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MSB 8/19/2008Submit 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  
87505State of New Mexico  
Energy, Minerals and Natural Resources

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103

October 25, 2007

HOBBS OIL

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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. / 30-025-01817
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 STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation		6. State Oil & Gas Lease No. VA-1948
3. Address of Operator 105 S. 4 <sup>th</sup> Street, Artesia, NM 88210		7. Lease Name or Unit Agreement Name Royal BAC State Com
4. Well Location Unit Letter I: 1980 feet from the South line and 660 feet from the East line Section 24 Township 10S Range 34E NMPM Lea County		8. Well Number #1
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 025575
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data		10. Pool name or Wildcat Wildcat Mississippi

## 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 8-14-2008  
 TYPE OR PRINT NAME Noel Gomez E-MAIL Mateo, Shawn PHONE: \_\_\_\_\_  
 For State Use Only

APPROVED BY:

TITLE

COMPLIANCE OFFICER

DATE

8/19/2008



NEW MEXICO ENERGY, MINERALS and  
NATURAL RESOURCES DEPARTMENT

**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"*

06-Jun-08

*Completed 8-14-08*

**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***

**ROYAL BAC STATE COM No.001**

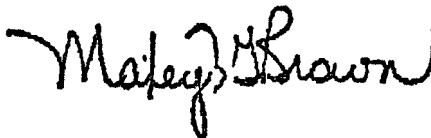
I-24-10S-34E

**30-025-01817-00-00**

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/04/2008	Plugged Well Surface Restor	Maxey Brown	Yes	No	9/7/2008	iMGB0815635767
<b>Comments on Inspection:</b> DO NOT RELEASE. RULE 202. NEED TO REMOVE ALL 4 DEADMAN (ANCHORS) AND YELLOW PLASTIC MARKERS. ALSO 3 JTS OF JUNK LINE PIPE AND FENCE POSTS AT NORTHEAST ANCHOR. NEED TO REMOVE CELLAR BOARDS ABOVE GRADE AND ROLL OF BARBED WIRE FROM CELLAR. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

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,



**COMPLIANCE OFFICER**

Hobbs 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.