

RECEIVED

By OCD District 1 at 8:24 am, Aug 05, 2015

APPROVED

By OCD District 1 at 8:25 am, Aug 05, 2015

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

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

Revised October 10, 2003

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 TH Street | Telephone No. 575-748-1471 | |
| Facility Name Red Raider BKS State #2-H | API Number 30-025-39716 | Facility Type Pumping Unit |
| Surface Owner State | Mineral Owner State | Lease No. VB-0651 |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| J | 25 | 24S | 33E | 330 | North | 2180 | East | Lea |

Latitude 32.18210 Longitude 103.52411**NATURE OF RELEASE**

| | | |
|--|---|---|
| Type of Release Produced Water | Volume of Release 20 B/PW | Volume Recovered 0 B/PW |
| Source of Release Vacuum Truck | Date and Hour of Occurrence 6/3/2013 - AM | Date and Hour of Discovery 6/3/2013 - AM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Geoffrey Leking/NMOCD I | |
| By Whom? Robert Asher/Yates Petroleum Corporation | Date and Hour 6/7/2013 - AM | |
| 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.* Release was from an unknown vacuum truck that illegally dumped the produced water at the corner of the pad, produced water ran into pasture area East of pad. There was no produced water to recover. | | |
| Describe Area Affected and Cleanup Action Taken.* An approximate area of 5' X 30'. No produced water recovered. 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 10) 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: 50-99' (approx. 75', per the ChevronTexaco trend map); Wellhead Protection Area: No; Distance to Surface Water Body: >1000'; SITE RANKING IS 10. Based on enclosed analytical results, 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:  | OIL CONSERVATION DIVISION | |
| Printed Name: Robert Asher | Environmental Specialist:  Approved by District Supervisor : | |
| Title: NM Environmental Regulatory Supervisor | Approval Date: 08/05/2015 | Expiration Date: /// |
| E-mail Address: boba@yatespetroleum.com | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: Monday, July 08, 2013 Phone: 575-748-4217 | 1RP- 3782 | |

* Attach Additional Sheets If Necessary

pJXK1521730152

nJXK1521729623



Hall Environmental Analysis Laboratory
4901 Hawkins NE
Albuquerque, NM 87109
TEL: 505-345-3975 FAX: 505-345-4107
Website: www.hallenvironmental.com

July 02, 2013

Robert Asher

Yates Petroleum

105 South 4th

Artesia, NM 88210

TEL: (575) 748-4217

FAX

RE: Red Raider BKS State #2-H

OrderNo.: 1306A21

Dear Robert Asher:

Hall Environmental Analysis Laboratory received 2 sample(s) on 6/25/2013 for the analyses presented in the following report.

These were analyzed according to EPA procedures or equivalent. To access our accredited tests please go to www.hallenvironmental.com or the state specific web sites. In order to properly interpret your results it is imperative that you review this report in its entirety. See the sample checklist and/or the Chain of Custody for information regarding the sample receipt temperature and preservation. Data qualifiers or a narrative will be provided if the sample analysis or analytical quality control parameters require a flag. When necessary, data qualifiers are provided on both the sample analysis report and the QC summary report, both sections should be reviewed. All samples are reported, as received, unless otherwise indicated. Lab measurement of analytes considered field parameters that require analysis within 15 minutes of sampling such as pH and residual chlorine are qualified as being analyzed outside of the recommended holding time.

Please don't hesitate to contact HEAL for any additional information or clarifications.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Freeman", is written over a horizontal line.

Andy Freeman

Laboratory Manager

4901 Hawkins NE

Albuquerque, NM 87109

Analytical Report

Lab Order 1306A21

Date Reported: 7/2/2013

Hall Environmental Analysis Laboratory, Inc.**CLIENT:** Yates Petroleum**Client Sample ID:** Comp-00.5**Project:** Red Raider BKS State #2-H**Collection Date:** 6/19/2013 11:25:00 AM**Lab ID:** 1306A21-001**Matrix:** SOIL**Received Date:** 6/25/2013 9:00:00 AM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed | Batch |
|--|--------|--------|------|-------|----|-----------------------|--------------|
| EPA METHOD 8015D: DIESEL RANGE ORGANICS | | | | | | | Analyst: JME |
| Diesel Range Organics (DRO) | ND | 10 | | mg/Kg | 1 | 6/27/2013 3:20:50 PM | 8095 |
| Surr: DNOP | 107 | 63-147 | | %REC | 1 | 6/27/2013 3:20:50 PM | 8095 |
| EPA METHOD 8015D: GASOLINE RANGE | | | | | | | Analyst: NSB |
| Gasoline Range Organics (GRO) | ND | 4.7 | | mg/Kg | 1 | 6/27/2013 12:33:17 PM | 8118 |
| Surr: BFB | 91.0 | 80-120 | | %REC | 1 | 6/27/2013 12:33:17 PM | 8118 |
| EPA METHOD 8021B: VOLATILES | | | | | | | Analyst: NSB |
| Methyl tert-butyl ether (MTBE) | ND | 0.093 | | mg/Kg | 1 | 6/27/2013 12:33:17 PM | 8118 |
| Benzene | ND | 0.047 | | mg/Kg | 1 | 6/27/2013 12:33:17 PM | 8118 |
| Toluene | ND | 0.047 | | mg/Kg | 1 | 6/27/2013 12:33:17 PM | 8118 |
| Ethylbenzene | ND | 0.047 | | mg/Kg | 1 | 6/27/2013 12:33:17 PM | 8118 |
| Xylenes, Total | ND | 0.093 | | mg/Kg | 1 | 6/27/2013 12:33:17 PM | 8118 |
| Surr: 4-Bromofluorobenzene | 103 | 80-120 | | %REC | 1 | 6/27/2013 12:33:17 PM | 8118 |

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

| | | | | |
|--------------------|---|--|----|--|
| Qualifiers: | * | Value exceeds Maximum Contaminant Level. | B | Analyte detected in the associated Method Blank |
| | E | Value above quantitation range | H | Holding times for preparation or analysis exceeded |
| | J | Analyte detected below quantitation limits | ND | Not Detected at the Reporting Limit |
| | O | RSD is greater than RSDlimit | P | Sample pH greater than 2 for VOA and TOC only. |
| | R | RPD outside accepted recovery limits | RL | Reporting Detection Limit |

Analytical Report

Lab Order 1306A21

Date Reported: 7/2/2013

Hall Environmental Analysis Laboratory, Inc.

CLIENT: Yates Petroleum

Client Sample ID: Comp-01.0

Project: Red Raider BKS State #2-H

Collection Date: 6/19/2013 11:38:00 AM

Lab ID: 1306A21-002

Matrix: SOIL

Received Date: 6/25/2013 9:00:00 AM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed | Batch |
|--|--------|--------|------|-------|----|----------------------|--------------|
| EPA METHOD 8015D: DIESEL RANGE ORGANICS | | | | | | | Analyst: JME |
| Diesel Range Organics (DRO) | ND | 10 | | mg/Kg | 1 | 6/27/2013 4:27:43 PM | 8095 |
| Surr: DNOP | 92.4 | 63-147 | | %REC | 1 | 6/27/2013 4:27:43 PM | 8095 |
| EPA METHOD 8015D: GASOLINE RANGE | | | | | | | Analyst: NSB |
| Gasoline Range Organics (GRO) | ND | 4.7 | | mg/Kg | 1 | 6/27/2013 2:04:09 PM | 8118 |
| Surr: BFB | 89.2 | 80-120 | | %REC | 1 | 6/27/2013 2:04:09 PM | 8118 |
| EPA METHOD 8021B: VOLATILES | | | | | | | Analyst: NSB |
| Methyl tert-butyl ether (MTBE) | ND | 0.095 | | mg/Kg | 1 | 6/27/2013 2:04:09 PM | 8118 |
| Benzene | ND | 0.047 | | mg/Kg | 1 | 6/27/2013 2:04:09 PM | 8118 |
| Toluene | ND | 0.047 | | mg/Kg | 1 | 6/27/2013 2:04:09 PM | 8118 |
| Ethylbenzene | ND | 0.047 | | mg/Kg | 1 | 6/27/2013 2:04:09 PM | 8118 |
| Xylenes, Total | ND | 0.095 | | mg/Kg | 1 | 6/27/2013 2:04:09 PM | 8118 |
| Surr: 4-Bromofluorobenzene | 102 | 80-120 | | %REC | 1 | 6/27/2013 2:04:09 PM | 8118 |

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

| | | | | |
|-------------|---|--|----|--|
| Qualifiers: | * | Value exceeds Maximum Contaminant Level. | B | Analyte detected in the associated Method Blank |
| | E | Value above quantitation range | H | Holding times for preparation or analysis exceeded |
| | J | Analyte detected below quantitation limits | ND | Not Detected at the Reporting Limit |
| | O | RSD is greater than RSDlimit | P | Sample pH greater than 2 for VOA and TOC only. |
| | R | RPD outside accepted recovery limits | RL | Reporting Detection Limit |

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

WO#: 1306A21

02-Jul-13

Client: Yates Petroleum

Project: Red Raider BKS State #2-H

| | | | | | | | | | | |
|-----------------------------|-----------|--------------------------|-----------|-------------|---|----------|--------------|------|----------|------|
| Sample ID | MB-8095 | SampType: MBLK | | | TestCode: EPA Method 8015D: Diesel Range Organics | | | | | |
| Client ID: | PBS | Batch ID: 8095 | | | RunNo: 11523 | | | | | |
| Prep Date: | 6/25/2013 | Analysis Date: 6/25/2013 | | | SeqNo: 326782 | | Units: mg/Kg | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Diesel Range Organics (DRO) | ND | 10 | | | | | | | | |
| Surr: DNOP | 8.5 | | 10.00 | | 85.3 | 63 | 147 | | | |

| | | | | | | | | | | |
|-----------------------------|-----------|-----|--------------------------|-------------|---|----------|--------------|------|----------|------|
| Sample ID | LCS-8095 | | SampType: LCS | | TestCode: EPA Method 8015D: Diesel Range Organics | | | | | |
| Client ID: | LCSS | | Batch ID: 8095 | | RunNo: 11523 | | | | | |
| Prep Date: | 6/25/2013 | | Analysis Date: 6/25/2013 | | SeqNo: 326783 | | Units: mg/Kg | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Diesel Range Organics (DRO) | 46 | 10 | 50.00 | 0 | 92.1 | 77.1 | 128 | | | |
| Surr: DNOP | 4.4 | | 5.000 | | 88.3 | 63 | 147 | | | |

| | | | | | | | | | | |
|------------|-----------|----------------|-----------|-------------|-----------|---|-----------|------|----------|------|
| Sample ID | MB-8058 | SampType: | MBLK | | TestCode: | EPA Method 8015D: Diesel Range Organics | | | | |
| Client ID: | PBS | Batch ID: | 8058 | | RunNo: | 11523 | | | | |
| Prep Date: | 6/21/2013 | Analysis Date: | 6/25/2013 | | SeqNo: | 327121 | Units: | %REC | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Surr: DNOP | 8.9 | | 10.00 | | 89.0 | 63 | 147 | | | |

| | | | | | | | | | | |
|------------|-----------|-----|--------------------------|-------------|---|----------|-------------|------|----------|------|
| Sample ID | LCS-8058 | | SampType: LCS | | TestCode: EPA Method 8015D: Diesel Range Organics | | | | | |
| Client ID: | LCSS | | Batch ID: 8058 | | RunNo: 11523 | | | | | |
| Prep Date: | 6/21/2013 | | Analysis Date: 6/25/2013 | | SeqNo: 327122 | | Units: %REC | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Surr: DNOP | 4.7 | | 5.000 | | 93.0 | 63 | 147 | | | |

| | | | | | | | | | | |
|------------|-----------|--------------------------|-----------|-------------|---|----------|-------------|------|----------|------|
| Sample ID | MB-8150 | SampType: MBLK | | | TestCode: EPA Method 8015D: Diesel Range Organics | | | | | |
| Client ID: | PBS | Batch ID: 8150 | | | RunNo: 11622 | | | | | |
| Prep Date: | 6/28/2013 | Analysis Date: 6/28/2013 | | | SeqNo: 330163 | | Units: %REC | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Surr: DNOP | 11 | | 10.00 | | 107 | 63 | 147 | | | |

| | | | | | | | | | | |
|------------|-----------|-----|--------------------------|-------------|---|----------|-------------|------|----------|------|
| Sample ID | LCS-8150 | | SampType: LCS | | TestCode: EPA Method 8015D: Diesel Range Organics | | | | | |
| Client ID: | LCSS | | Batch ID: 8150 | | RunNo: 11622 | | | | | |
| Prep Date: | 6/28/2013 | | Analysis Date: 6/28/2013 | | SeqNo: 330219 | | Units: %REC | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Surr: DNOP | 5.7 | | 5.000 | | 114 | 63 | 147 | | | |

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- E Value above quantitation range
- J Analyte detected below quantitation limits
- O RSD is greater than RSDlimit
- R RPD outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- P Sample pH greater than 2 for VOA and TOC only.
- RL Reporting Detection Limit

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

WO#: 1306A21

02-Jul-13

Client: Yates Petroleum

Project: Red Raider BKS State #2-H

| | | | | | | | | | | |
|-------------------------------|-----------|----------------|-----------|-------------|----------------------------------|----------|-----------|------|----------|------|
| Sample ID | MB-8118 | SampType: | MBLK | TestCode: | EPA Method 8015D: Gasoline Range | | | | | |
| Client ID: | PBS | Batch ID: | 8118 | RunNo: | 11627 | | | | | |
| Prep Date: | 6/26/2013 | Analysis Date: | 6/27/2013 | SeqNo: | 329803 | Units: | mg/Kg | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Gasoline Range Organics (GRO) | ND | 5.0 | | | | | | | | |
| Surr: BFB | 880 | | 1000 | | 88.0 | 80 | 120 | | | |

| | | | | | | | | | | |
|-------------------------------|-----------|----------------|-----------|-------------|----------------------------------|----------|-----------|------|----------|------|
| Sample ID | LCS-8118 | SampType: | LCS | TestCode: | EPA Method 8015D: Gasoline Range | | | | | |
| Client ID: | LCSS | Batch ID: | 8118 | RunNo: | 11627 | | | | | |
| Prep Date: | 6/26/2013 | Analysis Date: | 6/27/2013 | SeqNo: | 329804 | Units: | mg/Kg | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Gasoline Range Organics (GRO) | 22 | 5.0 | 25.00 | 0 | 89.2 | 62.6 | 136 | | | |
| Surr: BFB | 960 | | 1000 | | 96.0 | 80 | 120 | | | |

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- E Value above quantitation range
- J Analyte detected below quantitation limits
- O RSD is greater than RSDlimit
- R RPD outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- P Sample pH greater than 2 for VOA and TOC only.
- RL Reporting Detection Limit

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

WO#: 1306A21

02-Jul-13

Client: Yates Petroleum

Project: Red Raider BKS State #2-H

| | | | | | | | | | | |
|--------------------------------|-----------|-------|----------------|-------------|------|-----------|-----------------------------|------|--------------|------|
| Sample ID | MB-8118 | | SampType: | MBLK | | TestCode: | EPA Method 8021B: Volatiles | | | |
| Client ID: | PBS | | Batch ID: | 8118 | | RunNo: | 11627 | | | |
| Prep Date: | 6/26/2013 | | Analysis Date: | 6/27/2013 | | SeqNo: | 329823 | | Units: mg/Kg | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Methyl tert-butyl ether (MTBE) | ND | 0.10 | | | | | | | | |
| Benzene | ND | 0.050 | | | | | | | | |
| Toluene | ND | 0.050 | | | | | | | | |
| Ethylbenzene | ND | 0.050 | | | | | | | | |
| Xylenes, Total | ND | 0.10 | | | | | | | | |
| Surr: 4-Bromofluorobenzene | 1.0 | | 1.000 | | 103 | 80 | 120 | | | |

| | | | | | | | | | | |
|--------------------------------|-----------|-------|----------------|-------------|------|-----------|-----------------------------|------|--------------|------|
| Sample ID | LCS-8118 | | SampType: | LCS | | TestCode: | EPA Method 8021B: Volatiles | | | |
| Client ID: | LCSS | | Batch ID: | 8118 | | RunNo: | 11627 | | | |
| Prep Date: | 6/26/2013 | | Analysis Date: | 6/27/2013 | | SeqNo: | 329824 | | Units: mg/Kg | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Methyl tert-butyl ether (MTBE) | 1.1 | 0.10 | 1.000 | 0 | 110 | 80 | 120 | | | |
| Benzene | 0.98 | 0.050 | 1.000 | 0 | 98.0 | 80 | 120 | | | |
| Toluene | 0.97 | 0.050 | 1.000 | 0 | 97.2 | 80 | 120 | | | |
| Ethylbenzene | 0.98 | 0.050 | 1.000 | 0 | 97.8 | 80 | 120 | | | |
| Xylenes, Total | 2.9 | 0.10 | 3.000 | 0 | 97.7 | 80 | 120 | | | |
| Surr: 4-Bromofluorobenzene | 1.1 | | 1.000 | | 107 | 80 | 120 | | | |

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- E Value above quantitation range
- J Analyte detected below quantitation limits
- O RSD is greater than RSDlimit
- R RPD outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- P Sample pH greater than 2 for VOA and TOC only.
- RL Reporting Detection Limit



Hall Environmental Analysis Laboratory
4901 Hawkins NE
Albuquerque, NM 87109
TEL: 505-345-3975 FAX: 505-345-4107
Website: www.hallenvironmental.com

Sample Log-In Check List

Client Name: Yates Petroleum Corporat

Work Order Number: 1306A21

RcptNo: 1

| | | |
|-------------------|----------------|----------------------|
| Received by/date: | <u>AG</u> | <u>6/25/13</u> |
| Logged By: | Lindsay Mangin | 6/25/2013 9:00:00 AM |
| Completed By: | Lindsay Mangin | 6/25/2013 9:58:15 AM |
| Reviewed By: | <u>MS</u> | <u>6/25/13</u> |

Chain of Custody

- | | | | |
|--|---|-----------------------------|---|
| 1. Custody seals intact on sample bottles? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Not Present <input checked="" type="checkbox"/> |
| 2. Is Chain of Custody complete? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Not Present <input type="checkbox"/> |
| 3. How was the sample delivered? | FedEx | | |

Log In

- | | | | |
|---|---|--|--|
| 4. Was an attempt made to cool the samples? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | NA <input type="checkbox"/> |
| 5. Were all samples received at a temperature of >0° C to 6.0°C | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | NA <input type="checkbox"/> |
| 6. Sample(s) in proper container(s)? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 7. Sufficient sample volume for indicated test(s)? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 8. Are samples (except VOA and ONG) properly preserved? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 9. Was preservative added to bottles? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | NA <input type="checkbox"/> |
| 10. VOA vials have zero headspace? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | No VOA Vials <input checked="" type="checkbox"/> |
| 11. Were any sample containers received broken? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | |
| 12. Does paperwork match bottle labels? (Note discrepancies on chain of custody) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 13. Are matrices correctly identified on Chain of Custody? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 14. Is it clear what analyses were requested? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 15. Were all holding times able to be met? (If no, notify customer for authorization.) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |

of preserved
bottles checked
for pH: _____
(<2 or >12 unless noted)
Adjusted? _____
Checked by: _____

Special Handling (if applicable)

- | | | | |
|---|------------------------------|-----------------------------|--|
| 16. Was client notified of all discrepancies with this order? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | NA <input checked="" type="checkbox"/> |
|---|------------------------------|-----------------------------|--|

| | | | |
|----------------------|-------|-------|---|
| Person Notified: | _____ | Date: | _____ |
| By Whom: | _____ | Via: | <input type="checkbox"/> eMail <input type="checkbox"/> Phone <input type="checkbox"/> Fax <input type="checkbox"/> In Person |
| Regarding: | _____ | | |
| Client Instructions: | _____ | | |

17. Additional remarks:

18. Cooler Information

| Cooler No | Temp °C | Condition | Seal Intact | Seal No | Seal Date | Signed By |
|-----------|---------|-----------|-------------|---------|-----------|-----------|
| 1 | 5.4 | Good | Yes | | | |

YATES PETROLEUM CORPORATION

Client: Yates Petroleum Corporation

Mailing Address: 105 S. Fourth Street
Artesia, NM 88210

Phone #: 575-748-4217

Email or Fax#: boba@yatespetroleum.com

QA/QC Package: ☐ Level 4 (Full Validation)

☒ Standard

Accreditation: ☐ NELAP ☐ Other

☐ EDD (Type)

Date

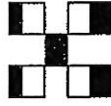
Time

Matrix

Sample Request ID

6/19/2013 11:25 AM Soil Comp-00.5

6/19/2013 11:38 AM Soil Comp-01.0



HALL ENVIRONMENTAL ANALYSIS LABORATORY

www.hallenvironmental.com

4901 Hawkins NE - Albuquerque, NM 87109

Tel. 505-345-3975 Fax 505-345-4107

Project Name: Red Raider BKS State #2-H

Project #: 30-025-39716

Project Manager: Robert Asher

Sampler: Same

On Ice: ☒ Yes ☐ No

Sample Temperature: 54

Container Type and #

Preservative Type

HEAL No.

1 - 4oz. Ice -001

1 - 4oz. Ice -002

BTEX + MTBE + TMB's (8021)

BTEX + MTBE + TPH (Gas only)

TPH Method 8015B (Gas/Diesel)

TPH (Method 418.1)

EDB (Method 504.1)

8310 (PNA or PAH)

RCRA 8 Metals

Anions (F, Cl, NO₃, NO₂, PO₄, SO₄)

8081 Pesticides / 8082 PCB's

8260B (VOA)

8270 (Semi-VOA)

Received by: [Signature]

Date

Time

Relinquished by: [Signature]

Date

Time

Date: 6/24/2013 3:10 PM

Date: [Blank]

Relinquished by:

Relinquished by:

Relinquished by:

Relinquished by:

Received by:

Received by:

Received by:

Received by:

Received by:

Received by:

Received by:

Received by:

Received by:

Received by:

Received by:

Received by:

Received by:

Received by:

Remarks: Please put chloride results on separate report.



Hall Environmental Analysis Laboratory
4901 Hawkins NE
Albuquerque, NM 87109
TEL: 505-345-3975 FAX: 505-345-4107
Website: www.hallenvironmental.com

July 02, 2013

Robert Asher

Yates Petroleum

105 South 4th

Artesia, NM 88210

TEL: (575) 748-4217

FAX

RE: Red Raider BKS State #2-H

OrderNo.: 1306A21

Dear Robert Asher:

Hall Environmental Analysis Laboratory received 2 sample(s) on 6/25/2013 for the analyses presented in the following report.

These were analyzed according to EPA procedures or equivalent. To access our accredited tests please go to www.hallenvironmental.com or the state specific web sites. In order to properly interpret your results it is imperative that you review this report in its entirety. See the sample checklist and/or the Chain of Custody for information regarding the sample receipt temperature and preservation. Data qualifiers or a narrative will be provided if the sample analysis or analytical quality control parameters require a flag. When necessary, data qualifiers are provided on both the sample analysis report and the QC summary report, both sections should be reviewed. All samples are reported, as received, unless otherwise indicated. Lab measurement of analytes considered field parameters that require analysis within 15 minutes of sampling such as pH and residual chlorine are qualified as being analyzed outside of the recommended holding time.

Please don't hesitate to contact HEAL for any additional information or clarifications.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Freeman", with a stylized flourish at the end.

Andy Freeman

Laboratory Manager

4901 Hawkins NE

Albuquerque, NM 87109

Analytical Report

Lab Order 1306A21

Date Reported: 7/2/2013

Hall Environmental Analysis Laboratory, Inc.**CLIENT:** Yates Petroleum**Client Sample ID:** Comp-00.5**Project:** Red Raider BKS State #2-H**Collection Date:** 6/19/2013 11:25:00 AM**Lab ID:** 1306A21-001**Matrix:** SOIL**Received Date:** 6/25/2013 9:00:00 AM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed | Batch |
|---------------------------------|--------|-----|------|-------|----|-----------------------|--------------|
| EPA METHOD 300.0: ANIONS | | | | | | | Analyst: JRR |
| Chloride | 7.7 | 7.5 | | mg/Kg | 5 | 6/27/2013 12:43:22 PM | 8142 |

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

| | | | | |
|--------------------|---|--|----|--|
| Qualifiers: | * | Value exceeds Maximum Contaminant Level. | B | Analyte detected in the associated Method Blank |
| | E | Value above quantitation range | H | Holding times for preparation or analysis exceeded |
| | J | Analyte detected below quantitation limits | ND | Not Detected at the Reporting Limit |
| | O | RSD is greater than RSDlimit | P | Sample pH greater than 2 for VOA and TOC only. |
| | R | RPD outside accepted recovery limits | RL | Reporting Detection Limit |

Analytical Report

Lab Order 1306A21

Date Reported: 7/2/2013

Hall Environmental Analysis Laboratory, Inc.**CLIENT:** Yates Petroleum**Client Sample ID:** Comp-01.0**Project:** Red Raider BKS State #2-H**Collection Date:** 6/19/2013 11:38:00 AM**Lab ID:** 1306A21-002**Matrix:** SOIL**Received Date:** 6/25/2013 9:00:00 AM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed | Batch |
|---------------------------------|--------|----|------|-------|----|----------------------|--------------|
| EPA METHOD 300.0: ANIONS | | | | | | | Analyst: JRR |
| Chloride | 320 | 30 | | mg/Kg | 20 | 6/27/2013 1:20:35 PM | 8142 |

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

| | | | | |
|--------------------|---|--|----|--|
| Qualifiers: | * | Value exceeds Maximum Contaminant Level. | B | Analyte detected in the associated Method Blank |
| | E | Value above quantitation range | H | Holding times for preparation or analysis exceeded |
| | J | Analyte detected below quantitation limits | ND | Not Detected at the Reporting Limit |
| | O | RSD is greater than RSDlimit | P | Sample pH greater than 2 for VOA and TOC only. |
| | R | RPD outside accepted recovery limits | RL | Reporting Detection Limit |



Hall Environmental Analysis Laboratory
4901 Hawkins NE
Albuquerque, NM 87105
TEL: 505-345-3975 FAX: 505-345-4107
Website: www.hallenvironmental.com

Sample Log-In Check List

Client Name: Yates Petroleum Corporat

Work Order Number: 1306A21

RcptNo: 1

| | | | |
|-------------------|----------------|----------------------|--------------------|
| Received by/date: | <i>AB</i> | <i>6/25/13</i> | |
| Logged By: | Lindsay Mangin | 6/25/2013 9:00:00 AM | <i>[Signature]</i> |
| Completed By: | Lindsay Mangin | 6/25/2013 9:58:15 AM | <i>[Signature]</i> |
| Reviewed By: | <i>MS</i> | <i>6/25/13</i> | |

Chain of Custody

- | | | | |
|--|---|-----------------------------|---|
| 1. Custody seals intact on sample bottles? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Not Present <input checked="" type="checkbox"/> |
| 2. Is Chain of Custody complete? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Not Present <input type="checkbox"/> |
| 3. How was the sample delivered? | FedEx | | |

Log In

- | | | | |
|---|---|--|--|
| 4. Was an attempt made to cool the samples? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | NA <input type="checkbox"/> |
| 5. Were all samples received at a temperature of >0° C to 6.0°C | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | NA <input type="checkbox"/> |
| 6. Sample(s) in proper container(s)? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 7. Sufficient sample volume for indicated test(s)? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 8. Are samples (except VOA and ONG) properly preserved? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 9. Was preservative added to bottles? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | NA <input type="checkbox"/> |
| 10. VOA vials have zero headspace? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | No VOA Vials <input checked="" type="checkbox"/> |
| 11. Were any sample containers received broken? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | |
| 12. Does paperwork match bottle labels? (Note discrepancies on chain of custody) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 13. Are matrices correctly identified on Chain of Custody? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 14. Is it clear what analyses were requested? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| 15. Were all holding times able to be met? (If no, notify customer for authorization.) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |

of preserved
bottles checked
for pH: _____
(<2 or >12 unless noted)
Adjusted? _____
Checked by: _____

Special Handling (if applicable)

16. Was client notified of all discrepancies with this order? Yes ☐ No ☐ NA ☒

| | | | |
|----------------------|-------|-------|---|
| Person Notified: | _____ | Date: | _____ |
| By Whom: | _____ | Via: | <input type="checkbox"/> eMail <input type="checkbox"/> Phone <input type="checkbox"/> Fax <input type="checkbox"/> In Person |
| Regarding: | _____ | | |
| Client Instructions: | _____ | | |

17. Additional remarks:

18. Cooler Information

| Cooler No | Temp °C | Condition | Seal Intact | Seal No | Seal Date | Signed By |
|-----------|---------|-----------|-------------|---------|-----------|-----------|
| 1 | 5.4 | Good | Yes | | | |



www.hallenvironmental.com

4901 Hawkins NE - Albuquerque, NM 87109

Tel. 505-345-3975 Fax 505-345-4107

Analysis Request

| Client: Yates Petroleum Corporation | | | | <input checked="" type="checkbox"/> Standard <input type="checkbox"/> Rush | | |
|--|----------------------|--|-------------------|--|-------------------|--|
| Mailing Address: 105 S. Fourth Street Artesia, NM 88210 Phone #: 575-748-4217 Email or Fax#: boba@yatespetroleum.com | | | | Project Name: Red Raider BKS State #2-H | | |
| QA/QC Package: <input checked="" type="checkbox"/> Standard <input type="checkbox"/> Level 4 (Full Validation) | | | | Project #: 30-025-39716 | | |
| Accreditation: <input type="checkbox"/> NELAP <input type="checkbox"/> Other _____ | | | | Project Manager: Robert Asher | | |
| <input type="checkbox"/> EDD (Type) _____ | | | | Sampler: Same | | |
| On Ice: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | Sample Temperature: 54 | | |
| Date | Time | Matrix | Sample Request ID | Container Type and # | Preservative Type | HEAL No. |
| 6/19/2013 | 11:25 AM | Soil | Comp-00.5 | 1 - 4oz. | Ice | 1306A21 |
| 6/19/2013 | 11:38 AM | Soil | Comp-01.0 | 1 - 4oz. | Ice | -001 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
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| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Date: 6/24/2013 | Time: 3:10 PM | Relinquished by: <i>[Signature]</i> | | Received by: <i>[Signature]</i> | | Date 06/25/13 Time 0900 |
| Date: | Time: | Relinquished by: | | Received by: | | Date Time |

Remarks: Please put chloride results on separate report.

if necessary, samples submitted to Hall Environmental may be subcontracted to other accredited laboratories. This serves as notice of this possibility. Any sub-contracted data will be clearly notated on the analytical report.

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

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

Form C-141
Revised October 10, 2003

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 TH Street | | Telephone No. 575-748-1471 |
| Facility Name Red Raider BKS State #2-H | API Number 30-025-39716 | Facility Type Pumping Unit |

| | | |
|------------------------|------------------------|----------------------|
| Surface Owner State | Mineral Owner State | Lease No. VB-0651 |
|------------------------|------------------------|----------------------|

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|----------------------|---------------------------|-----------------------|------------------------|---------------|
| Unit Letter J | Section 25 | Township 24S | Range 33E | Feet from the 330 | North/South Line North | Feet from the 2180 | East/West Line East | County Lea |
|------------------|---------------|-----------------|--------------|----------------------|---------------------------|-----------------------|------------------------|---------------|

Latitude 32.18210 Longitude 103.52411

NATURE OF RELEASE

| | | |
|--|--|---|
| Type of Release Produced Water | Volume of Release 20 B/PW | Volume Recovered 0 B/PW |
| Source of Release Vacuum Truck | Date and Hour of Occurrence 6/3/2013 - AM | Date and Hour of Discovery 6/3/2013 - AM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Geoffrey Leking/NMOCD I | |
| By Whom? Robert Asher/Yates Petroleum Corporation | Date and Hour 6/7/2013 - AM | |
| 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.*

Release was from an unknown vacuum truck that illegally dumped the produced water at the corner of the pad, produced water ran into pasture area East of pad. There was no produced water to recover.

Describe Area Affected and Cleanup Action Taken.*

An approximate area of 5' X 30'. No produced water recovered. 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 10) 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: 50-99' (approx. 75', per the ChevronTexaco trend map); Wellhead Protection Area: No; Distance to Surface Water Body: >1000'; SITE RANKING IS 10.**

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:  | | <u>OIL CONSERVATION DIVISION</u> | |
| Printed Name: Robert Asher | | Approved by District Supervisor: | |
| Title: NM Environmental Regulatory Supervisor | | Approval Date: | Expiration Date: |
| E-mail Address: boba@yatespetroleum.com | | Conditions of Approval: | |
| Date: Wednesday, June 12, 2013 Phone: 575-748-4217 | | Attached <input type="checkbox"/> 1RP- | |

* Attach Additional Sheets If Necessary

Bob Asher

From: Bob Asher
Sent: Friday, June 07, 2013 9:35 AM
To: (GeoffreyR.Leking@state.nm.us); (ElidioL.Gonzales@state.nm.us)
Cc: Amber Cannon; Katie Parker; Lupe Carrasco
Subject: Release (Red Raider BKS State #2-H)

| Tracking: | Recipient | Read |
|-----------|--------------------------------|------------------------|
| | (GeoffreyR.Leking@state.nm.us) | |
| | (ElidioL.Gonzales@state.nm.us) | |
| | Amber Cannon | Read: 6/7/2013 9:36 AM |
| | Katie Parker | |
| | Lupe Carrasco | |

Yates Petroleum Corporation is reporting a release at the following location (6/3/2013).

Red Raider BKS State #2-H
30-025-25762
Section 2, T11S-R34E
Lea County, New Mexico

Released: Approximately 20 B/PW; Recovered: 0 B/PW.

Release was from an unknown vacuum truck that backed up at corner of location pad and illegally unloaded produced water onto the ground.

A Form C-141 Initial Report will be submitted with complete information.

Thank you.

Robert Asher

NM Environmental Regulatory Supervisor
Yates Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210
575-748-4217 (Office)
575-365-4021 (Cell)

District I

1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone: (575) 748-1263 Fax: (575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone: (505) 478-3470 Fax: (505) 476-3462

**State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505
Change of Operator**

Form C-145

August 1, 2011

Permit 207583

Previous Operator Information

OGRID: 25575
Name: YATES PETROLEUM CORPORATION
Address: 105 S 4TH ST
City, State, Zip: ARTESIA, NM 88210

New Operator Information

Effective Date: Effective on the date of approval by the OCD
OGRID: 270329
Name: ENDURANCE RESOURCES LLC
Address: 15455 Dallas Parkway
Suite 1050
City, State, Zip: Addison, TX 75234

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, ENDURANCE RESOURCES LLC certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(i) NMAC.

ENDURANCE RESOURCES LLC understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

As the operator of record of wells in New Mexico, ENDURANCE RESOURCES LLC agrees to the following statements:

1. I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See 19.15.9.9.B NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See 19.15.9.9.C(2) NMAC.
3. I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See 19.15.7.24.C NMAC.
4. I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed on approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance, even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See 19.15.8.9.C NMAC. I understand that I can check my compliance with the single-well financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. I am responsible for reporting releases as defined by 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record.
7. I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits. See 19.15.26.8 NMAC.
8. For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See 19.15.9.8.C NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See 19.15.9.9.B NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.

Previous Operator

Signature: Kathy H. Porter
Printed Name: Kathy H. Porter
Title: Attorney-in-Fact
Date: 7/22/15 Phone: 575-748-1471

New Operator

Signature: [Signature]
Printed Name: Donald C. Ritter
Title: CEO
Date: 7/20/2015 Phone: 462-556-3757

NMOCD ApprovalElectronic Signature: Paul Kautz, District 1Date: July 31, 2015

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505**

Wells Selected for Transfer

Permit 207583
Permit Status: DRAFT

Wells Selected for Transfer

| | | | |
|-------|-----------------------------|--------|--------|
| From: | YATES PETROLEUM CORPORATION | OGRID: | 25575 |
| To: | ENDURANCE RESOURCES LLC | OGRID: | 270329 |

OCD District Hobbs

| Property | Well | Lease Type | ULSTR | OCD Unit | API | Well Type | Pool ID | Pool Name | Last Prod/Inj | Additional Bonding |
|----------|----------------------------|------------|--------------|----------|--------------|-----------|---------|------------------------------|---------------|--------------------|
| 38003 | RED RAIDER BKS STATE #001 | S | J-25-24S-33E | J | 30-025-29141 | O | 96434 | RED HILLS;BONE SPRING, NORTH | 05/15 | 0 |
| | RED RAIDER BKS STATE #002H | S | B-25-24S-33E | B | 30-025-39716 | O | 96434 | RED HILLS;BONE SPRING, NORTH | 05/15 | 0 |

| | |
|------------------------------|----------|
| Total Additional bond | 0 |
|------------------------------|----------|