

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (575) 748-1471

S.P. YATES  
CHAIRMAN EMERITUS  
JOHN A. YATES  
CHAIRMAN OF THE BOARD  
FRANK YATES, JR.  
PRESIDENT  
PEYTON YATES  
DIRECTOR  
JOHN A. YATES, JR.  
DIRECTOR

September 24, 2008

SEP 26 2008  
OCD-ARTESIA

Mr. Mike Bratcher  
NMOCD District II  
1301 West Grand  
Artesia, NM 88210

Re: Smith Federal Gas Com. #2  
2RP-173  
30-015-26834  
Section 12, T22S-R23E  
Eddy County, New Mexico

Dear Mr. Bratcher,

Enclosed please find a Form C-141, Final Report for the above captioned site regarding the release on May 5, 2008 (30 PW with 25 B/PW recovered). Per the July 11, 2008 Work Plan submitted to your office, soils were excavated and taken to an OCD approved facility. Samples were taken and sent to an OCD approved laboratory (see enclosed analytical report and sample diagram). Site ranking is zero (0), with the depth to ground water >100' (approximately 200'). RRAL's based on the site ranking of 0, BTEX (ppm) @ 50 and TPH (ppm) @ 5000, sample results are within these limits. Yates Petroleum Corporation requests closure based on the amounts of recovered produced water, corrective actions taken and analytical results. Upon approval of the C-141, the excavation will be backfilled with clean, native soils.

If you have any questions, please call me at 505-748-4217.

Thank you.

YATES PETROLEUM CORPORATION

Robert Asher  
Environmental Regulatory Agent

/rca  
Enclosure(s)

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

SEP 26 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	OGRID Number 25575	Contact Robert Asher
Address 104 S. 4 <sup>TH</sup> Street, Artesia, NM 88210	Telephone No. 505-748-4217	
Facility Name Smith Federal Gas Com. #2	API Number 30-015-26834	Facility Type Battery
		Order Number 2RP-173
Surface Owner Federal	Mineral Owner Federal	Lease No. NM-0251099A

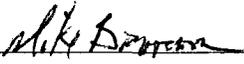
**LOCATION OF RELEASE**

Unit Letter E	Section 12	Township 22S	Range 23E	Feet from the 2049	North/South Line North	Feet from the 480	East/West Line West	County Eddy
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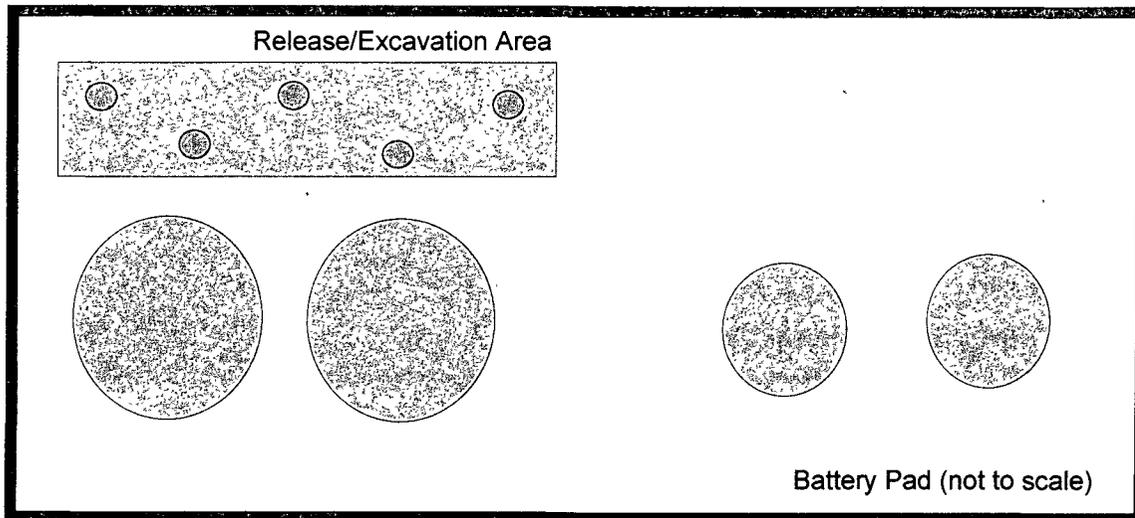
Latitude 32.40688 Longitude 104.56044

**NATURE OF RELEASE**

Type of Release Produced Water & Iron Sludge	Volume of Release 30 B/PW	Volume Recovered 25 B/PW
Source of Release Water Leg	Date and Hour of Occurrence 5/5/2008 - AM	Date and Hour of Discovery 5/5/2008 - PM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher/NMOCD, District II	
By Whom? Jerry Fanning/YPC Environmental	Date and Hour 5/6/2008 - AM (Voicemail & E-mail)	
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.* Water leg collapsed from high winds and H2S weakened steel anchors. Vacuum truck called.		
Describe Area Affected and Cleanup Action Taken.* Area approximately 10' X 40' all contained inside berm, vacuum truck picked up remaining produced water, vertical and horizontal delineation will be made and corrective action taken. If delineation results are within RRAL's for the site ranking, a Final Report, C-141 will be submitted. <b>Depth to Ground Water: &gt;100' (approx. 200'), Wellhead Protection Area: No, Distance to Surface Water Body: &gt;1000', SITE RANKING IS 0. Based on site ranking, corrective actions taken and enclosed analytical results, Yates Petroleum Corporation requests closure.</b>		
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: 	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Robert Asher	Approved by District Supervisor: <b>TIM GUM</b> by <b>MB</b> 	
Title: Environmental Regulatory Agent	Approval Date: <u>9/26/08</u>	Expiration Date: <u>N/A</u>
E-mail Address: boba@ypcnm.com	Conditions of Approval: <u>N/A</u>	Attached <input type="checkbox"/> <u>2RP 173</u>
Date September 24, 2008	Phone: 505-748-4217	

\* Attach Additional Sheets If Necessary



Sample ID	Sample Date	Depth	BTEX	GRO	DRO	TPH TOTAL	Chlorides
GS/Comp-001	6/23/2008	1'	<0.04	<1.0	<50.0	<51.0	650
GS/Comp-002	6/23/2008	2'	<0.0538	1.08	<50.0	<51.08	1100
GS/Comp-001	7/10/2008	3'					170

Site Ranking is Zero (0). Depth to Ground Water: >100' (approx. 200'). Results are ppm.



Smith Federal Gas Com. #2

Section 12 T22S-R23E

Eddy County, NM

EXHIBIT  
Sample Diagram (Not to Scale)

Prepared by Robert Asher  
Environmental Regulatory Agent  
September 24, 2008

## Summary Report

Robert Asher  
Yates Petroleum Corp.  
105 South 4th South  
Artesia, NM, 88210

Report Date: June 26, 2008

Work Order: 8062410



Project Location: Eddy County, NM  
Project Name: Smith Federal Gas Com. #2  
Project Number: 30-015-26834

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
164455	GS/Comp-001	soil	2008-06-23	09:54	2008-06-24
164456	GS/Comp-002	soil	2008-06-23	10:11	2008-06-24

Sample - Field Code	BTEX				TPH DRO	TPH GRO
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
164455 - GS/Comp-001	<0.0100	<0.0100	<0.0100	<0.0100	<50.0	<1.00
164456 - GS/Comp-002	<0.0100	<0.0100	<b>0.0113</b>	<b>0.0225</b>	<50.0	<b>1.08</b>

**Sample: 164455 - GS/Comp-001**

Param	Flag	Result	Units	RL
Chloride		<b>650</b>	mg/Kg	2.00

**Sample: 164456 - GS/Comp-002**

Param	Flag	Result	Units	RL
Chloride		<b>1100</b>	mg/Kg	2.00

# TRACE ANALYSIS, INC.

2007-2008 Annual Report  
210 East South Street, Suite 100  
P.O. Box 10000, Artesia, NM 88210  
Phone: (505) 833-2100  
Fax: (505) 833-2101  
www.traceanalysis.com

## Analytical and Quality Control Report

Robert Asher  
Yates Petroleum Corp.  
105 South 4th South  
Artesia, NM, 88210

Report Date: June 26, 2008

Work Order: 8062410



Project Location: Eddy County, NM  
Project Name: Smith Federal Gas Com. #2  
Project Number: 30-015-26834

Enclosed are the Analytical Report and Quality Control Report for the following sample(s) submitted to TraceAnalysis, Inc.

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
164455	GS/Comp-001	soil	2008-06-23	09:54	2008-06-24
164456	GS/Comp-002	soil	2008-06-23	10:11	2008-06-24

These results represent only the samples received in the laboratory. The Quality Control Report is generated on a batch basis. All information contained in this report is for the analytical batch(es) in which your sample(s) were analyzed.

This report consists of a total of 13 pages and shall not be reproduced except in its entirety, without written approval of TraceAnalysis, Inc

Dr. Blair Leftwich, Director

Certifications

Lubbock - NELAP T104704219-08-TX  
El Paso - NELAP T104704221-08-TX

**Standard Flags**

**B** - The sample contains less than ten times the concentration found in the method blank.

## Case Narrative

Samples for project Smith Federal Gas Com. #2 were received by TraceAnalysis, Inc. on 2008-06-24 and assigned to work order 8062410. Samples for work order 8062410 were received intact at a temperature of 2.5 deg C.

Samples were analyzed for the following tests using their respective methods.

Test	Method
BTEX	S 8021B
Chloride (Titration)	SM 4500-Cl B
TPH DRO	Mod. 8015B
TPH GRO	S 8015B

Results for these samples are reported on a wet weight basis unless data package indicates otherwise.

A matrix spike (MS) and matrix spike duplicate (MSD) sample is chosen at random from each preparation batch. The MS and MSD will indicate if a site specific matrix problem is occurring, however, it may not pertain to the samples for work order 8062410 since the sample was chosen at random. Therefore, the validity of the analytical data reported has been determined by the laboratory control sample (LCS) and the method blank (MB). These quality control measures are performed with each preparation batch to ensure data integrity.

All other exceptions associated with this report have been footnoted on the appropriate analytical page to assist in general data comprehension. Please contact the laboratory directly if there are any questions regarding this project.



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September 24, 2008

I certify that on 7/10/2008, tests were conducted on soil samples from the following location:

Smith Federal Gas Com. #2

Following are the results of testing.

EPA Method 9253 GS/Comp-001 – 170 ppm

All testing was conducted at Yates Petroleum Corporation.

Thank you.

YATES PETROLEUM CORPORATION

A handwritten signature in black ink, appearing to read 'Robert Asher', is written over the printed name.

Robert Asher  
Environmental Regulatory Agent