



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 18, 2008

Yates Petroleum Corporation
Attn: Mr. Mike Stubblefield
105 S 4th Street
Artesia, NM 88210

RE: Final Report C-141 Submitted March 27, 2008
Corral Draw AQH Federal 1 L-13-24S-29E Eddy County, New Mexico
2RP-131

Operator;

The New Mexico Oil Conservation Division District 2 office (OCD) is in receipt of a Final Report C-141 (report requesting closure to the incident for a produced water release that occurred February 10, 2008.

Soil analytical data of a March 11, 2008 sample date indicates TPH levels at surface and at three feet below ground surface are <10.0 mg/kg. Additionally the soil analytical data indicates chloride levels at surface are 25,200 mg/kg and three feet below ground surface are 16,000 mg/kg. Soil analytical data of a March 19, 2008 sample date indicates chloride levels at four feet below ground surface are 128 mg/kg.

The report states "The Chlorides were delineated from 25,000 ppm at the surface to 128 ppm at the 4' depth...Yates Petroleum Corp. requesting closure for the release that occurred on 2/10/08."

OCD cannot approve leaving in place the soil with chloride levels reported at 16,000 to 25,200 mg/kg ranges. Therefore the submitted Final Report C-141 requesting closure to the incident is denied. An alternate plan to address the soils with elevated levels of chloride contamination must be presented to OCD on or before **May 5, 2008**.

Thank you for your attention to this matter. If I can be of assistance or should you have any questions/concerns, please don't hesitate to contact me.

Respectfully,

A handwritten signature in black ink, appearing to read "Sherry Bonham".

Sherry Bonham
NMOCD District 2
1301 W Grand Avenue
575.748.1283 Ext. 109
sherry.bonham@state.nm.us



District I
1625 N French Dr Hobbs, NM 88240
District II
1301 W Grand Avenue, 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



Form C-141
Revised October 10 2003

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

MAY 27 2008
OCD-ARTESIA
Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR Initial Report Final Report

Name of Company Yates Petroleum Corporation	Contact Mike Stubblefield
Address 105 South 4 th Street, Artesia, N.M. 88210	Telephone No. 505-7484500 505-513-1712
Facility Name Corral Draw AQH Federal #1 30-015-29396	Facility Type Tank Battery

Surface Owner Federal	Mineral Owner	Lease No.
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
L	13	24s	29e	2310'	FSL	330'	FWL	Eddy

Latitude 32.21642 Longitude 103.44524

NATURE OF RELEASE

Type of Release Produced Water	Volume of Release 25 bbls Produced Water	Volume Recovered 15 bbls PW
Source of Release Water transfer pump	Date and Hour of Occurrence 2/10/2008 pm	Date and Hour of Discovery 2/11/2008 am.
Was Immediate Notice Given? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required <input type="checkbox"/>	If YES, To Whom? Called OCD after hour's answering service.	
By Whom? Jerry Fanning	Date and Hour 2/11/2008 5:20pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse	
If a Watercourse was Impacted. Describe Fully *		

Describe Cause of Problem and Remedial Action Taken *
Mechanical seal wore out on the water transfer pump, causing leak on pump. The seal was replaced on the transfer pump.

Describe Area Affected and Cleanup Action Taken.*
The impacted area was the bermed area of the tank battery. The west section of the berm is lined with a 20 mil. Liner The east section of the berm is not lined. Soil samples were taken from the unlined section of the berm on 3/11/08 & 3/19/08. See attached analytical results The TPH and the B-TEX were reported by analytical results to be under the RRAL for the site. The Chlorides were delineated from 25,000 ppm at the surface to 128 ppm at the 4' depth. The nearest ground water as listed by the NMOSE water data base is located in sec.19-24s-30e. Depth to groundwater in sec. 19-24s-30e is 150' BGS.
Yates Petroleum Corp requesting closure for the release that occurred on 2/10/2008.
Depth to ground water > 100'. Wellhead protection area > 1000'. Distance to surface water body > 1000' Site ranking 0

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>ma Stubblefield</i>	OIL CONSERVATION DIVISION	
Printed Name. Mike Stubblefield	Approved by District Supervisor DENIED	
Title: Environmental Regulatory Agent	Approval Date:	Expiration Date:
L-mail Address: mikes@ypcnm.com	Conditions of Approval	
Date: 3/26/2008 Phone: 505-748-4500	Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary



ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
YATES PETROLEUM CORPORATION
ATTN: MIKE STUBBLEFIELD
105 SOUTH 4TH STREET
ARTESIA, NM 88210
FAX TO: (575) 748-4335

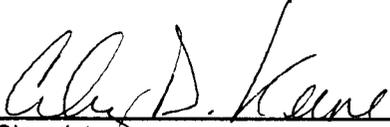
Receiving Date: 03/12/08
Reporting Date: 03/13/08
Project Number: NOT GIVEN
Project Name: CORRAL DRAW AQH FEDERAL #1
Project Location: UT. L-13-24S-29E

Sampling Date: 03/11/08
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: ML
Analyzed By: CK/AB/KS

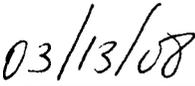
LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	CI* (mg/kg)
ANALYSIS DATE		03/12/08	03/12/08	03/12/08
H14432-1	1. UNLINED AREA OF BERM SURFACE.	<10.0	<10.0	25,200
H14432-2	2. UNLINED AREA OF BERM 3' DEPTH	<10.0	<10.0	16,000
Quality Control		554	550	500
True Value QC		500	500	500
% Recovery		111	110	100
Relative Percent Difference		13.7	7.2	2.0

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; CI: Std. Methods 4500-CI'B

*Analyses performed on 1:4 w:v aqueous extracts.



Chemist



Date

H14432A YATES



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
YATES PETROLEUM CORPORATION
ATTN: MIKE STUBBLEFIELD
105 SOUTH 4TH STREET
ARTESIA, NM 88210
FAX TO: (575) 748-4335

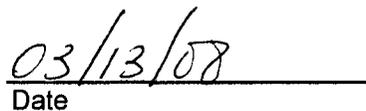
Receiving Date: 03/12/08
Reporting Date: 03/13/08
Project Number: NOT GIVEN
Project Name: CORRAL DRAW AQH FEDERAL #1
Project Location: UT. L-13-24S-29E

Sampling Date: 03/11/08
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: ML
Analyzed By: AB

LAB NUMBER	SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
	ANALYSIS DATE	03/12/08	03/12/08	03/12/08	03/12/08
H14432-1	1. UNLINED AREA OF BERM SURFACE.	<0.001	<0.001	<0.001	<0.003
H14432-2	2. UNLINED AREA OF BERM 3' DEPTH	<0.001	<0.001	<0.001	<0.003
	Quality Control	0.097	0.090	0.085	0.270
	True Value QC	0.100	0.100	0.100	0.300
	% Recovery	97.4	90.0	84.7	90.1
	Relative Percent Difference	0.3	0.9	1.3	1.4

METHOD: EPA SW-846 8021B


Cherly S. Keene
Chemist


03/13/08
Date

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. **Cardinal Laboratories** shall be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



CARDINAL LABORATORIES, INC.

2111 Beechnood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240
 (325) 673-7001 Fax (325) 673-7020 (505) 393-2326 Fax (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page ____ of ____

Company Name: Yates Petroleum Corporation		BILL TO		ANALYSIS REQUEST	
Project Manager: Mike Stubblefield		P.O. #:			
Address: 105 South 4th Street		Company: Yates Petco Corp.			
City: Artesia State: N.M. Zip: 88210		Attn: Mike Stubblefield			
Phone #: 505-513-1912 Fax #: 505-748-4335		Address: 105 South 4th Street			
Project #: Project Owner: Mike Stubblefield		City: Artesia			
Project Name: Corral Draw AQH Fcd. #1 Tanks battery		State: N.M. Zip: 88210			
Project Location: Sec. 13-24s-29e		Phone #: 505-748-4500			
Sampler Name: Mike Stubblefield		Fax #: 505-748-4635			

FOR LAB USE ONLY	Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP. # CONTAINERS	MATRIX						PRESERV.		SAMPLING		Chlorides
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE	ICE / COOL	OTHER:	DATE	
	H14491-1	BULB 2 Impacted area in the unlined section of berm 4' depth	G			✓						3/17/08	9:30AM	✓
		2) BULB 2 Impacted area in the unlined section of berm 6' depth	G			✓						3/19/08	9:45AM	✓
		3) BULB 2 Impacted area in the unlined section of berm 8' depth	G			✓						3/19/08	10:00AM	✓
		4) BULB 2 Impacted area in the unlined section of berm 10' depth	G			✓						3/19/08	10:30AM	✓

PLEASE NOTE: Liability and Damages: Cardinal's liability and term's exclusion remedy for any claims arising whether based in contract or tort, shall be limited to the amount paid by the client for the analysis. All claims including those for negligence and any other claim whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable analysis. In no event shall Cardinal be liable for indirect or consequential damages including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of a service by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Terms and Conditions: Interest will be charged on all payments more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collection, including attorney's fees.

Sampler Relinquished By: <u>Mike Stubblefield</u>	Date: <u>3/19/08</u> Time: <u>5:45 PM</u>	Received By:	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No
Relinquished By: <u>Mike Stubblefield</u>	Date: <u>3/19/08</u> Time: <u>5:45 PM</u>	Received By: (Lab Staff) <u>Neil Tullis</u> <u>3/21/08</u>	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No
Delivered By: (Circle One)	Sample Condition	Temp. °C	Intact?
Sampler - UPS - (Bus) - Other:	<input checked="" type="checkbox"/> Yes		Checked By: (Initials) <u>NT</u>
REMARKS:			

† Cardinal cannot accept verbal changes, please fax written changes to (325) 673-7020.



Ut.L 13-24s-29e

Corral Draw AQH Federal #1

**Soil samples taken on 3/11/08
and 3/19/08.**

