NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

Field Inspection Program "Preserving the Integrity of Our Environment"

SECOND NOTICE

18-Jul-01

YALE E KEY, INC PO BOX 10627 MIDLAND, TX 79702-

Dear Sirs:

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 guidelines as established in the Division Rules and Regulations, corrective actions 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 and arrangements made so the well and/or facilities may be reinspected.

INSPECTION DETAIL SECTION

STATE RA 001

K-31-18S-36E

30-025-03979-00-00

*Significant Corrective Inspection Inspection No. Action Due By: Non-Compliance? Violation? **Type Inspection** Inspector Date 8/6/2001 iJDR0119358808 No Johnny Robinson Yes 07/12/2001 Compliance

Comments on Inspection:

Checked status of well failing MIT 2/21/2001. Well is still SI. No repairs have been made.

Compliance due 5/21/2001

This is our second notice. Failure to bring the well in compliance by 8/6/2001 will result in a show cause hearing as to why the well should not be plugged and abandoned.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infra-structure of the oil and gas industry.

Sincerely,

Chis Williams/GW