

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

SEB0815138617
LSEB0815138470
NSEB0815138145

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, Artesia, NM 88210	API Number 30-015-26834	Telephone No. 505-748-4217
Facility Name Smith Federal Gas Com. #2		Facility Type Battery

Surface Owner Federal	Mineral Owner Federal	Lease No. NM-0251099A
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LOCATION OF RELEASE

Unit Letter E	Section 12	Township 22S	Range 23E	Feet from the 2049	North/South Line North	Feet from the 480	East/West Line West	County Eddy
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Latitude 32.40688 Longitude 104.56044

NATURE OF RELEASE

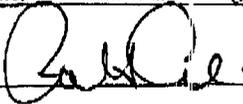
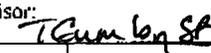
Type of Release Produced Water & Iron Sludge	Volume of Release 30 B/PW	Volume Recovered 25 B/PW
Source of Release Water Leg	Date and Hour of Occurrence 5/5/2008 - AM	Date and Hour of Discovery 5/5/2008 - PM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher/NMOCD, District II	
By Whom? Jerry Fanning/YPC Environmental	Date and Hour 5/6/2008 - AM (Voicemail & 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.*
Water leg collapsed from high winds and H2S weakened steel anchors. Vacuum truck called.

Describe Area Affected and Cleanup Action Taken.*
Area approximately 10' X 40' all contained inside berm, vacuum truck picked up remaining produced water, vertical and horizontal delineation will be made and corrective action taken. If delineation results are within RRAL's for the site ranking, a Final Report, C-141 will be submitted. **Depth to Ground Water: >100' (approx. 200'), 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 Regulator/ Agent	Approval Date: <u>5-30-08</u>	Expiration Date: <u>7-30-08</u>
E-mail Address: boba@ypcnnm.com	Conditions of Approval:	Attached <input checked="" type="checkbox"/>
Date: May 16, 2008	Phone: 505-748-4217	STIPULATIONS

* Attach Additional Sheets If Necessary

2PP-173

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



May 28, 2008

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

Reference: Smith Federal Gas Com 002 E-12-22S-23E
30 015 26834 Eddy County, New Mexico
2RP-173

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of an Initial Report C-141 (report) for a release of produced water and iron sludge occurring at the above referenced facility on May 5, 2008. Stated on the C-141 is "...vertical and horizontal delineation will be made and corrective action taken."

This report is accepted with the following stipulations:

- Notify the OCD 48 hours prior to obtaining samples where analyses are to be submitted to the OCD.
- Remediation work Plan (as warranted per soil analytical data) to be submitted to OCD on or before **June 27, 2008**.
- Results of analytical data obtained through sampling shall be forwarded to OCD for approval prior to any backfilling activities should excavation have occurred.
- Remediation requirements may be subject to change as site conditions warrant.
- Remediation activities to be completed on or before **July 28, 2008**.
- A final Report C-141 including all documentation is to be submitted to OCD upon satisfactory completion of remediation project.

Remediation requirements may be subject to other federal, state, local laws and/or regulations. Additionally, please be advised that OCD approval does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment.

Thank you for your attention to these matters. If I can be of assistance, you may reach me at the contact information listed below.

Respectfully,

Sherry Bonham
NMOCD District 2
1301 West Grand Ave.
Artesia, NM 88210
(505) 748-1283 Ext.109
sherry.bonham@state.nm.us

