

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

JUN 20 2008
OCD-ARTESIA

Form C-141
Revised October 10, 2003

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

Release Notification and Corrective Action

ISEB0819330822
nSEB0819330578

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 Jervis AYB Federal #7 30-005-63927	Facility Type drilling well.

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

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
G	11	8s	26e	1073'	FNL	1540'	FEL	Chavez

Latitude 33.63619 ___ Longitude 104.26326

NATURE OF RELEASE

Type of Release Drilling fluids	Volume of Release 10-15 bbls	Volume Recovered 0
Source of Release. Steel pit	Date and Hour of Occurrence 6/11/2008 4:02 pm	Date and Hour of Discovery same
Was Immediate Notice Given? Yes No X Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
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 drilling operations using a closed Loop system a steel pit overflowed. The fluid level in the steel pit was lowered. A back hoe and roustabout crew were called to location and the drilling mud was excavated and hauled to an NMOCD approved solid waste disposal facility.

Describe Area Affected and Cleanup Action Taken.

The impacted area was on the NW side of the location and off the location in a narrow flow path running NW measured to be 2'-3' wide and 600' long. The drilling mud was excavated and hauled to an NMOCD approved solid waste disposal facility. Soil samples will be taken from the impacted area. Soil samples taken will be submitted to a second party lab and analysis ran for Chlorides. When the initial analytical results are received the Chlorides will be evaluated and appropriate actions taken. The nearest information for the depth to ground water as reported by the NMOSE is in sec. 23-8s-26e. The depth to ground water in sec. 23 is reported to be 150'.

Site ranking Depth to ground water ->100', Wellhead protection area -> 1000', Distance to surface water body -> 1000' site ranking score - 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: Mike Stubblefield <i>mike Stubblefield</i>	Approved by District Supervisor: <i>TCM by SB</i>	Remediation Actions to be completed and Final C-141 submitted with confirmation analyses/documentation on or before the Expiration Date.
Title: Environmental Regulatory Agent	Approval Date: 7-11-08	Expiration Date: 9-15-08
E-mail Address: mikes@ypcnm.com	Conditions of Approval:	
Date: 6/17/2008 Phone: 505-748-4500	Notify OCD 48 hours prior to obtaining samples where analyses are to be presented to OCD	Attached <input type="checkbox"/> 2RP-189

* Attach Additional Sheets If Necessary

SEB0819330844