

MARTIN YATES, III  
1912-1985

FRANK W YATES  
1936-1986

S.P. YATES  
1914-2008



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

JOHN A. YATES  
CHAIRMAN OF THE BOARD

JOHN A. YATES JR  
PRESIDENT

SCOTT M. YATES  
VICE PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

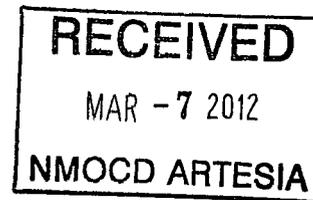
JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA  
CHIEF ADMINISTRATIVE OFFICER

March 7, 2012

Mr. Mike Bratcher  
NMOCD District II  
811 S. First Street  
Artesia, NM 88210

Re: Loving AIB State #1  
30-015-22889  
Section 16, T23S-R28E  
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 February 17, 2012 (2RP-1040). Impacted soils on the production pad and to the southeast corner off the production pad were excavated and hauled to an NMOCD approved facility. Vertical and horizontal delineation samples were taken on 2/21/2012 and sent to an NMOCD approved laboratory. Enclosed are the analytical reports, results show TPH and BTEX, to be below RRAL's, based on a site ranking of twenty (depth to ground water recorded at 55' per NMOSE, Section 16, T23S-R28E); Yates Petroleum Corporation requests closure based on impacted soils excavated/hauled and analytical results.

If you have any questions, please call me at 575-748-4111.

Thank you.

YATES PETROLEUM CORPORATION

Amber Cannon  
Environmental Regulatory Agent

/anc  
Enclosure(s)

**LOVING AIB STATE #1**

**Release 2/17/2012**

Analytical Report #	Sample Area	Sample Date	Sample Type	Depth	BTEX	GRO	DRO	TOTAL	Chlorides
H200474	Pad 1	Release Area	2/21/2012	Grab/Backhoe	1'	ND	ND	ND	64
	Pad 2	Release Area	2/21/2012	Grab/Backhoe	2'	ND	ND	24.3	80
	Pad 3	Release Area	2/21/2012	Grab/Backhoe	3'	ND	ND	ND	80
	Pad 4	Release Area	2/21/2012	Grab/Backhoe	4'	ND	ND	ND	368
	SE 1	Release Area	2/21/2012	Grab/Backhoe	1'	ND	ND	ND	14,400
	SE 2	Release Area	2/21/2012	Grab/Backhoe	2'	ND	ND	ND	64

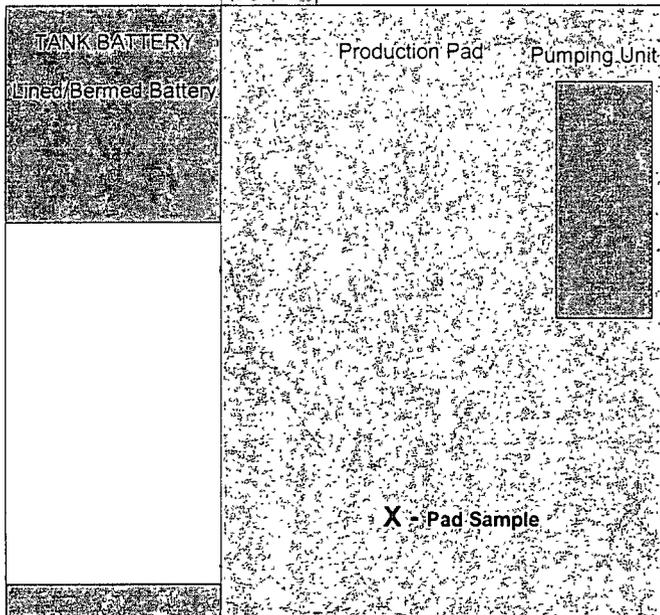
Site Ranking is TWENTY (20). Depth to Ground Water <50' (approx. 55', Section 16-23S-28E, per NMOSE).

All results are ppm. Chlorides for documentation.

Released: 590 B/PW, <1 B/O; Recovered: 520 B/PW, <1 B/O. Release Date: 7/17/2011



LEASE ROAD



X - SE Sample

Irrigation Ditch Road

Irrigation Ditch



Loving AIB State #1  
30-015-22889  
Section 16, T23S-R28E  
Eddy County, NM

SAMPLE DIAGRAM(Not to Scale)

Xenco Laboratories# H200474  
Report Date: 3/1/2012

Prepared by Amber Cannon  
Environmental Regulatory Agent



March 01, 2012

AMBER CANNON

Yates Energy Petroleum Corp

105 S 4th Street

Artesia, NM 88210

RE: LOVING AIB STATE #1-1

Enclosed are the results of analyses for samples received by the laboratory on 02/23/12 11:35.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-11-3. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (\*). For a complete list of accredited analytes and matrices visit the TCEQ website at [www.tceq.texas.gov/field/qa/lab\\_accred\\_certif.html](http://www.tceq.texas.gov/field/qa/lab_accred_certif.html).

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Celey D. Keene".

Celey D. Keene

Lab Director/Quality Manager

**Analytical Results For:**

 Yates Energy Petroleum Corp  
 AMBER CANNON  
 105 S 4th Street  
 Artesia NM, 88210  
 Fax To: (505) 748-4635

Received:	02/23/2012	Sampling Date:	02/21/2012
Reported:	03/01/2012	Sampling Type:	Soil
Project Name:	LOVING AIB STATE #1-1	Sampling Condition:	Cool & Intact
Project Number:	30-015-22889 2/17/2012 RELEASE	Sample Received By:	Jodi Henson
Project Location:	16-23S-28E, EDDY COUNTY		

**Sample ID: PAD 1 (H200474-01)**

BTEX 8021B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	02/29/2012	ND	2.10	105	2.00	2.86		
Toluene*	<0.050	0.050	02/29/2012	ND	2.27	114	2.00	2.79		
Ethylbenzene*	<0.050	0.050	02/29/2012	ND	2.32	116	2.00	2.60		
Total Xylenes*	<0.150	0.150	02/29/2012	ND	7.29	122	6.00	2.38		

Surrogate 4-Bromofluorobenzene (PIL) 113 % 64.4-134

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	02/24/2012	ND	192	96.0	200	3.91		
DRO >C10-C28	<10.0	10.0	02/24/2012	ND	158	79.2	200	8.16		

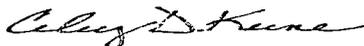
Surrogate 1-Chlorooctane 111 % 55 5-154

Surrogate 1-Chlorooctadecane 119 % 57 6-158

Cardinal Laboratories

\* = Accredited Analyte

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. In no event shall Cardinal 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 the 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.



Celey D. Keene, Lab Director/Quality Manager

**Analytical Results For:**

 Yates Energy Petroleum Corp  
 AMBER CANNON  
 105 S 4th Street  
 Artesia NM, 88210  
 Fax To: (505) 748-4635

Received:	02/23/2012	Sampling Date:	02/21/2012
Reported:	03/01/2012	Sampling Type:	Soil
Project Name:	LOVING AIB STATE #1-1	Sampling Condition:	Cool & Intact
Project Number:	30-015-22889 2/17/2012 RELEASE	Sample Received By:	Jodi Henson
Project Location:	16-23S-28E, EDDY COUNTY		

**Sample ID: PAD 2 (H200474-02)**

BTEX 8021B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	02/29/2012	ND	2.10	105	2.00	2.86		
Toluene*	<0.050	0.050	02/29/2012	ND	2.27	114	2.00	2.79		
Ethylbenzene*	<0.050	0.050	02/29/2012	ND	2.32	116	2.00	2.60		
Total Xylenes*	<0.150	0.150	02/29/2012	ND	7.29	122	6.00	2.38		

Surrogate: 4-Bromofluorobenzene (PIL) 108 % 64 4-134

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	02/24/2012	ND	192	96.0	200	3.91		
<b>DRO &gt;C10-C28</b>	<b>24.3</b>	10.0	02/24/2012	ND	158	79.2	200	8.16		

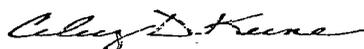
Surrogate 1-Chlorooctane 91.6 % 55 5-154

Surrogate 1-Chlorooctadecane 92.7 % 57 6-158

Cardinal Laboratories

\*=Accredited Analyte

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. In no event shall Cardinal 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 the 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.



Celey D. Keene, Lab Director/Quality Manager

**Analytical Results For:**

 Yates Energy Petroleum Corp  
 AMBER CANNON  
 105 S 4th Street  
 Artesia NM, 88210  
 Fax To: (505) 748-4635

Received:	02/23/2012	Sampling Date:	02/21/2012
Reported:	03/01/2012	Sampling Type:	Soil
Project Name:	LOVING AIB STATE #1-1	Sampling Condition:	Cool & Intact
Project Number:	30-015-22889 2/17/2012 RELEASE	Sample Received By:	Jodi Henson
Project Location:	16-235-28E, EDDY COUNTY		

**Sample ID: PAD 3 (H200474-03)**

BTEX 8021B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	02/29/2012	ND	2.10	105	2.00	2.86		
Toluene*	<0.050	0.050	02/29/2012	ND	2.27	114	2.00	2.79		
Ethylbenzene*	<0.050	0.050	02/29/2012	ND	2.32	116	2.00	2.60		
Total Xylenes*	<0.150	0.150	02/29/2012	ND	7.29	122	6.00	2.38		

Surrogate: 4-Bromofluorobenzene (PIL) 110 % 64 4-134

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	02/24/2012	ND	192	96.0	200	3.91		
DRO >C10-C28	<10.0	10.0	02/24/2012	ND	158	79.2	200	8.16		

Surrogate 1-Chlorooctane 112 % 55 5-154

Surrogate: 1-Chlorooctadecane 115 % 57 6-158

Cardinal Laboratories

\*=Accredited Analyte

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. In no event shall Cardinal 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 the 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



Celey D. Keene, Lab Director/Quality Manager

**Analytical Results For:**

 Yates Energy Petroleum Corp  
 AMBER CANNON  
 105 S 4th Street  
 Artesia NM, 88210  
 Fax To: (505) 748-4635

Received:	02/23/2012	Sampling Date:	02/21/2012
Reported:	03/01/2012	Sampling Type:	Soil
Project Name:	LOVING AIB STATE #1-1	Sampling Condition:	Cool & Intact
Project Number:	30-015-22889 2/17/2012 RELEASE	Sample Received By:	Jodi Henson
Project Location:	16-23S-28E, EDDY COUNTY		

**Sample ID: PAD 4 (H200474-04)**

BTEX 8021B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	02/29/2012	ND	2.10	105	2.00	2.86		
Toluene*	<0.050	0.050	02/29/2012	ND	2.27	114	2.00	2.79		
Ethylbenzene*	<0.050	0.050	02/29/2012	ND	2.32	116	2.00	2.60		
Total Xylenes*	<0.150	0.150	02/29/2012	ND	7.29	122	6.00	2.38		

Surrogate: 4-Bromofluorobenzene (PIL) 106 % 64 4-134

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	02/24/2012	ND	192	96.0	200	3.91		
DRO >C10-C28	<10.0	10.0	02/24/2012	ND	158	79.2	200	8.16		

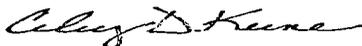
Surrogate: 1-Chlorooctane 99.2 % 55.5-154

Surrogate: 1-Chlorooctadecane 103 % 57.6-158

Cardinal Laboratories

\* = Accredited Analyte

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. In no event shall Cardinal 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 the 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.



Celey D. Keene, Lab Director/Quality Manager

**Analytical Results For:**

 Yates Energy Petroleum Corp  
 AMBER CANNON  
 105 S 4th Street  
 Artesia NM, 88210  
 Fax To: (505) 748-4635

Received:	02/23/2012	Sampling Date:	02/21/2012
Reported:	03/01/2012	Sampling Type:	Soil
Project Name:	LOVING AIB STATE #1-1	Sampling Condition:	Cool & Intact
Project Number:	30-015-22889 2/17/2012 RELEASE	Sample Received By:	Jodi Henson
Project Location:	16-23S-28E, EDDY COUNTY		

**Sample ID: SE 1 (H200474-05)**

BTEX 8021B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	02/29/2012	ND	2.10	105	2.00	2.86		
Toluene*	<0.050	0.050	02/29/2012	ND	2.27	114	2.00	2.79		
Ethylbenzene*	<0.050	0.050	02/29/2012	ND	2.32	116	2.00	2.60		
Total Xylenes*	<0.150	0.150	02/29/2012	ND	7.29	122	6.00	2.38		

Surrogate 4-Bromofluorobenzene (PIL) 109 % 64.4-134

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	02/24/2012	ND	192	96.0	200	3.91		
DRO >C10-C28	<10.0	10.0	02/24/2012	ND	158	79.2	200	8.16		

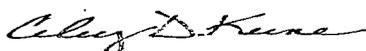
Surrogate 1-Chlorooctane 105 % 55.5-154

Surrogate 1-Chlorooctadecane 110 % 57.6-158

Cardinal Laboratories

\* = Accredited Analyte

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. In no event shall Cardinal 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 the 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.



Celey D. Keene, Lab Director/Quality Manager

**Analytical Results For:**

 Yates Energy Petroleum Corp  
 AMBER CANNON  
 105 S 4th Street  
 Artesia NM, 88210  
 Fax To: (505) 748-4635

Received:	02/23/2012	Sampling Date:	02/21/2012
Reported:	03/01/2012	Sampling Type:	Soil
Project Name:	LOVING AIB STATE #1-1	Sampling Condition:	Cool & Intact
Project Number:	30-015-22889 2/17/2012 RELEASE	Sample Received By:	Jodi Henson
Project Location:	16-23S-28E, EDDY COUNTY		

**Sample ID: SE 2 (H200474-06)**

BTEX 8021B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	02/29/2012	ND	2.10	105	2.00	2.86		
Toluene*	<0.050	0.050	02/29/2012	ND	2.27	114	2.00	2.79		
Ethylbenzene*	<0.050	0.050	02/29/2012	ND	2.32	116	2.00	2.60		
Total Xylenes*	<0.150	0.150	02/29/2012	ND	7.29	122	6.00	2.38		

Surrogate 4-Bromofluorobenzene (PIL) 115 % 64.4-134

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	02/24/2012	ND	192	96.0	200	3.91		
DRO >C10-C28	<10.0	10.0	02/24/2012	ND	158	79.2	200	8.16		

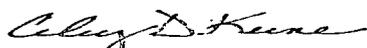
Surrogate 1-Chlorooctane 97.3 % 55.5-154

Surrogate 1-Chlorooctadecane 103 % 57.6-158

Cardinal Laboratories

\*=Accredited Analyte

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. In no event shall Cardinal 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 the 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.



Celey D. Keene, Lab Director/Quality Manager

**Notes and Definitions**

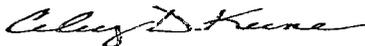
- ND Analyte NOT DETECTED at or above the reporting limit
- RPD Relative Percent Difference
- \*\* Samples not received at proper temperature of 6°C or below.
- \*\*\* Insufficient time to reach temperature.
- Chloride by SM4500Cl-B does not require samples be received at or below 6°C  
Samples reported on an as received basis (wet) unless otherwise noted on report

---

Cardinal Laboratories

\*=Accredited Analyte

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. In no event shall Cardinal 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 the 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.



---

Celey D. Keene, Lab Director/Quality Manager





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

---

March 01, 2012

AMBER CANNON

Yates Energy Petroleum Corp

105 S 4th Street

Artesia, NM 88210

RE: LOVING AIB STATE #1-1

Enclosed are the results of analyses for samples received by the laboratory on 02/23/12 11:35.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-11-3. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (\*). For a complete list of accredited analytes and matrices visit the TCEQ website at [www.tceq.texas.gov/field/qa/lab\\_accred\\_certif.html](http://www.tceq.texas.gov/field/qa/lab_accred_certif.html).

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Celey D. Keene".

Celey D. Keene

Lab Director/Quality Manager

**Analytical Results For:**

 Yates Energy Petroleum Corp  
 AMBER CANNON  
 105 S 4th Street  
 Artesia NM, 88210  
 Fax To: (505) 748-4635

Received:	02/23/2012	Sampling Date:	02/21/2012
Reported:	03/01/2012	Sampling Type:	Soil
Project Name:	LOVING AIB STATE #1-1	Sampling Condition:	Cool & Intact
Project Number:	30-015-22889 2/17/2012 RELEASE	Sample Received By:	Jodi Henson
Project Location:	16-23S-28E, EDDY COUNTY		

**Sample ID: PAD 1 (H200474-01)**

Chloride, SM4500CI-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	64.0	16.0	02/24/2012	ND	416	104	400	3.77		

**Sample ID: PAD 2 (H200474-02)**

Chloride, SM4500CI-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	80.0	16.0	02/24/2012	ND	416	104	400	3.77		

**Sample ID: PAD 3 (H200474-03)**

Chloride, SM4500CI-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	80.0	16.0	02/24/2012	ND	416	104	400	3.77		

**Sample ID: PAD 4 (H200474-04)**

Chloride, SM4500CI-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	368	16.0	02/24/2012	ND	416	104	400	3.77		

Cardinal Laboratories

\*=Accredited Analyte

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. In no event shall Cardinal 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 the 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.



Celey D. Keene, Lab Director/Quality Manager

**Analytical Results For:**

 Yates Energy Petroleum Corp  
 AMBER CANNON  
 105 S 4th Street  
 Artesia NM, 88210  
 Fax To: (505) 748-4635

Received:	02/23/2012	Sampling Date:	02/21/2012
Reported:	03/01/2012	Sampling Type:	Soil
Project Name:	LOVING AIB STATE #1-1	Sampling Condition:	Cool & Intact
Project Number:	30-015-22889 2/17/2012 RELEASE	Sample Received By:	Jodi Henson
Project Location:	16-23S-28E, EDDY COUNTY		

**Sample ID: SE 1 (H200474-05)**

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	14400	16.0	02/24/2012	ND	416	104	400	3.77		

**Sample ID: SE 2 (H200474-06)**

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	64.0	16.0	02/24/2012	ND	416	104	400	3.77		

Cardinal Laboratories

\* = Accredited Analyte

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. In no event shall Cardinal 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 the 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.



Celest D. Keene, Lab Director/Quality Manager

**Notes and Definitions**

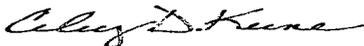
- ND Analyte NOT DETECTED at or above the reporting limit
- RPD Relative Percent Difference
- \*\* Samples not received at proper temperature of 6°C or below.
- \*\*\* Insufficient time to reach temperature.
- Chloride by SM4500Cl-B does not require samples be received at or below 6°C  
Samples reported on an as received basis (wet) unless otherwise noted on report

---

Cardinal Laboratories

\*=Accredited Analyte

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. In no event shall Cardinal 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 the 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.



---

Celey D. Keene, Lab Director/Quality Manager



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

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 Amber Cannon
Address 105 S. 4 <sup>TH</sup> Street	Telephone No. 575-748-1471	
Facility Name Loving AIB State #1	API Number 30-015-22889	Facility Type Battery
		Order Number 2RP-

Surface Owner Fee	Mineral Owner State	Lease No. V-3346
----------------------	------------------------	---------------------

LOCATION OF RELEASE

Unit Letter G	Section 16	Township 23S	Range 28E	Feet from the 1550	North/South Line North	Feet from the 1780	East/West Line East	County Eddy
------------------	---------------	-----------------	--------------	-----------------------	---------------------------	-----------------------	------------------------	----------------

NATURE OF RELEASE

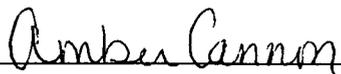
Type of Release Produced Water	Volume of Release 590 B/PW; <1 B/O	Volume Recovered 520 B/PW; <1 B/O
Source of Release Water pump	Date and Hour of Occurrence 2/17/2012	Date and Hour of Discovery 2/17/2012
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher – NMOCD/Artesia	
By Whom? Amber Cannon – Yates Petroleum Corporation	Date and Hour 2/17/2012, AM (Via voicemail and 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.\*  
On 2/17/2012 the air eliminator on top of the water pump failed. This allowed water to flow through the pump and out of it onto the ground. The valve to the air eliminator was shut and a vacuum truck was called to pick up released water.

Describe Area Affected and Cleanup Action Taken.\*  
An approximate area of 96' X 32' (inside the lined/bermed battery), 100' x 100' (on wellpad) and 2' x 40' (off of well pad). The release took place inside of a bermed/lined tank battery, an unlined/bermed well pad, and also an area off the wellpad due to a berm drain valve being mistakenly left open (valve was closed upon discovery of it being opened). Release inside the lined/bermed battery was recovered by vacuum truck. All other 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 reference). **Depth to Ground Water: <100' (approx. 55', per New Mexico Office of the State Engineer); Wellhead Protection Area: No; Distance to Surface Water Body: >1000'; SITE RANKING IS 20. Based on analytical results and impacted soils being excavated and hauled to a NMOCD approved facility, 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: 	<u>OIL CONSERVATION DIVISION</u>	
Printed Name: Amber Cannon	Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date:	Expiration Date:
E-mail Address: acannon@yatespetroleum.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: Wednesday, March 07, 2012      Phone: 575-748-4111	2RP-1040	

\* Attach Additional Sheets If Necessary