

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

HOBBS OCD

Form C-141
Revised October 10, 2003

JAN 10 2013

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

RECEIVED

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company Yates Petroleum Corporation	OGRID Number 25575	Contact Lupe Carrasco
Address 104 S. 4 TH Street	API Number 30-025-40489	Telephone No. 575-748-1471
Facility Name Hemlock BSH State #1H	Facility Type Well Site	
Surface Owner State	Mineral Owner State	Lease No. N/A

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
D	32	23S	33E	330	North	1980	West	Lea

Latitude 32.2674300 Longitude 103.5960100

NATURE OF RELEASE

Type of Release Brine Water	Volume of Release 20 B/BW	Volume Recovered 19 B/BW
Source of Release Shale shaker screen	Date and Hour of Occurrence 08/26/2012 PM	Date and Hour of Discovery 08/26/2012 PM
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom?	
By Whom? N/A	Date and Hour N/A	
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	GW @ 325'	
Describe Cause of Problem and Remedial Action Taken.* Polymer sweep was pumped & when sweep returned to surface, it blinded off shale shaker screen causing fluid to pass directly over shaker filling up solids control rolloff bins before overflowing & depositing approximately 20 bbls of Brine Water onto ground. Transport truck arrived on location 15 minutes after occurrence to deliver brine water, off loaded, and cleaned up spill.		
Describe Area Affected and Cleanup Action Taken.* An approximate area of 50' X 75'. Impacted soils to be scraped up and taken to an NMOCD approved facility. Vertical and horizontal delineation samples will be taken and analysis ran for TPH & BTEX, Chlorides will be run for documentation. If initial analytical results for TPH & BTEX are under RRAL's a Final Report, C-141 will be submitted to the OCD requesting closure. If the analytical results are above the RRAL's a work plan will be submitted. Depth to Ground Water: >100' (approximately 325', Section 32-T23S-R33E, per NMOSE), Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 0.		
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.		

Signature:	OIL CONSERVATION DIVISION	
Printed Name: Lupe Carrasco	 Approved by District Supervisor: Environmental Specialist	
Title: Environmental Regulatory Agent	Approval Date: <u>2/27/13</u>	Expiration Date: <u>—</u>
E-mail Address: <u>lcarrasco@yatespetroleum.com</u>	Conditions of Approval: <u>—</u>	Attached <input type="checkbox"/>
Date: Thursday, January 10, 2013	Phone: 575-748-1471	2RP- <u>IRP-02-13-2905</u>

* Attach Additional Sheets If Necessary

FEB 28 2013

MARTIN YATES, III
1912-1989

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



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

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JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

January 2, 201~~2~~3

Mr. Geoffrey Leking
Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240

HOBBS OCD

JAN 02 2013

RE: Hemlock BSH State #1H
30-025-40489
Section 32, T23S-R33E
Lea County, New Mexico

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Mr. Leking,

Yates Petroleum Corporation would like to submit the enclosed documents for closure of the above captioned release. These documents are in response to the C-141 Initial report submitted August 28, 2012.

The release was caused during drilling of the well when a polymer sweep was pumped and upon its return to the surface, it blinded off the shale shaker screen causing brine water to pass directly over the shaker filling up the solids control roll off bins before overflowing. Approximately 20 bbls of brine water was released with 19 bbls recovered. An approximate area of 50' X 75' was impacted. The release occurred on the caliche pad (approximately 50' from the well head) and the impacted area was scraped and hauled off location for disposal. Representative samples were taken at 1', 2', and 3'.

If there are no objections, Yates Petroleum Corporation will submit a C-141 Final for closure. If you have any questions please feel free to contact me at (575) 748-4350.

Thank You,

Lupe Carrasco
Environmental Regulatory Agent
Yates Petroleum Corporation

Enclosure(s): Site Drawing
Analytical Report (H203026)

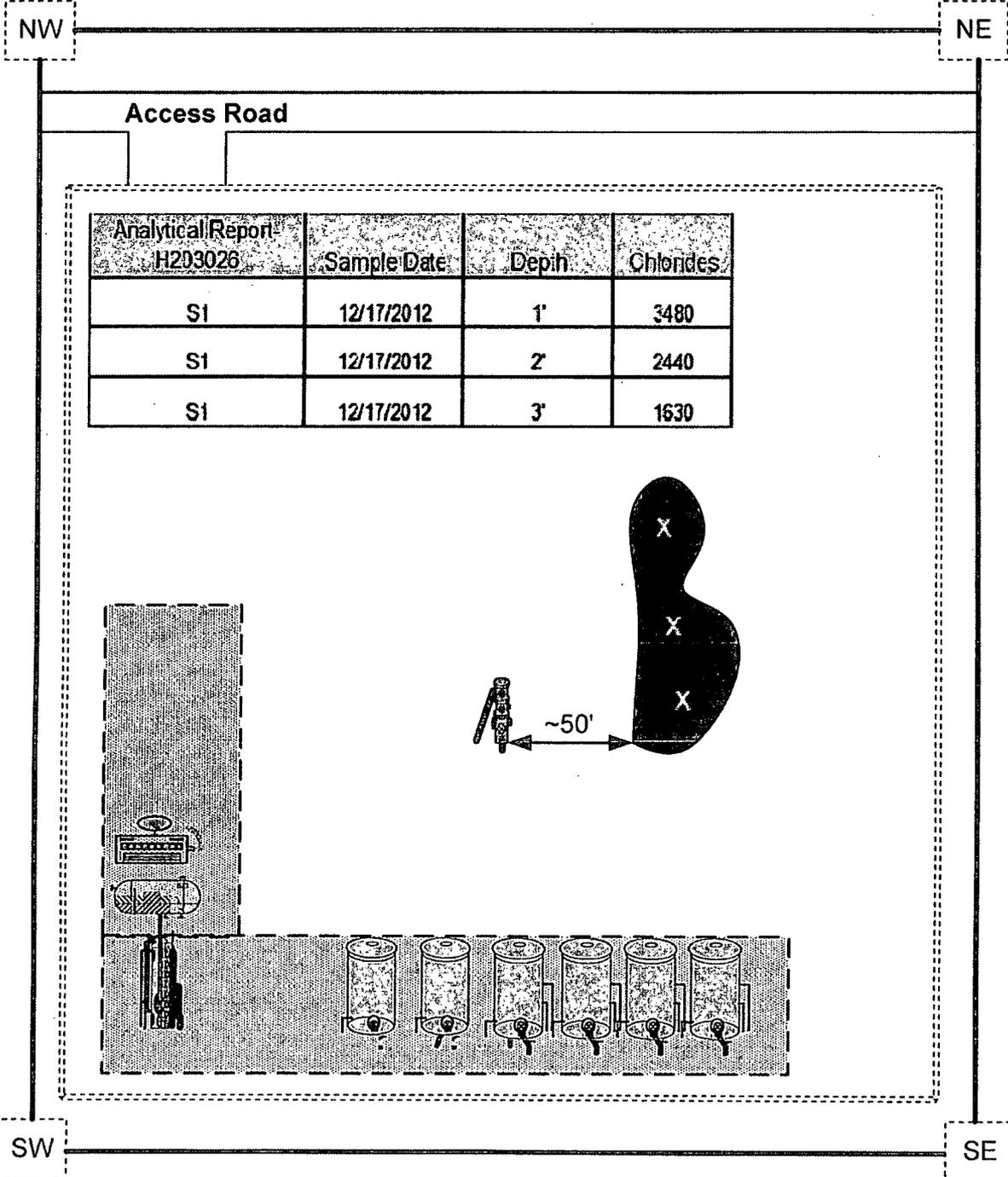
KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

YATES PETROLEUM CORPORATION

Thursday, December 27, 2012

Hemlock BSH State #1H



December 20, 2012

LUPE CARRASCO

Yates Energy Petroleum Corp

105 S 4th Street

Artesia, NM 88210

RE: HEMLOCK #1

Enclosed are the results of analyses for samples received by the laboratory on 12/17/12 14:55.

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.

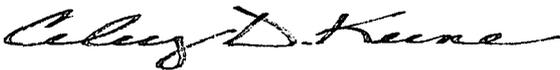
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

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,



Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

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

 Received: 12/17/2012
 Reported: 12/20/2012
 Project Name: HEMLOCK #1
 Project Number: NONE GIVEN
 Project Location: NOT GIVEN

 Sampling Date: 12/17/2012
 Sampling Type: Soil
 Sampling Condition: ** (See Notes)
 Sample Received By: Jodi Henson

Sample ID: S1 - 1 (H203026-01)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	3480	16.0	12/20/2012	ND	432	108	400	0.00		

Sample ID: S1 - 2 (H203026-02)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	2440	16.0	12/20/2012	ND	432	108	400	0.00		

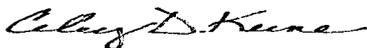
Sample ID: S1 - 3 (H203026-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1630	16.0	12/20/2012	ND	432	108	400	0.00		

Cardinal Laboratories

* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

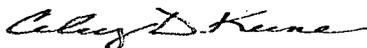
Notes and Definitions

- 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

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Celey D. Keene, Lab Director/Quality Manager

