

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

SEB0809255498
LEB0809254913
NSEB0809254997

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company Yates Petroleum Corporation	OGRID Number 25575	Contact Robert Asher
Address 104 S. 4 TH Street	API Number 30-015-20396	Telephone No. 505-748-1471
Facility Name Saguaro Water Transfer	Facility Type Battery	
Surface Owner Federal	Mineral Owner Federal	Lease No. NM-84608

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
F	23	21S	24E					Eddy

Latitude 32.57531 Longitude 104.57860

NATURE OF RELEASE

Type of Release Produced Water	Volume of Release 30 B/PW	Volume Recovered 20 B/PW
Source of Release Gun Barrel	Date and Hour of Occurrence 6/27/2007 - AM	Date and Hour of Discovery 6/27/2007 - AM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher, OCD, District II	
By Whom? Bob Asher, Yates Petroleum Corporation	Date and Hour 10:39 AM (V/M) & 10:50 AM (E-mail)	
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.* Power failure from lightning/wind storm causing motor valve to fail that controls the flow of water into gun barrel did not close causing water to enter gun barrel and over flow from water legs Vacuum truck called, release contained within berm.		
Describe Area Affected and Cleanup Action Taken.* An approximate area of 100' X 25'. Vacuum truck picked up standing fluids. Vertical and horizontal delineation will be made and corrective action taken Depth to Ground Water: >100', Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 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: Robert Asher	Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date: 4-1-08	Expiration Date: 10-1-08
E-mail Address: boba@ypc.nm.com	Conditions of Approval: Work Plan	Attached <input checked="" type="checkbox"/>
Date: Monday, July 02, 2007 Phone: 505-748-1471	AND Work plan approval w/ stipulations	

* Attach Additional Sheets If Necessary

PSEB0809256420

2RP-152

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 1, 2008

Yates Petroleum Corporation
Attn: Robert Asher
105 S 4th Street
Artesia, NM 88210

Reference: Saguaro Water Transfer F-23-20S-24E Eddy County, New Mexico
2RP-152

Operator,

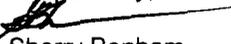
The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a work plan proposal (plan) for remediation of a release of produced fluids occurring at the above referenced facility on June 27, 2007. The work plan indicates the impacted area is located on the east side of the battery inside the berm. The sample diagram dated October 17, 2007 indicates the release area affected the south side of battery inside the berm as well.

The plan is accepted with the following stipulations:

- Contaminated soils shall be remediated so that residual contaminant concentrations are below the recommended soil remediation action levels. Confirmation soil samples reflecting TPH, BTEX, and chloride constituents will be required.
- Notify the OCD 48 hours prior to obtaining samples where analyses are to be submitted to the OCD.
- Remediation requirements may be subject to change as site conditions warrant.
- Results of analytical data obtained through sampling shall be forwarded to OCD for approval **prior** to any backfilling activities.
- Upon completion of remedial activities, a final report summarizing all actions taken (including the watering, tilling, monitoring activities proposed in the work plan) to mitigate environmental damage related to the release is to be provided to OCD.
- A final Report C-141 is to be submitted to the OCD upon satisfactory completion of remediation project.
- Remediation to be completed on or before October 1, 2008.

Please be advised that NMOCD acceptance of this plan 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 this plan does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

Respectfully,


Sherry Bonham
NMOCD District 2
1301 W Grand Avenue
Artesia, NM 88210
575.748.1283 ext. 109
sherry.bonham@state.nm.us



MARTIN YATES, III
1912-1985

FRANK W. YATES
1937-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1477

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2RP-152

October 17, 2007

Mr. Mike Bratcher
NMOCD District II
1301 West Grand
Artesia, NM 88210

OCT 17 2007
OCD-ARTESIA

Re: Saguaro Water Transfer
30-015-20396
Section 23, T20S-R24E
Eddy County, New Mexico

Dear Mr. Bratcher:

Yates Petroleum Corporation would like to submit for your consideration the enclosed work plan for the above captioned well. The plan is being submitted in response to the C-141 dated July 2, 2007. Scope of work described in the plan will be conducted as soon as the work plan is approved and a contractor is scheduled.

If you have any questions call me at (505) 748-4217

Thank you.

YATES PETROLEUM CORPORATION

Robert Asher
Environmental Regulatory Agent

Enclosure(s)

Yates Petroleum Corporation

Saguaro Water Transfer Work Plan

Section 23, T20S-R24E

Eddy County, New Mexico

October 17, 2007

2RP-152

I. Location

The well is located approximately 27 miles south-southwest of Artesia, NM, approximately 6/10 of a mile west of Sawbuck Road, as represented by the attached Foster Ranch, NM, USGS Quadrangle Map.

II. Background

On July 2, 2007, Yates submitted to the NMOC District II office a Form C-141 for a release of 30 barrels of produced water from a gun barrel (lightning caused a power failure at the location, which allowed water to over run the water legs). The affected area is approximately 18 feet by 30 feet, all inside the bermed area (east side of the battery). Approximately 15 barrels were recovered and the tank was repaired. Contaminated soils have been excavated and removed to an OCD approved land disposal facility. Yates Petroleum Corporation conducted sampling within the battery, samples were sent to Environmental Lab of Texas. Analytical results and a sample diagram are enclosed.

III. Surface and Ground Water

Area surface geology is Paleozoic. The nearest groundwater of record is listed on the ChevronTexaco, Eddy County Depth to Groundwater Water Well Facilities Trend Map dated 2/9/2005 shows the depth to groundwater is approximately 250 feet (Unit Letter F, Section 23, T20S-R24E) making the site ranking for this site a zero (0). Any watercourses in the area are dry except for infrequent flows in response to major precipitation events.

The ranking for this site is zero (0) based on the as following:

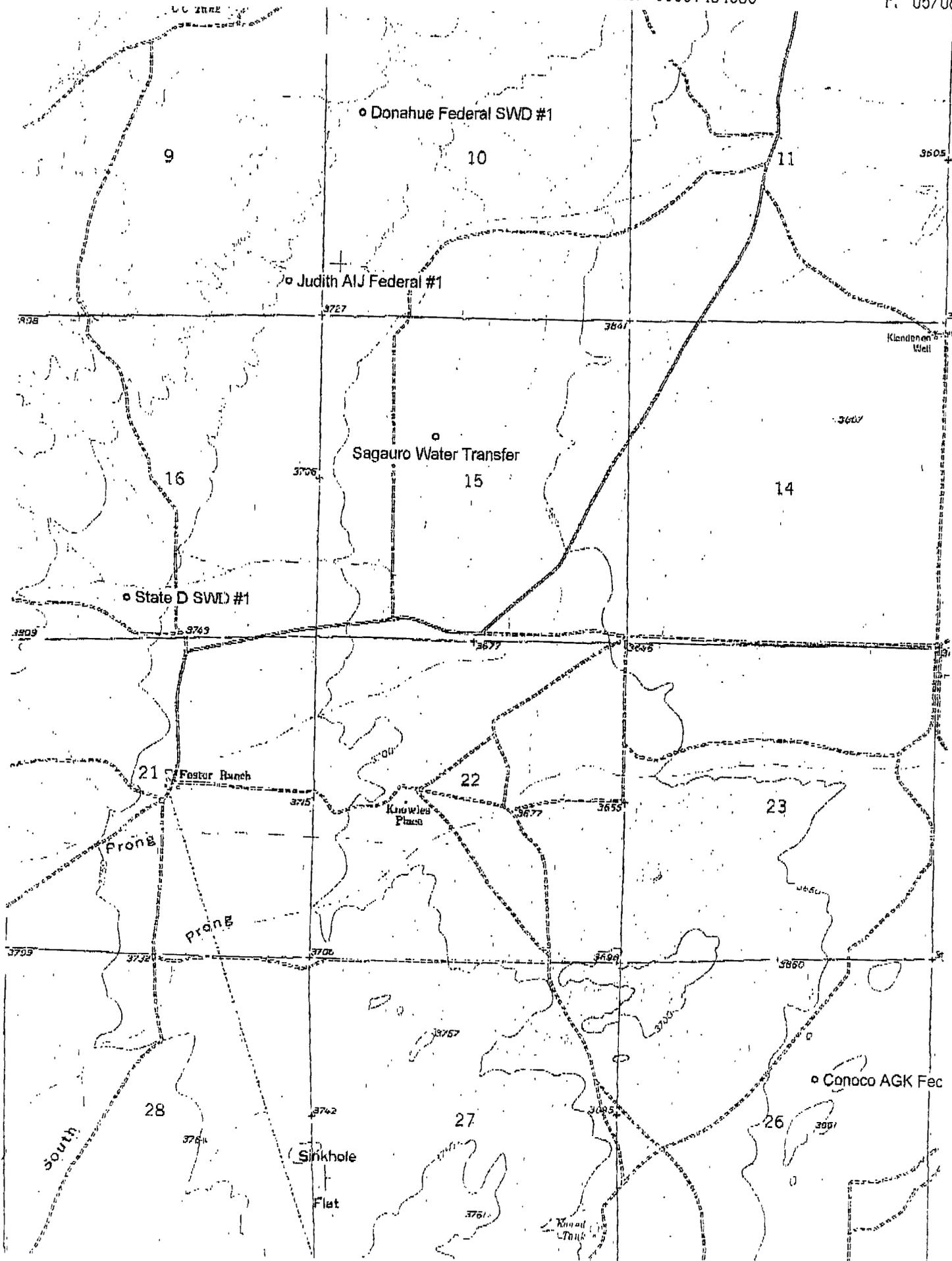
Depth to ground water	> 100'
Wellhead Protection Area	> 1000'
Distance to surface water body	> 1000'

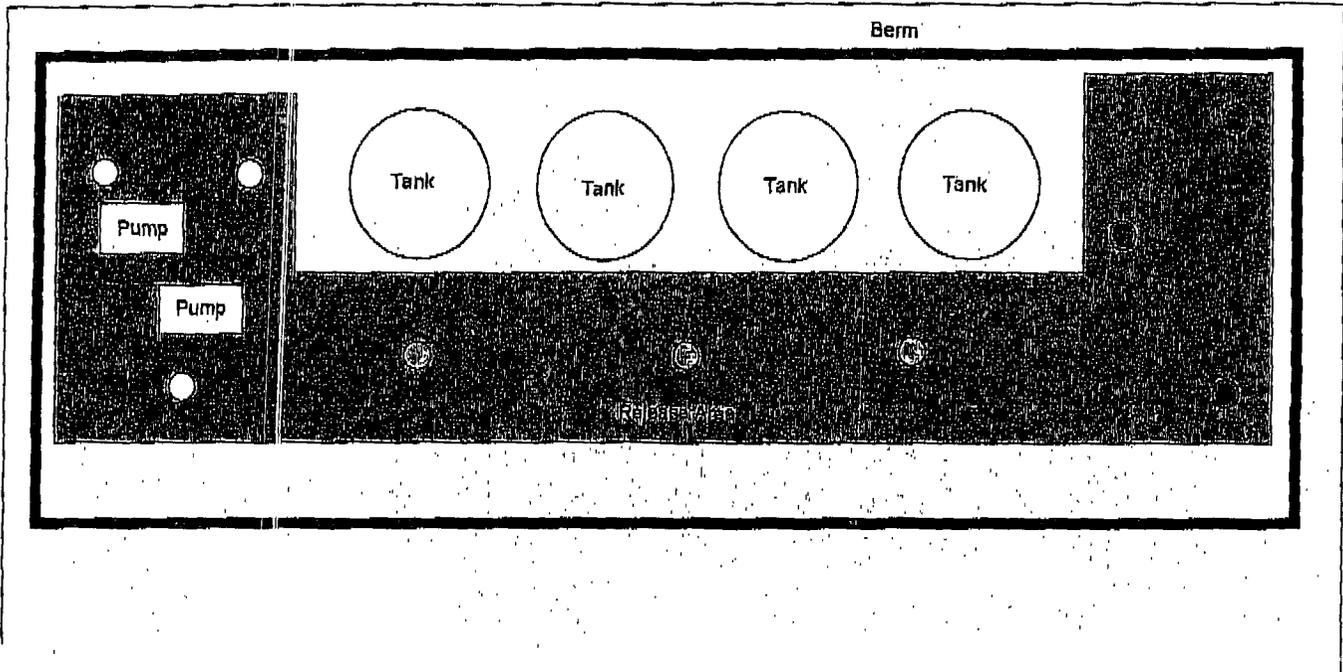
IV. Soils

The area consists of soils that are clay and rock, interspersed with caliche seams providing a low permeability barrier to retard vertical percolation of contaminants into the subsurface.

V. Scope of Work

Upon approval of this work plan, Yates Petroleum Corporation will have a contractor remove contaminated soils and place on plastic. Nitrogen fertilizer and water will be applied to soils and rototill every thirty (30) days for three (3) months. Yates will sample within ninety (90) days of application, these samples will be sent to a certified lab and analyzed for BTEX and TPH. Based on the Total Ranking Score of zero (0), RRAL's for BTEX is 50 ppm and TPH is 5000 ppm. If results are above OCD guidelines, then further remediation as described above will be implemented to attain the acceptable limits. If lab analysis reflects closure levels then Yates will contact the Oil Conservation Division to give opportunity to witness a final sampling event. Upon final OCD approval, remediated and clean backfill soils will be replaced in excavation.





Sample ID	Sample Date	Sample Type	Depth	Chlorides	BTEX	GRO	DRO	TPH TOTAL
GS/Comp-001	7/25/2007	Grab/Auger	1'	1200	0.3027	51.9	475	527
GS/Comp-002	7/25/2007	Grab/Auger	2'	752	55.0605	2280	7060	9,340
GS/Comp-003	9/26/2007	Grab/Auger	3'	NA	40.838	1560	3730	5,290
GS/Comp-004	9/26/2007	Grab/Auger	4'	NA	30.646	1480	5770	7,250
GS/Comp-005	7/25/2007	Grab/Auger	1'	861	ND	11.7	726	738
GS/Comp-004	7/25/2007	Grab/Auger	1'	484	ND	ND	165	165

Site Ranking is Zero (0). Depth to Ground Water: >100' (approx. 250'). All results are ppm.



Saguaro Water Transfer
Section 23, T20S-R24E
Eddy County, NM

Sample Diagram
(Not to Scale)
 Prepared by Robert Asher
 Environmental Regulatory Agent
 October 17, 2007

Report Date: October 3, 2007
30-015-20396

Work Order: 7092727
Saguaro Water Transfer

Page Number: 1 of 1
Eddy County, NM

Summary Report

Robert Asher
Yates Petroleum Corp.
105 South 4th South
Artesia, NM, 88210

Report Date: October 3, 2007

Work Order: 7092727



Project Location: Eddy County, NM
Project Name: Saguaro Water Transfer
Project Number: 30-015-20396

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
137634	GS/Comp-001	soil	2007-09-26	10:51	2007-09-26
137635	GS/Comp-002	soil	2007-09-26	11:09	2007-09-26

Sample - Field Code	BTEX				TPH DRO DRO (mg/Kg)
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	
137634 - GS/Comp-001	0.878	1.04	4.62	34.8	8730
137635 - GS/Comp-002	<0.0500	0.358	4.29	28.0	5770