

District I
1625 N French Dr, Hobbs, NM 88240
District II
1361 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

FEB 12 2008
OCD-ARTESIA

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

Release Notification and Corrective Action

AKS 0804640209

OPERATOR

X Initial Report Final Report

Name of Company Yates Petroleum Corporation 25575	Contact Mike Stubblefield
Address 105 South 4 th Street, Artesia, N.M. 88210	Telephone No. 505-748-4500 505-513-1712
Facility Name Loving AIB State #16 30-015-35449	Facility Type drilling well

Surface Owner State	Mineral Owner.	Lease No.
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LOCATION OF RELEASE

Unit Letter 6/L	Section 16	Township 23s	Range 28e	Feet from the 1650'	North/South Line FSL	Feet from the 990'	East/West Line FWL	County Eddy
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Latitude 32.30609 Longitude 104.0889

NATURE OF RELEASE

Type of Release Drilling fluids	Volume of Release 150 bbls	Volume Recovered 145 bbls
Source of Release Steel Tank	Date and Hour of Occurrence 2/1/2008 7:00pm	Date and Hour of Discovery 2/1/2008 7:00pm
Was Immediate Notice Given? Yes X No Not Required	If YES, To Whom? NMOCD after hour's answering service	
By Whom? Lisa Norton	Date and Hour 2/2/2008 9:00am	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.* During cementing operations using a closed loop system a steel tank leaked. The cause of the release was the steel tank having a hole from a clean out on the previous drilling well. Drilling mud was removed from the steel tank using a backhoe.

Describe Area Affected and Cleanup Action Taken.
The impacted area on location is est to be 100' x 100'. The impacted area on the North side of the pad off location is est to be 50' x 25'. A vacuum truck & backhoe were brought to the location. All visible muds were removed & hauled to Lea Land Inc. and NMOCD approved Solid Waste Disposal Facility. Soil samples will be taken for analytical and submitted to a second party lab for analysis. Soil samples will be tested for TPH, B-TEX and Chlorides. IF the analytical results for the initial sampling event report the TPH & B-TEX to be over the RRAL for the site, a remediation work plan will be submitted to the NMOCD. The Chlorides will be documented. When final analytical results report the TPH & B-TEX to be under the RRAL for the site a final C-141 form will be submitted by Yates Petroleum Corporation requesting closure for the release that occurred on 2/1/2008.

Site ranking Depth to ground water - < 50'. Wellhead protection area - > 1000'. Distance to surface water body - > 1000' site ranking score - 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>Mike Stubblefield</i>	OIL CONSERVATION DIVISION	
Printed Name Mike Stubblefield	Approved by TIM GUM by MB District Supervisor.	Signed By <i>Mike Stubblefield</i>
Title, Environmental Regulatory Agent	Approval Date FEB 15 2008	Expiration Date: N/A
E-mail Address: mikes@ypennm.com	Conditions of Approval	
Date: 2/11/2008 Phone: 505-748-4500	Attached <input checked="" type="checkbox"/>	

* Attach Additional Sheets If Necessary

PFEB0804934824

2RP-129



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Yates Petroleum Corporation
105 S. 4th St.
Artesia, NM 88210
ATTN: Mike Stubblefield

February 15, 2008

Reference: Loving AIB State 016 L-16-23s-28e API: 30-015-35449 Eddy County New Mexico

Dear Mr. Stubblefield,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of an Initial Report Form C-141(report) reporting a release of drilling fluids that occurred on 2/1/2008 at the above referenced well site. The report indicates that visibly identifiable impacted materials were excavated and hauled to a disposal. The report proposes to obtain samples from the impacted area and submit samples to be tested for BTEX, TPH, and Chloride constituents. If the BTEX and TPH levels are above OCD Recommended Remediation Action Levels (RRAL), a remediation work plan will be submitted to OCD. The report then indicates that Chloride impact will be documented.

Due to this site being situated in a water sensitive area (less than 50' bgs from ground water), all constituents of concern including Chloride impact, are to be delineated. Hydrocarbon impact is to be delineated to RRAL for this site and Chloride impact is to be delineated to 250 mg/kg or "like depth" background. A determination will then be made as to disposition of impacted materials. The proposal to test Chloride levels for documentation only is not approved.

Notify OCD 48 hours prior to obtaining samples where analyses of samples obtained are to be submitted to OCD.

Please submit sample analyses to OCD no later than March 14, 2008.

If I can be of assistance in this matter, please contact me.

Sincerely,

Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210
(575) 748-1283 Ext.108
(575) 626-0857
mike.bratcher@state.nm.us