

Submit 3 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

**RECEIVED**

DEC 16 2008

**HOBBSOCD**

State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103  
June 19, 2008

<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. 30-025-25686 ✓
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> <b>SWD</b>		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. L-3021
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210		7. Lease Name or Unit Agreement Name State 3 SWD ✓
4. Well Location Unit Letter <u>G</u> : <u>2310</u> feet from the <u>North</u> line and <u>1980</u> feet from the <u>East</u> ✓ line Section <u>3</u> Township <u>9S</u> Range <u>32E</u> NMPM Lea County		8. Well Number 1 ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4406' GR		9. OGRID Number 025575 ✓
		10. Pool name or Wildcat SWD; Mississippian Devonian ✓

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 ☐  
DOWNHOLE COMMINGLE ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

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

OTHER: Mechanical Integrity Test ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

11/13/08 Tested anchors. Moved in & rigged up. Tested annulus. SICP 600#. Flowed well down. Pressured up to 500 #. Pressure increased to 600 psi. Flow well down. Nipped up BOP. Released pkr & tubing.

11/06/08 Set RBP @ 10,009'. Tested to 1500 psi - held good.

11/19/08 Spotted 25 sx 13# Class "C" cement @ 7654'.

11/23/08 Tagged cement @ 7568'. Drilled cement & circulated clean.

11/24/08 Released RBP.

11/25/08 Set nickel plated pkr & 2-3/8" IPC tbg @ 10,584'. Nipped down BOP. Nipped up wellhead.

12/04/08 Tested to 350 psi for 30 min. Held good. Notified Sylvia Dickey w/Hobbs OCD on 12/01/08. No witness present. Original MIT chart attached.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

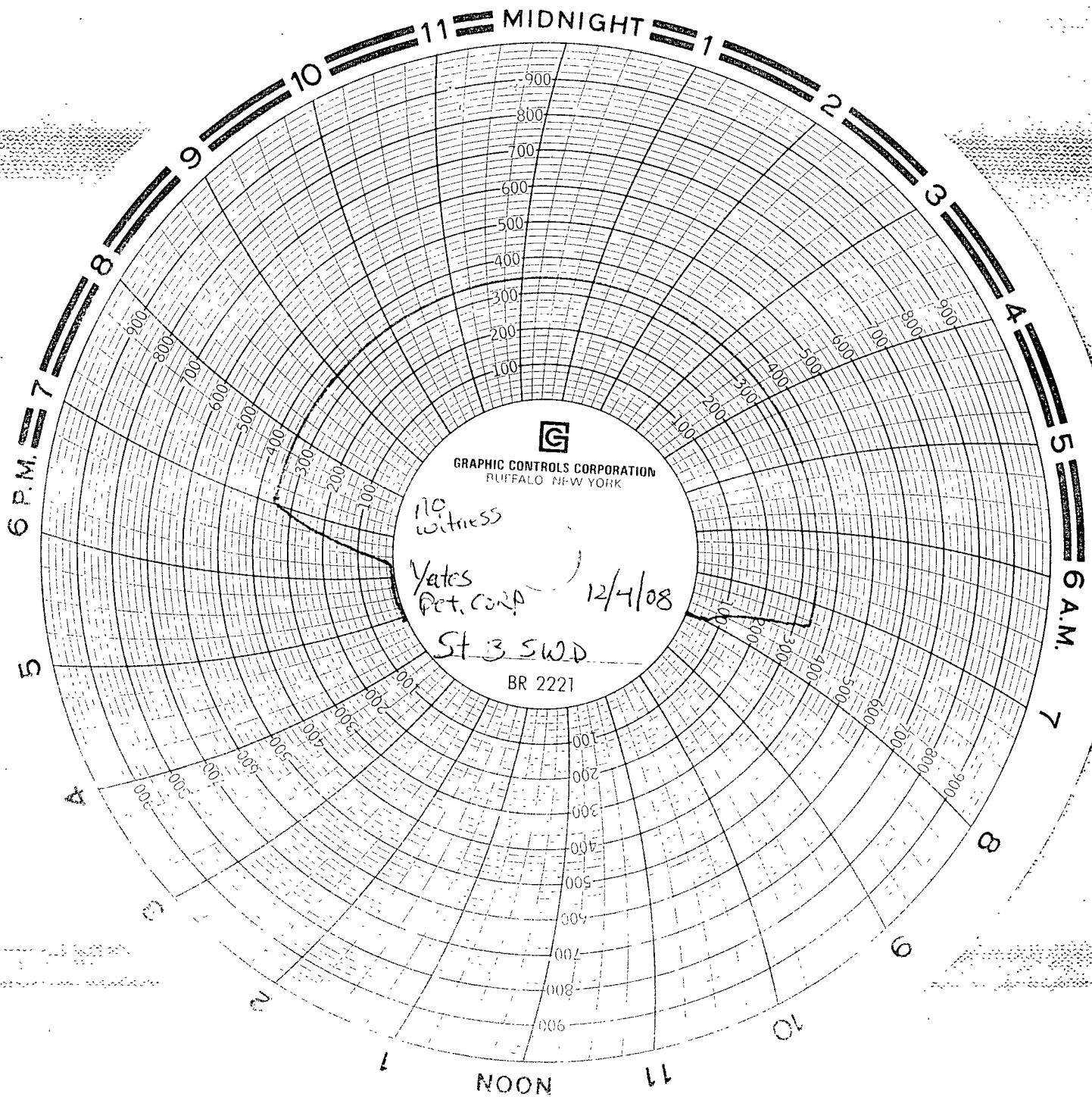
SIGNATURE Allison Barton TITLE Regulatory Compliance Technician DATE 12/11/08

Type or print name Allison Barton E-mail address: abarton@yatespetroleum.com PHONE: (575) 748-4385

For State Use Only

APPROVED BY: Tammy W. Sted TITLE OC DISTRICT SUPERVISOR/GENERAL MANAGER DATE DEC 18 2008

Conditions of Approval (if any):



**G**  
GRAPHIC CONTROLS CORPORATION  
BUFFALO, N.Y. 14203

110 witness

Yates  
Pet. Corp.

12/4/08

St 3 SWD

BR 2221



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

NOEL

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

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

Director

**Oil Conservation Division**

## *Underground Injection Control Program*

*"Protecting Our Underground Sources of Drinking Water"*

29-Oct-08

**OCT 29 2008**

**YATES PETROLEUM CORPORATION**

105 S 4TH ST

ARTESIA NM 88210-

**PRODUCTION DEPARTMENT**

**RECEIVED**

### **LETTER OF VIOLATION and SHUT-IN DIRECTIVE** **Failed Mechanical Integrity Test**

*Completed  
12-4-08*

Dear Operator:

The following test(s) were performed on the listed dates on the following well(s) shown below in the test detail section.

The test(s) indicates that the well or wells failed to meet mechanical integrity standards of the New Mexico Oil Conservation Division. To comply with guidelines established by the U.S. Environmental Protection Agency, the well(s) must be shut-in immediately until it is successfully repaired. The test detail section which follows indicates preliminary findings and/or probable causes of the failure. This determination is based on a test of your well or facility by an inspector employed by the Oil Conservation Division. Additional testing during the repair operation may be necessary to properly identify the nature of the well failure.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that the well(s) will be retested so the test may be witnessed by a field representative.

### **MECHANICAL INTEGRITY TEST DETAIL SECTION**

**STATE 3 SWD No.001** - *NOEL done 12-4-08* **Active Salt Water Disposal Well** **30-025-25686-00-00**  
G-3-9S-32E

<b>Test Date:</b>	10/23/2008	<b>Permitted Injection PSI:</b>	<b>Actual PSI:</b>
<b>Test Reason:</b>	Annual IMIT	<b>Test Result:</b>	<b>Repair Due:</b> 2/1/2009
<b>Test Type:</b>	Bradenhead Test	<b>FAIL TYPE:</b> Other Internal Failure	<b>FAIL CAUSE:</b>
<b>Comments on MIT:</b> CASING WOULD NOT BLEED DOWN; 1600# ON 10/29/2008; 2000# ON 10/23/2008			

**SHOOTING STAR SWD No.001** - *NOEL done 11-20-08* **Active Salt Water Disposal Well** **30-025-29805-00-00**  
J-11-18S-35E

<b>Test Date:</b>	10/23/2008	<b>Permitted Injection PSI:</b>	<b>Actual PSI:</b>
<b>Test Reason:</b>	Annual IMIT	<b>Test Result:</b>	<b>Repair Due:</b> 1/26/2009
<b>Test Type:</b>	Std. Annulus Pres. Test	<b>FAIL TYPE:</b> Other Internal Failure	<b>FAIL CAUSE:</b>
<b>Comments on MIT:</b> WELL WOULD NOT PRESSURE UP; CASING IS ON VACUUM			

In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, or if the well(s) are not immediately shut-in, 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,



Hobbs OCD District Office

**COMPLIANCE OFFICER**

Note: Pressure Tests are performed prior to initial injection, after repairs and otherwise, every 5 years; Bradenhead Tests are performed annually. Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. "Failure Type" and "Failure Cause" and any Comments are not to be interpreted as a diagnosis of the condition of the wellbore. Additional testing should be conducted by the operator to accurately determine the nature of the actual failure. \* Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.