

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

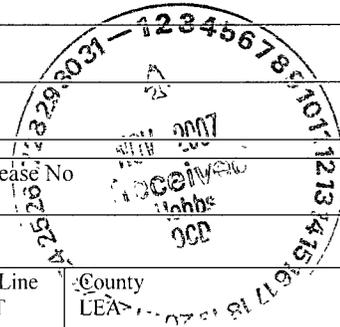
Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

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		Telephone No 505.748.1471
Facility Name FLAMENCO FEDERAL I SWD	API Number 30-025-31076	Facility Type WELL
Surface Owner FEDERAL	Mineral Owner FEDERAL	Lease No



LOCATION OF RELEASE

Unit Letter L	Section 7	Township 22S	Range 32E	Feet from the 1650	North/South Line SOUTH	Feet from the 660	East/West Line WEST	County LEA
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Latitude 32.40333 Longitude 103.72034

NATURE OF RELEASE

Type of Release PRODUCED WATER	Volume of Release 50 B/PW	Volume Recovered 1 B/PW
Source of Release HIGH PRESSURE HOSE	Date and Hour of Occurrence 03/01/06 1100 HRS	Date and Hour of Discovery 03/01/06 1200 HRS
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? LARRY JOHNSON (VOICE MAIL AND FOLLOW-UP E-MAIL)	
By Whom? DAN DOLAN	Date and Hour 03/01/06 1600 HRS	
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 * HIGH PRESSURE HOSE ON PUMP RUPTURED ISOLATED LINE. REPLACED HOSE.		
Describe Area Affected and Cleanup Action Taken * APPROXIMATE 30' X 300' X 3" AREA AFFECTED. CHLORIDE CONTENT OF PRODUCED WATER WAS APPROXIMATELY 163830 PPM. 3/2/06. EXCAVATION PROCESSES BEGUN CONTAMINATED SOILS EXCAVATED AND HAULED TO LEA LAND, INC. SOIL SAMPLES OBTAINED FROM 'POOLING AREA' AT DEPTHS OF 12", 24", AND 36". SAMPLE SITE DIAGRAM AND SOIL ANALYSES ATTACHED. NO FURTHER ACTIONS REQUIRED. REQUESTING CLOSURE TO INCIDENT. FINAL REPORT.		
Depth to Ground Water. >100'; Wellhead Protection? NO; Distance to Surface Water: >1000'. 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:	OIL CONSERVATION DIVISION	
Printed Name. Sherry Bonham	Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date: <u>10/30/07</u>	Expiration Date:
E-mail Address. sherryb@ypcnm.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: October 31, 2007	Phone: 505 748 1471	

* Attach Additional Sheets If Necessary

RP#1142

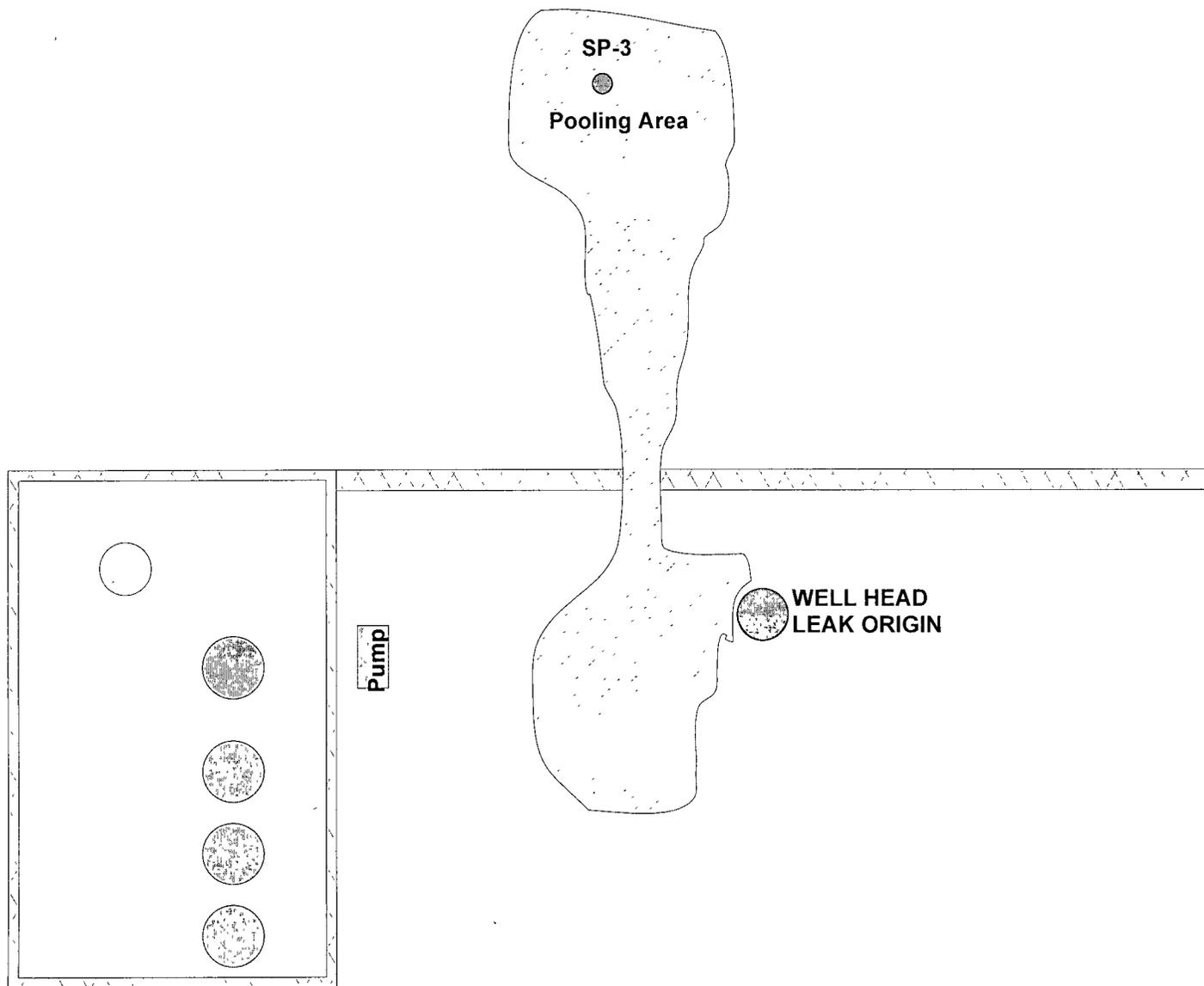


FLAMENCO FEDERAL 1 SWD SOIL ANALYSES

Sample ID	Sample Date	Sample Depth	CHLORIDES
SP3	8/22/2007	12"	<100
SP3	8/22/2007	24"	269
SP3	8/22/2007	36"	209

Analytical testing performed at Trace Analysis, Inc. All results are ppm.

Depth to Ground Water $\geq 100'$, Wellhead Protection? NO, Distance to Surface Water $\geq 1000'$, Site Ranking? 0



FLAMENCO FEDERAL 1 SWD

Sec. 7 T22S R32E

Lea County, NM

**EXHIBIT
SAMPLE DIAGRAM**

Prepared by Sherry Bonham

(Not to Scale)

Summary Report

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

Report Date: September 19, 2007

Work Order: 7090704



Project Location: Lea County, NM
Project Name: FIAMENCO
Project Number: YATESP017SPL

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
135531	SP-3 12inches	soil	2007-08-22	10:23	2007-09-07
135532	SP-3 24 inches	soil	2007-08-22	10:30	2007-09-07
135533	SP-3 36inches	soil	2007-08-22	10:35	2007-09-07

Sample: 135531 - SP-3 12inches

Param	Flag	Result	Units	RL
Chloride		<100	mg/Kg	2.00

Sample: 135532 - SP-3 24 inches

Param	Flag	Result	Units	RL
Chloride		269	mg/Kg	2.00

Sample: 135533 - SP-3 36inches

Param	Flag	Result	Units	RL
Chloride		209	mg/Kg	2.00

TRACE ANALYSIS, INC.

6701 Aberdeen Avenue, Suite 9
200 East Sunset Road, Suite E
5002 Basin Street, Suite A1
8808 Camp Bowie Blvd. West, Suite 180

Lubbock, Texas 79424
El Paso, Texas 79922
Midland, Texas 79703
Ft. Worth, Texas 76116

800•378•1296
888•588•3443
432•689•6301
817•201•5260

806•794•1296
915•585•3443
432•689•6301
817•201•5260

FAX 806•794•1298
FAX 915•585•4944
FAX 432•689•6313
FAX 817•560•4336

E-Mail: lab@traceanalysis.com

Analytical and Quality Control Report

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

Report Date: September 19, 2007

Work Order: 7090704



Project Location: Lea County, NM
Project Name: FIAMENCO
Project Number: YATESP017SPL

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
135531	SP-3 12inches	soil	2007-08-22	10:23	2007-09-07
135532	SP-3 24 inches	soil	2007-08-22	10:30	2007-09-07
135533	SP-3 36inches	soil	2007-08-22	10:35	2007-09-07

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.

Case Narrative

Samples for project FIAMENCO were received by TraceAnalysis, Inc. on 2007-09-07 and assigned to work order 7090704. Samples for work order 7090704 were received intact at a temperature of 3.5 deg C.

Samples were analyzed for the following tests using their respective methods.

<u>Test</u>	<u>Method</u>
Chloride (Titration)	SM 4500-Cl E

Results for these samples are reported on a wet weight basis unless data package indicates otherwise.

A matrix spike (MS) and matrix spike duplicate (MSD) sample is chosen at random from each preparation batch. The MS and MSD will indicate if a site specific matrix problem is occurring, however, it may not pertain to the samples for work order 7090704 since the sample was chosen at random. Therefore, the validity of the analytical data reported has been determined by the laboratory control sample (LCS) and the method blank (MB). These quality control measures are performed with each preparation batch to ensure data integrity.

All other exceptions associated with this report have been footnoted on the appropriate analytical page to assist in general data comprehension. Please contact the laboratory directly if there are any questions regarding this project.

Analytical Report

Sample: 135531 - SP-3 12inches

Analysis: Chloride (Titration) Analytical Method: SM 4500-Cl B Prep Method: N/A
QC Batch: 40994 Date Analyzed: 2007-09-12 Analyzed By: AR
Prep Batch: 35442 Sample Preparation: Prepared By: AR

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

Sample: 135532 - SP-3 24 inches

Analysis: Chloride (Titration) Analytical Method: SM 4500-Cl B Prep Method: N/A
QC Batch: 40994 Date Analyzed: 2007-09-12 Analyzed By: AR
Prep Batch: 35442 Sample Preparation: Prepared By: AR

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		269	mg/Kg	50	2.00

Sample: 135533 - SP-3 36inches

Analysis: Chloride (Titration) Analytical Method: SM 4500-Cl B Prep Method: N/A
QC Batch: 40994 Date Analyzed: 2007-09-12 Analyzed By: AR
Prep Batch: 35442 Sample Preparation: Prepared By: AR

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		209	mg/Kg	50	2.00

Method Blank (1) QC Batch: 40994

QC Batch: 40994 Date Analyzed: 2007-09-12 Analyzed By: AR
Prep Batch: 35442 QC Preparation: 2007-09-12 Prepared By: AR

Parameter	Flag	MDL Result	Units	RL
Chloride		<0.500	mg/Kg	2

Laboratory Control Spike (LCS-1)

QC Batch: 40994 Date Analyzed: 2007-09-12 Analyzed By: AR
Prep Batch: 35442 QC Preparation: 2007-09-12 Prepared By: AR

Param	LCS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	98.8	mg/Kg	1	100	<0.500	99	85 - 115

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Param	LCSD Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit	RPD	RPD Limit
Chloride	99.7	mg/Kg	1	100	<0.500	100	85 - 115	1	20

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Matrix Spike (MS-1) Spiked Sample: 135678

QC Batch: 40994 Date Analyzed: 2007-09-12 Analyzed By: AR
 Prep Batch: 35442 QC Preparation: 2007-09-12 Prepared By: AR

Param	MS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	47600	mg/Kg	100	10000	36303.9	113	85 - 115

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Param	MSD Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit	RPD	RPD Limit
Chloride	47700	mg/Kg	100	10000	36303.9	114	85 - 115	0	20

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Standard (ICV-1)

QC Batch: 40994 Date Analyzed: 2007-09-12 Analyzed By: AR

Param	Flag	Units	ICVs True Conc.	ICVs Found Conc.	ICVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	99.4	99	85 - 115	2007-09-12

Standard (CCV-1)

QC Batch: 40994 Date Analyzed: 2007-09-12 Analyzed By: AR

Param	Flag	Units	CCVs True Conc.	CCVs Found Conc.	CCVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	100	100	85 - 115	2007-09-12

Trace Analysis, Inc.

6701 Aberdeen Avenue, Suite 9
Lubbock, Texas 79424
Tel (806) 794-1296
Fax (806) 794-1298
1 (800) 378-1286

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

email: lab@traceanalysis.com

Company Name: **TAYLOR** Phone #: **432 238-6388**
Address: (Street, City, Zip) **318 E TAYLOR HOBBBS NM, ED TAYLOR** Fax #:
Contact Person: **ED TAYLOR** E-mail: **ETaylor@Tayloripe.com**

Invoice to: (If different from above) **YATES**
Project #: **4ATESPO17SP1** Project Name: **FLAMENCO SWD**
Project Location (including state): **LEA COUNTY NEW MEXICO** Sampler Signature: **ED**

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/200.7	
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 Semi. Vol. 8270C / 625	
PCBs 8082 / 608	
Pesticides 8081A / 608	
BOD, TSS, pH	
Moisture Content	
Turn Around Time if different from standard	Hold

LAB # (LAB USE ONLY)	FIELD CODE	# CONTAINERS	Volume / Amount	MATRIX			PRESERVATIVE METHOD				SAMPLING			
				WATER	SOIL	AIR	SLUDGE	HCl	HNO ₃	H ₂ SO ₄	NaOH	ICE	NONE	DATE
5531	SP-3 10"	1		X									8/22/07	10:53
532	SP-3 24"	1		X									8/22/07	10:50
533	SP-3 36"	1		X									8/22/07	10:55

Relinquished by:	Company:	Date:	Time:	Received by:	Company:	Date:	Time:	Temp °C:
ED	Taylor	9/10/07	6:00	Wendy Taylor	Taylor	9-9-07	6:00	
Wendy Taylor	Taylor	9/10/07	9:10	Wendy Taylor	TRACE	09/10/07	09:10	35

REMARKS: **all tests - Midland**
 Dry Weight Basis Required
 TRRP Report Required
 Check If Special Reporting Limits Are Needed

LAB USE ONLY
 Intact Y N
 Headspaces Y N / N/A
 Log-in-Review: **ED**