

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	OQRID Number 25575	Contact SHERRY BONHAM
Address 105 S 4 TH STREET		Telephone No. 505.748.1471
Facility Name MORTON UNIT 3	API Number 30 025 35422	Facility Type TANK BATTERY
Surface Owner STATE	Mineral Owner STATE	Lease No. V-3643

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
P	32	14S	35E	800	SOUTH	660	EAST	LEA

Latitude 33.0559 Longitude 103.42282

NATURE OF RELEASE

Type of Release CONDENSATE	Volume of Release 40 BBLS/CONDENSATE	Volume Recovered 30 BBLS/CONDENSATE
Source of Release VALVE ON TANK	Date and Hour of Occurrence 12/7/06 PM	Date and Hour of Discovery 12/7/06 PM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	IF YES, To Whom? PAT CAPERTON NMOC DISTRICT I VOICEMAIL AND FOLLOW-UP E-MAIL NOTIFICATION	
By Whom? SHERRY BONHAM	Date and Hour 12/8/06 10:00 AM	
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.*

FREEZING TEMPERATURES CAUSED VALVE TO BURST. REPLACED VALVE.

Describe Area Affected and Cleanup Action Taken.*

APPROXIMATE 12' X 30' X 2" AREA WITHIN BERM AFFECTED. VACUUMED STANDING FLUIDS. IMPACTED MATERIALS EXCAVATED AND HAULED TO DISPOSAL FACILITY. WORK PLAN ATTACHED.
DEPTH TO GROUND WATER: >50' AND <100'; WELLHEAD PROTECTION AREA: NO; DISTANCE TO SURFACE WATER: >1000'.
SITE RANKING: 10

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>Chris Williams</i>	
Printed Name: Sherry Bonham	Approval Date: <i>12/21/06</i>	Expiration Date: <i>02/21/07</i>
Title: Environmental Regulatory Agent	Conditions of Approval:	
E-mail Address: sherryb@ypcnm.com	Attached <input type="checkbox"/>	
Date: December 19, 2006	Phone: 505.748.1471	

* Attach Additional Sheets If Necessary

incident - n PAC0635552029
application - p PAC0635552110

RP# 1159

MARTIN YATES, III
1912-1983

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN EMERITUS

JOHN A. YATES
CHAIRMAN OF THE BOARD

FEYTON YATES
PRESIDENT

FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.
REGIONAL VICE PRESIDENT

December 19, 2006

**Ms. Pat Caperton
NMOC District I
1625 N. French Drive
Hobbs, NM 88240**

**RE: Morton Unit 3 30-025-35422
32—T14S—R35E Unit Letter P
Lea County, New Mexico**

Dear Pat,

**Enclosed, please find a Form C-141 Initial Report for the Morton Unit 3
December 7, 2006 release date. Also included is a work plan.**

**Your consideration to the work plan is greatly appreciated. And should
you have any questions, please don't hesitate to contact me at
505.748.4162 or sherryb@ypcnm.com.**

Respectfully,

**Sherry Bonham
Environmental Regulatory Agent
Yates Petroleum Corporation**

enclosures

Spill Summary and Work Plan

Incident Date: December 7, 2006

Location: Morton Unit 3
API 30-025-35422
Unit P Section 32 T14S R35E
Lea County, New Mexico

The well is located northwest of Lovington, NM and is depicted on the attached Hillburn City SW; 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 loamy, interspersed with caliche and clay seams retarding vertical percolation of contaminants. The bermed area and pad consists of hard packed caliche. Groundwater in the area is estimated to be at a depth of greater than fifty feet and less than one hundred feet according to New Mexico Office of the State Engineer (attached).

The ranking for this site is ten (10) based on the following:

Depth to ground water	> 50' and <100'
Wellhead Protection Area	> 1000'
Distance to surface water body	> 1000'

For sites with a Total Ranking Score of 10, the Recommended Remedial Action Levels are:

Benzene	10
BTEX	50
TPH	1000

Incident Description:

The area is the site of a tank battery. Freezing temperatures resulted in tank lines to freeze which caused a valve on the back of a tank to burst. A release of forty barrels of condensate was the result of the burst valve. The discharge affected an approximate 12' X 30' X 2" area—all contained within the berm.

Action Taken:

Immediately upon discovery, the source of the release was shut down. A vacuum truck was called to remove fluids. Approximately thirty barrels of condensate was recovered. The valve was replaced.

Work Plan:

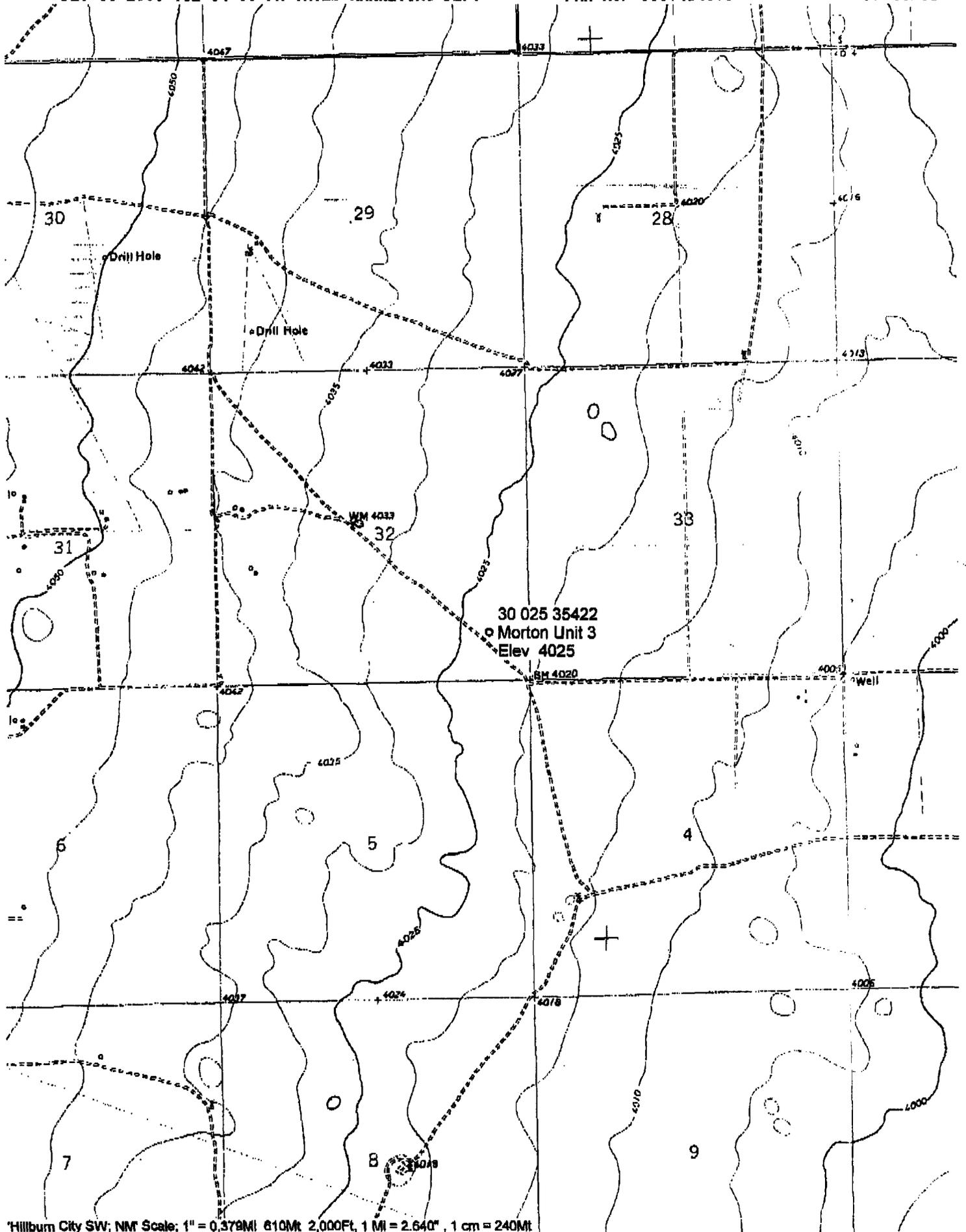
The visual contaminants of the impacted area were immediately excavated and removed to a NMOCD approved commercial disposal facility. Soil samples will be obtained and sent to a third party laboratory to be analyzed for TPH and BTEX. A 48 hour advance notice will be given OCD to allow opportunity to 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, 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.

Respectfully,



Sherry Bonham
Environmental Regulatory Agent



30 025 35422
 o Morton Unit 3
 Elev 4025

**New Mexico Office of the State Engineer
POD Reports and Downloads**

Morton Unit 3

Township: 14S Range: 35E Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix

Owner Name: (First) (Last) Non-Domestic Domestic
 All

AVERAGE DEPTH OF WATER REPORT 12/08/2006

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
L	14S	35E	09				1	85	85	85
L	14S	35E	12				2	48	48	48
L	14S	35E	13				1	60	60	60
L	14S	35E	14				1	65	65	65
L	14S	35E	17				1	95	95	95
L	14S	35E	19				1	55	55	55
L	14S	35E	21				4	33	38	36
L	14S	35E	22				2	80	80	80
L	14S	35E	24				3	42	65	50
L	14S	35E	25				7	45	60	54
L	14S	35E	26				2	65	90	78
L	14S	35E	27				1	60	60	60
L	14S	35E	28				1	50	50	50
L	14S	35E	30				1	41	41	41
L	14S	35E	31				2	45	65	55
L	14S	35E	32				1	55	55	55
L	14S	35E	33				1	50	50	50
L	14S	35E	34				2	50	50	50
L	14S	35E	35				4	51	80	68
L	14S	35E	36				2	36	36	36

Record Count: 40