

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

Form C-141
Revised October 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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 TH STREET	API Number 30-025-36253	Telephone No. 505.748.1471
Facility Name Strait State Unit 1	Facility Type Battery	
Surface Owner State	Mineral Owner State	Lease No. V-5302

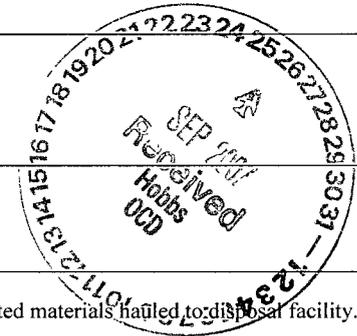
LOCATION OF RELEASE

Unit Letter 1	Section 33	Township 10S	Range 34E	Feet from the 1980	North/South Line South	Feet from the 660	East/West Line East	County Lea
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Latitude 33.40161 Longitude 103.46229

NATURE OF RELEASE

Type of Release Produced Water	Volume of Release 10 B/PW	Volume Recovered 0 B/PW
Source of Release Tank	Date and Hour of Occurrence September 9, 2007 1700 hrs	Date and Hour of Discovery September 9, 2007 1700 hrs
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? N/A	
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		
Describe Cause of Problem and Remedial Action Taken.* Lightning struck water tank. Tank ignited and exploded resulting in release of produced water.		
Describe Area Affected and Cleanup Action Taken.* Approximate 16' X 16' X 1" area within berm was affected. Debris removed and clean-up completed. Affected materials hauled to disposal facility. No further actions required. Requesting closure to incident. Final Report.		
Depth to Ground Water: <50'; Wellhead Protection? NO; Distance to Surface Water: >1000'. Site Ranking: 20.		

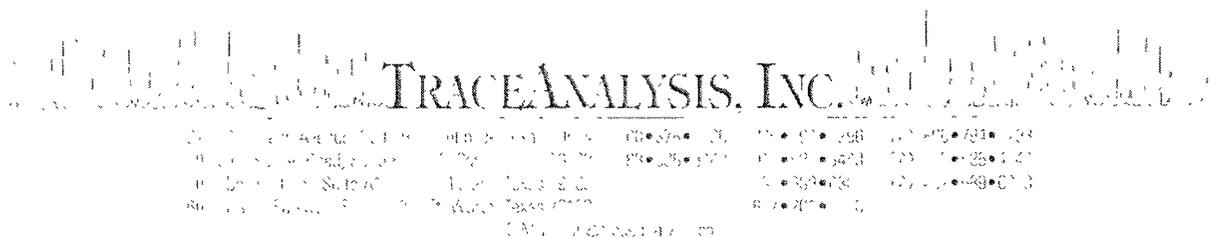


I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger 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.

Signature: <i>Sherry Bonham</i>	OIL CONSERVATION DIVISION	
Printed Name: Sherry Bonham	Approved by District Supervisor: <i>J. Johnson</i>	ENVIRONMENTAL ENGINEER
Title: Environmental Regulatory Agent	Approval Date: <u>9.27.07</u>	Expiration Date: _____
E-mail Address: sherryb@ypcnm.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: September 21, 2007	Phone: 505.748.1471	

* Attach Additional Sheets If Necessary

RBC R#1593



Analytical and Quality Control Report

Eb Taylor
 Talon LPE-Hobbs
 318 E Taylor
 Hobbs, NM, 88240

Report Date: September 18, 2007

Work Order: 7091306



Project Location: Lea County, NM
 Project Name: Strait #1
 Project Number: Strait #1

Enclosed are the Analytical Report and Quality Control Report for the following sample(s) submitted to TraceAnalysis, Inc.

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
136219	B-1	soil	2007-09-10	13:15	2007-09-13
136220	B-2	soil	2007-09-10	13:20	2007-09-13
136221	B-3	soil	2007-09-10	13:30	2007-09-13
136222	B-4	soil	2007-09-10	13:35	2007-09-13

These results represent only the samples received in the laboratory. The Quality Control Report is generated on a batch basis. All information contained in this report is for the analytical batch(es) in which your sample(s) were analyzed.

This report consists of a total of 4 pages and shall not be reproduced except in its entirety, without written approval of TraceAnalysis, Inc.

Dr. Blair Leftwich, Director

Standard Flags

B - The sample contains less than ten times the concentration found in the method blank.

Analytical Report

Sample: 136219 - B-1

Analysis: Chloride (Titration) Analytical Method: SM 4500-Cl B Prep Method: N/A
QC Batch: 41069 Date Analyzed: 2007-09-14 Analyzed By: AR
Prep Batch: 35495 Sample Preparation: Prepared By: AR

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		194	mg/Kg	50	2.00

Sample: 136220 - B-2

Analysis: Chloride (Titration) Analytical Method: SM 4500-Cl B Prep Method: N/A
QC Batch: 41069 Date Analyzed: 2007-09-14 Analyzed By: AR
Prep Batch: 35495 Sample Preparation: Prepared By: AR

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		<100	mg/Kg	50	2.00

Sample: 136221 - B-3

Analysis: Chloride (Titration) Analytical Method: SM 4500-Cl B Prep Method: N/A
QC Batch: 41069 Date Analyzed: 2007-09-14 Analyzed By: AR
Prep Batch: 35495 Sample Preparation: Prepared By: AR

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		<100	mg/Kg	50	2.00

Sample: 136222 - B-4

Analysis: Chloride (Titration) Analytical Method: SM 4500-Cl B Prep Method: N/A
QC Batch: 41069 Date Analyzed: 2007-09-14 Analyzed By: AR
Prep Batch: 35495 Sample Preparation: Prepared By: AR

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		785	mg/Kg	50	2.00

Method Blank (1) QC Batch: 41069

QC Batch: 41069 Date Analyzed: 2007-09-14 Analyzed By: AR
Prep Batch: 35495 QC Preparation: 2007-09-14 Prepared By: AR

Param	Flag	Units	CCVs True Conc.	CCVs Found Conc.	CCVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	97.2	97	85 - 115	2007-09-14

TraceAnalysis, Inc.

email: lab@traceanalysis.com

6701 Aberdeen Avenue, Suite 9
Lubbock, Texas 79424
Tel (806) 794-1296
Fax (806) 794-1298
1 (800) 378-1296

5002 Basin Street, Suite A1
Midland, Texas 79703
Tel (432) 689-6301
Fax (432) 689-6313

200 East Sunset Rd, Suite E
El Paso, Texas 79922
Tel (915) 585-3443
Fax (915) 585-4944
1 (888) 588-3443

8808 Camp Bowie Blvd. West, Suite 180
Ft. Worth, Texas 76116
Tel (817) 201-5260
Fax (817) 560-4336

Company Name: TALON IPE Phone #: 432 238-4386
 Address: (Street, City, Zip) 318 E TAMMUS HARBOR N.M. 88240 Fax #:
 Contact Person: _____ E-mail: _____

Invoice to: _____
 (If different from above) YATES PETROLEUM
 Project #: _____ Project Name: STRAIT #1
 Project Location (including state): LEA COUNTY NM Sampler Signature: [Signature]

ANALYSIS REQUEST (Circle or Specify Method No.)

MTBE	8021B / 602 / 8260B / 624	
BTEX	8021B / 602 / 8260B / 624	
TPH	418.1 / TX1005 / TX1005 EX(C35)	
TPH	8015 GRO / DRO / TVHC	
PAH	8270C / 625	
Total Metals	Ag As Ba Cd Cr Pb Se Hg 6010B/2007	
TCLP Metals	Ag As Ba Cd Cr Pb Se Hg	
TCLP Volatiles		
TCLP Semi Volatiles		
TCLP Pesticides		
RCI		
GC/MS Vol.	8260B / 624	
GC/MS Sem. Vol.	8270C / 625	
PCB's	8082 / 608	
Pesticides	8081A / 608	
BOD, TSS, pH		
Moisture Content		
<u>CHLORIDES</u>		

LAB # (LAB USE ONLY)	FIELD CODE	# CONTAINERS	Volume / Amount	MATRIX				PRESERVATIVE METHOD						SAMPLING		Turn Around Time if different from standard	Hold	
				WATER	SOIL	AIR	SLUDGE	HCl	HNO ₃	H ₂ SO ₄	NaOH	ICE	NONE	DATE	TIME			
136219	R-1	1		X							X				9/10	1:15		X
136220	R-2	1		X							X				9/10	1:20		X
136221	R-3	1		X							X				9/10	1:30		X
136222	R-4	1		X							X				9/10	1:35		X

Relinquished by: <u>[Signature]</u> Company: <u>TALON</u> Date: <u>9/13/07</u> Time: <u>9:20</u>	Received by: _____ Company: _____ Date: _____ Time: _____ Temp °C: _____
Relinquished by: _____ Company: _____ Date: _____ Time: _____	Received by: _____ Company: _____ Date: _____ Time: _____ Temp °C: _____
Relinquished by: _____ Company: _____ Date: _____ Time: _____	Received by: <u>Aileen Shelton</u> Company: <u>TRACE</u> Date: <u>9/13/07</u> Time: <u>0920</u> Temp °C: <u>39</u>

LAB USE ONLY

Attached: 0

Headspace: Y/N/NA

3.9

Log-In/Review

REMARKS: all tests - Midland
24 hr TAT

Dry Weight Basis Required

TRRP Report Required

Check If Special Reporting Limits Are Needed

Submittal of samples constitutes agreement to Terms and Conditions listed on reverse side of C. O. C.

Carrier # Carry on

ORIGINAL COPY