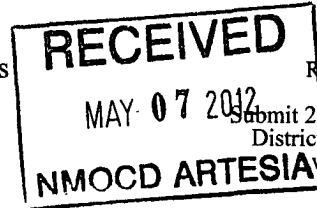


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. 1st Street, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



Form C-141
Revised October 10, 2003

Release Notification and Corrective Action

NMB 1208755888

OPERATOR

Initial Report Final Report

Name of Company Yates Petroleum Corporation	OGRID Number 25575	Contact Amber Cannon
Address 105 S. 4 TH Street		Telephone No. 575-748-1471
Facility Name Compromise SWD #1	API Number 30-015-25665	Facility Type Battery

Surface Owner Federal	Mineral Owner Federal	Lease No. NM-65392
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LOCATION OF RELEASE

Unit Letter H	Section 30	Township 18S	Range 27E	Feet from the 1980	North/South Line North	Feet from the 800	East/West Line East	County Eddy
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Latitude 32.72051 Longitude 104.31146

NATURE OF RELEASE

Type of Release Produced water	Volume of Release 10 B/PW	Volume Recovered 8 B/PW
Source of Release Valve	Date and Hour of Occurrence 3/16/2012; AM	Date and Hour of Discovery 3/16/2012; AM
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? N/A	
By Whom? N/A	Date and Hour N/A	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. N/A	
If a Watercourse was Impacted, Describe Fully.* N/A		

Describe Cause of Problem and Remedial Action Taken.*
A 3" check valve failed causing a discharge of produced water.

Describe Area Affected and Cleanup Action Taken.*
An approximate area of 15' X 30'. Impacted soils will be excavated and disposed of at an NMOCD approved facility. Vertical and horizontal delineation samples will be taken and analysis ran for TPH & BTEX (chlorides for documentation). If initial analytical results for TPH & BTEX are under RRAL's (site ranking is 20) a Final Report, C-141 will be submitted to the OCD requesting closure. If the analytical results are above the RRAL a work plan will be submitted to the OCD. **Depth to Ground Water: <50' (35'), Wellhead Protection Area: No, Distance to Surface Water Body: > 1000', SITE RANKING IS 20. Based on amounts released and lost, elevated salts in background sample taken off of location, and the low porosity clay layer that overlays groundwater, Yates Petroleum Corporation requests closure.**

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>Amber Cannon</i>	OIL CONSERVATION DIVISION	
Printed Name: Amber Cannon	Signed By <i>Mike Deaton</i> Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date: MAY 08 2012	Expiration Date: <i>N/A</i>
E-mail Address: <i>acannon@yatespetroleum.com</i>	Conditions of Approval: <i>N/A</i>	Attached <input type="checkbox"/>
Date: Monday, May 07, 2012 Phone: 575-748-4111	<i>Final</i> 2RP- 1078	

* Attach Additional Sheets If Necessary