

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

nMLB 1125551313 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 Haracz AMO Federal #8-H | API Number 30-015-36778 | Facility Type Battery |
| Surface Owner Federal | Mineral Owner Federal | Lease No. NM-57274 |

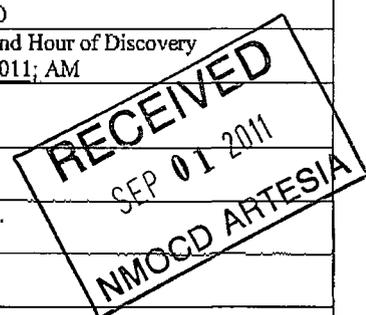
LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| O | 23 | 24S | 31E | 330 | South | 1980 | East | Eddy |

Latitude 32.19632 Longitude 103.74602

NATURE OF RELEASE

| | | |
|--|--|---|
| Type of Release Oil | Volume of Release 47 B/O | Volume Recovered 47 B/O |
| Source of Release Production tank | Date and Hour of Occurrence 8/22/2011; AM | Date and Hour of Discovery 5/22/2011; AM |
| 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 II | |
| By Whom? Robert Asher/Yates Petroleum Corporation | Date and Hour 8/22/2011; PM (email) | |
| 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.* Well kicked which increased production and over filled tank before trucks could empty. The wells was shut in and vacuum trucks was called to the location. | | |
| Describe Area Affected and Cleanup Action Taken.* An approximate area of 50' X 100' all within lined/bermed battery. Vacuum truck recovered all oil. Tanks and equipment within berm being cleaned. Depth to Ground Water: >100' (approximately 160', Section 2, T24S-R31E per NMOSE' and approximately 350' per Chevron/Texaco Trend Map), Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 0. Based on all oil recovered and battery lined, 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>Robert Asher</i> | OIL CONSERVATION DIVISION | |
| Printed Name: Robert Asher | Signed By <i>Mike Bratcher</i> Approved by District Supervisor: | |
| Title: Environmental Regulatory Agent | Approval Date: SEP 12 2011 | Expiration Date: <i>NA</i> |
| E-mail Address: boba@yatespetroleum.com | Conditions of Approval: <i>NA</i> | Attached <input type="checkbox"/> |
| Date: Wednesday, August 31, 2011 Phone: 575-748-4217 | 2RP- 893 | <i>Final</i> |

* Attach Additional Sheets If Necessary

Bratcher, Mike, EMNRD

From: Bob Asher [BobA@yatespetroleum.com]
Sent: Monday, August 22, 2011 3:11 PM
To: Bratcher, Mike, EMNRD
Cc: Lisa Norton; Amanda Trujillo; Amber Cannon; Jeremy Haass; Jerry Fanning
Subject: Release (Harazc AMO Federal #8-H)

Mike,

Yates Petroleum Corporation is reporting a release at the following location.

Harazc AMO Federal #8-H
30-015-36778
Section 23, T24S-R31E
Eddy County, New Mexico

Date/Time of Release: 8/22/2011; AM

Released: Approximately 130 B/O
Recovered: Approximately 130 B/O
Release was contained within lined/bermed battery; oil haulers could not keep up with production and a tank over filled.

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

Thank you.

Robert Asher
Senior Environmental Regulatory Agent
Yates Petroleum Corporation
575-748-4217 (Direct)
575-365-4021 (Cell)
boba@yatespetroleum.com