

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1926-1986

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

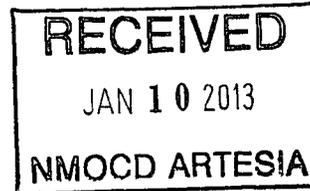
JOHN A. YATES JR.  
PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA  
CHIEF ADMINISTRATIVE OFFICER

November 28, 2012



Attn: Mike Bratcher

NM Oil Conservation Division

District II Office

Artesia, NM 88220-6292

Mr. Bratcher

The Hastie Battery was reported to have lost 50 bbls of produced water on July 15, 2010. The battery was disassembled and re-constructed in another area so full attention could be given to the impacted area. However, when the tanks were removed no holes were found in the water tank and no soil staining or salt impact was visible. Soil samples from 2010 and 2012 both indicate chloride concentrations at approximately 1020 mg/kg.

The pumper filed a report because he believed his gauge showed he was 50 bbls short. Given no hole was found in the tank and there was no sign of heavily impacted area, visibly or analytically, I believe the report was miscommunication between the regular and relief pumper or a miscalculation on the part of the pumper.

Yates Petroleum is requesting closure at this time.

Thank you,

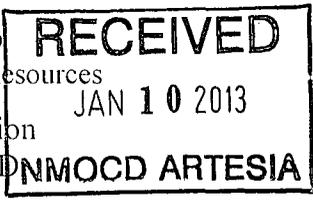
YATES PETROLEUM CORPORATION

Amanda Trujillo

Environmental scientist

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  
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 Amanda Trujillo
Address 104 S. 4 <sup>TH</sup> Street	Telephone No. 575-748-1471	
Facility Name Hastic AXH Federal #1	API Number 30-015-31622	Facility Type Oil well
		Order Number 2RP-
Surface Owner Federal	Mineral Owner Federal	Lease No. NMLC - 045818-B

**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
I	17	.17S	28E	1650	South	660	East	Eddy

**NATURE OF RELEASE**

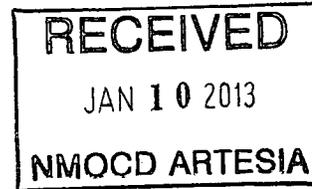
Type of Release Produced Water	Volume of Release 50 BBL	Volume Recovered 0
Source of Release Hole in the bottom of the tank	Date and Hour of Occurrence unknown	Date and Hour of Discovery 07/15/2010 - AM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher - NMOCD/Artesia	
By Whom? Amanda Trujillo - Yates Petroleum Corporation	Date and Hour 11/15/2010 pm	
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.* While gauging the tank it was discovered that the water level had dropped. Pumper assumed there was a hole in the bottom of the tank. Transferred the remaining fluid to another tank. And begin remediation work.		
Describe Area Affected and Cleanup Action Taken.* An approximate size of 15' x 15' was impacted. The impacted area is located beneath what was an oil tank. Soil was excavated and disposed of at an NMOCD approved facility. Vertical and horizontal delineation samples will taken and analysis ran for TPH and BTEX once all contaminated material has been removed. Chlorides can be provided upon request. <b>Depth to Ground Water: &lt;100' (approx. 100', per New Mexico Office of the State Engineer); Wellhead Protection Area: No; Distance to Surface Water Body: &gt;1000'; SITE RANKING IS 0. Based on site ground water quality and enclosed analytical results.</b>		
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.		

Signature:	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Amanda Trujillo	Approved by District Supervisor:	
Title: Environmental Scientist	Approval Date:	Expiration Date:
E-mail Address: atrujillo@yatespetroleum.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: Wednesday, November 28, 2012	Phone: 575-748-4310	

\* Attach Additional Sheets If Necessary

November 26, 2012

AMANDA TRUJILLO  
Yates Energy Petroleum Corp  
105 S 4th Street  
Artesia, NM 88210



RE: HASTIE AXH FEDERAL #1

Enclosed are the results of analyses for samples received by the laboratory on 11/16/12 15:30.

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,

Celey D. Keene  
Lab Director/Quality Manager

**Analytical Results For:**

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

Received:	11/16/2012	Sampling Date:	11/14/2012
Reported:	11/26/2012	Sampling Type:	Soil
Project Name:	HASTIE AXH FEDERAL #1	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	SECTION 17 T17S R28E		

**Sample ID: OIL TANK (H202793-01)**

Chloride, SM4500CI-B	mg/kg		Analyzed By: AP							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	96.0	16.0	11/20/2012	ND	400	100	400	0.00		

**Sample ID: WATER TANK (H202793-02)**

Chloride, SM4500CI-B	mg/kg		Analyzed By: AP							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1020	16.0	11/20/2012	ND	400	100	400	0.00		

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

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November 26, 2012

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Sincerely,

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

Celey D. Keene

Lab Director/Quality Manager

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 AMANDA TRUJILLO  
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 Fax To: (505) 748-4635

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Project Name:	HASTIE AXH FEDERAL #1	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	SECTION 17 T17S R28E		

**Sample ID: OIL TANK (H202793-01)**

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	11/21/2012	ND	1.74	86.9	2.00	9.39		
Toluene*	<0.050	0.050	11/21/2012	ND	2.04	102	2.00	8.61		
Ethylbenzene*	<0.050	0.050	11/21/2012	ND	2.08	104	2.00	9.40		
Total Xylenes*	<0.150	0.150	11/21/2012	ND	6.35	106	6.00	9.09		
Total BTEX	<0.300	0.300	11/21/2012	ND						

*Surrogate: 4-Bromofluorobenzene (PIC) 114 % 89.4-126*

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	11/20/2012	ND	191	95.7	200	4.56		
DRO >C10-C28	<10.0	10.0	11/20/2012	ND	205	103	200	6.64		

*Surrogate: 1-Chlorooctane 83.5 % 65.2-140*
*Surrogate: 1-Chlorooctadecane 94.4 % 63.6-154*

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Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
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Total Xylenes*	<0.150	0.150	11/21/2012	ND	6.35	106	6.00	9.09		
Total BTEX	<0.300	0.300	11/21/2012	ND						

*Surrogate: 4-Bromofluorobenzene (PIL) 116 % 89.4-126*

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	11/20/2012	ND	191	95.7	200	4.56		
DRO >C10-C28	<10.0	10.0	11/20/2012	ND	205	103	200	6.64		

*Surrogate: 1-Chlorooctane 80.1 % 65.2-140*
*Surrogate: 1-Chlorooctadecane 88.9 % 63.6-154*

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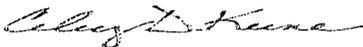
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