
☒ All metal bolts and other materials have been removed. Portable bases have been removed. (Poured onsite concrete bases do not have to be removed.)  
☒ All other environmental concerns have been addressed as per OCD rules.  
☒ Pipelines and flow lines have been abandoned in accordance with 19.15.9.714.B(4)(b) NMAC. All fluids have been removed from non-retrieved flow lines and pipelines.

When all work has been completed, return this form to the appropriate District office to schedule an inspection. If more than one inspection has to be made to a P&A location because it does not meet the criteria above, a penalty may be assessed.

SIGNATURE Noel Gomez TITLE Production Foreman DATE 8-4-2008  
TYPE OR PRINT NAME Noel Gomez E-MAIL Mailey, Shawn PHONE 575-748-1471  
For State Use Only

APPROVED BY:

TITLE:

DATE:

COMPLIANCE OFFICER

8/6/2008



NEW MEXICO ENERGY, MINERALS  
NATURAL RESOURCES DEPARTMENT

Ron B. - pd  
Noel G. - pd  
6-30-08

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

**\*Response Required – Deadline Enclosed\***

*Field Inspection Program*

*"Preserving the Integrity of Our Environment"*

26-Jun-08

*Completed 8-4-08*

**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***

**CERCA AIX STATE No.001**

M-4-14S-34E

**30-025-31210-00-00**

| Inspection Date  | Type Inspection             | Inspector     | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|-----------------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 06/26/2008   | Plugged Well Surface Restor | Mark Whitaker | Yes        | No                           | 9/29/2008                 | iMAW0817836102 |
| <b>Comments on Inspection:</b> DO NOT RELEASE. Conduit north and west of marker. Piping, wire, conduit, and oil stained soil inside battery berm. Valve east of marker. Location not contoured. 1st letter of non-compliance. MW |                             |               |            |                              |                           |                |