

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986



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ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

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SENIOR VICE PRESIDENT

December 11, 2006

Mr. Larry Johnson  
NMOCD District 1  
1625 N. French Drive  
Hobbs, NM 88240



Re: Lusk "AHB" Federal 2  
30-025-31042  
Section 35, Township 19S, Range 32E  
Lea County, New Mexico

Mr. Larry Johnson,

This letter is in response to the return of the initial C-141 and attached "Spill Summary and Work Plan" for the Lusk "AHB" Federal #2 which was faxed to your office on November 30, 2006 by Sherry Bonham, Environmental Regulatory Agent for Yates Petroleum Corporation.

As you can see by the enclosed the returned C-141 which was attached to the work plan has a small "sticky note" on it which says "NEED CHLORIDES". No other explanation was provided which makes it hard to understand what is needed. The attached "Spill Summary and Work Plan" under the section labeled "**Work Plan**" on page 2 states in the 3<sup>rd</sup> sentence that chloride analysis will be provided for reference. If additional information is needed please provide Yates that request in the form of approval stipulations for the submitted work plan.

If you should have questions or concerns pertaining this matter please feel free to email, call or write me.

RANDY G. PATTERSON  
VICE PRESIDENT

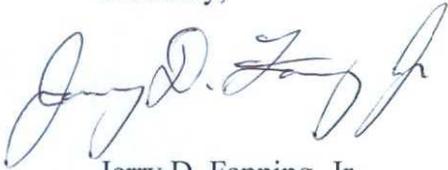
DAVID L. LANNING  
ASSISTANT VICE PRESIDENT

DENNIS G. KINSEY  
TREASURER

1RP-1588

APAC0726933614

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerry D. Fanning, Jr.", written in black ink.

Jerry D. Fanning, Jr.  
Environmental Coordinator  
Yates Petroleum Corporation  
(505)748-4195  
[jerryf@ypcnm.com](mailto:jerryf@ypcnm.com)

Cc: Lisa Norton, Environmental Director YPC

Wayne Price, NMOCD

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 SHERRY BONHAM
Address 105 S 4 <sup>TH</sup> STREET	Facility Name I.USK AHB FEDERAL 2	Telephone No. 505.748.1471
Facility Type TANK BATTERY	API Number 30-025-31042	

Surface Owner FEDERAL	Mineral Owner FEDERAL	Lease No.
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**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
G	35	19S	32E	1930	NORTH	1650	EAST	LEA

Latitude 32.61853 Longitude 103.73323

**NATURE OF RELEASE**

Type of Release CRUDE OIL AND PRODUCED WATER	Volume of Release 10 B/O 50 B/PW	Volume Recovered 0 B/O 25 B/PW
Source of Release POLY LINE	Date and Hour of Occurrence 11/17/06 AM	Date and Hour of Discovery 11/17/06 AM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? PAT CAPERTON VIA PHONE AND FOLLOW UP BY MAIL	
By Whom? SHERRY BONHAM	Date and Hour 11/17/06 8:45 AM	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. N/A	

NEED  
CALORIDES!

If a Watercourse was Impacted, Describe Fully.\*  
N/A

Describe Cause of Problem and Remedial Action Taken.\*  
3" POLY LINE SPLIT. SHUT TANK VALVES AND PUMP. REPAIRED LINE.

Describe Area Affected and Cleanup Action Taken.\*  
APPROXIMATE 30' X 60' AREA AFFECTED. VACUUM TRUCK AND CREW CALLED IN TO RECOVER FLUIDS. AFFECTED MATERIALS EXCAVATED AND DISPOSED AT WASTE FACILITY.  
SITE RANKING : 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:	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Sherry Bonham	Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date:	Expiration Date:
E-mail Address: sherryb@ypcnm.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: November 28, 2006	Phone: 505.748.1471	

\* Attach Additional Sheets if Necessary

RP# 1136

### Spill Summary and Work Plan

**Incident Date:** November 17, 2006

**Location:** Lusk AHB Federal 2  
API 30-025-31042  
Unit G Section 35 T19S R32E  
Lea County, New Mexico

The well is located approximately 18 miles southwest of Buckeye, NM as depicted on the attached Laguna Gatuna; NM USGS Quadrangle Map.

Watercourses in the area are dry except for infrequent flows in response to major precipitation events. The area, dry, clear, and calm at the time of the spill, consists of soil that is sandy loam. The bermed area and pad consists of hard packed caliche. Groundwater in the area is estimated to be at a depth of between 200 and 225 feet according to the Chevron/Texaco Lea County Depth to Groundwater Trend Map.

The ranking for this site is zero (0) based on the following:

Depth to ground water	> 100'
Wellhead Protection Area	> 1000'
Distance to surface water body	> 1000'

For sites with a Total Ranking Score of 0, the Recommended Remedial Action Levels are:

Benzene	10
BTEX	50
TPH	5000

#### Incident Description:

The area is the site of a tank battery. A three inch poly line split resulting in a release of ten barrels of oil and fifty barrels of produced water. The spill affected an approximate 30' X 60' area within the berm and sprayed an approximate 10' X 10' area outside the berm on the south side of the tank battery.

#### Action Taken:

Immediately upon discovery, the source of the release was eliminated by shutting down the pump and shutting the tank valves. A vacuum truck was called to remove fluids. Approximately twenty five barrels of fluids were recovered. The poly line was repaired.

**Work Plan:**

The visual contaminants of the impacted area have been excavated and removed to an approved NMOCD commercial disposal site. Soil samples will be obtained and sent to a third party laboratory to be analyzed for TPH and BTEX. Chloride analysis will be provided for reference. A 48 hour advance notice will be given OCD to allow opportunity to witness the sample collection. If concentrations exceed Recommended Remedial Action Levels (RRALs), further delineation and evaluation will be required. If, however, concentrations are within the RRALs, the excavated area will be backfilled with clean, like material and Yates Petroleum Corporation will request closure approval from OCD per section IX of the Guidelines.

Thank you for your consideration to this work plan. And should you have questions or need additional information, please contact me at 505-748-4162 or [sherryb@ypcnm.com](mailto:sherryb@ypcnm.com).

Respectfully,



Sherry Bonham  
Environmental Regulatory Agent

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY



Laguna Gatuna; NM Scale: 1" = 0.379Mi 610M; 2,000Ft, 1 Mi = 2.640", 1 cm = 240M