

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Bruzón 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<br>YATES PETROLEUM CORPORATION | OGRID Number<br>25575         | Contact<br>SHERRY BONHAM |
| Address<br>105 S 4 <sup>TH</sup> STREET        | Telephone No.<br>505.748.1471 |                          |
| Facility Name<br>MERLE STATE UNIT 3            | API Number<br>30-025-37545    | Facility Type<br>WELL    |
| Surface Owner<br>STATE                         | Mineral Owner<br>STATE        | Lease No.                |

**LOCATION OF RELEASE**

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| P           | 14      | 10S      | 34E   | 990           | SOUTH            | 990           | EAST           | LEA    |

-50' (34?)

Latitude 33.44253 Longitude 103.42887

**NATURE OF RELEASE**

|  |  |   |
|--|--|---|
| Type of Release<br>CRUDE OIL   | Volume of Release<br>10 B/O                    | Volume Recovered<br>8 B/O                     |
| Source of Release<br>WATER TANK  | Date and Hour of Occurrence<br>10/4/06 7:00 AM | Date and Hour of Discovery<br>10/4/06 7:00 AM |
| Was Immediate Notice Given?<br><input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required | If YES, To Whom?<br>N/A                        |   |
| By Whom?<br>N/A  | Date and Hour<br>N/A                           |   |
| Was a Watercourse Reached?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  | If YES, Volume Impacting the Watercourse.      |   |

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

Describe Cause of Problem and Remedial Action Taken.\*  
WELL TESTER (3 PHASE SEPARATOR) MALFUNCTIONED PUTTING OIL PRODUCTION TO WATER TANK. REPAIRED.

Describe Area Affected and Cleanup Action Taken.\*  
AN APPROXIMATE 25' X 25' X 2" AREA AFFECTED. PICKED UP ALL STANDING FLUIDS. IMMEDIATELY SCRAPED UP IMPACTED MATERIALS AND HAULED TO LAND FARM. SITE TO BE EVALUATED.  
SITE RANKING: 20

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.

**OIL CONSERVATION DIVISION**

|                                       |   |                  |
|---------------------------------------|---|------------------|
| Signature: <i>Sherry Bonham</i>       | Approved by District Supervisor: <i>[Signature]</i> |                  |
| Printed Name: Sherry Bonham           | Approval Date: 10.20.06                             | Expiration Date: |
| Title: Environmental Regulatory Agent | Conditions of Approval:                             |                  |
| E-mail Address: sherryb@ypcnm.com     | Attached <input type="checkbox"/>                   |                  |
| Date: October 18, 2006                | Phone: 505.748.1471                                 |                  |

\* Attach Additional Sheets If Necessary.

Incident - nPAC0629231875  
application - nPAC0629232002

RPT# 1091