

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

S.P. YATES
CHAIRMAN EMERITUS
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DIRECTOR

July 30, 2008

JUL 31 2008
OCD-ARTESIA

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

Re: Saguaro Water Transfer
2RP-148
30-015-20396
Section 23, T20S-R24E
Eddy County, New Mexico

Dear Mr. Bratcher,

Enclosed please find a Form C-141, Final Report for the above captioned site regarding the release on March 3, 2008, (125 B/PW with 120 B/PW recovered). Samples were taken on April 15, 2008 and sent to an OCD approved laboratory (analytical reports and sample diagram enclosed). Site ranking is zero (0), with the depth to ground water >100' (approximately 250'). RRAL's based on the site ranking of 0, BTEX (ppm) @ 50 and TPH (ppm) @ 5000, sample results are within these limits. Based on produced water recovered and sample results, Yates Petroleum Corporation requests closure and no further remediation for this release.

If you have any questions, please call me at 505-748-4217.

Thank you.

YATES PETROLEUM CORPORATION

Robert Asher
Environmental Regulatory Agent

/rca
Enclosure(s)

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

JUL 31 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

OPERATOR

Initial Report Final Report

| | | |
|--|-------------------------------|--------------------------|
| Name of Company Yates Petroleum Corporation | OGRID Number 25575 | Contact Robert Asher |
| Address 104 S. 4 TH Street | Telephone No. 575-748-1471 | |
| Facility Name Saguaro Water Transfer | API Number 30-015-20396 | Facility Type Battery |
| | | Order Number 2RP-148 |
| Surface Owner Federal | Mineral Owner Federal | Lease No. NM-84608 |

LOCATION OF RELEASE

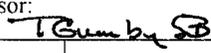
| | | | | | | | | |
|------------------|---------------|-----------------|--------------|---------------|------------------|---------------|----------------|----------------|
| Unit Letter F | Section 23 | Township 20S | Range 24E | Feet from the | North/South Line | Feet from the | East/West Line | County Eddy |
|------------------|---------------|-----------------|--------------|---------------|------------------|---------------|----------------|----------------|

Latitude 32.57531 Longitude 104.57860

NATURE OF RELEASE

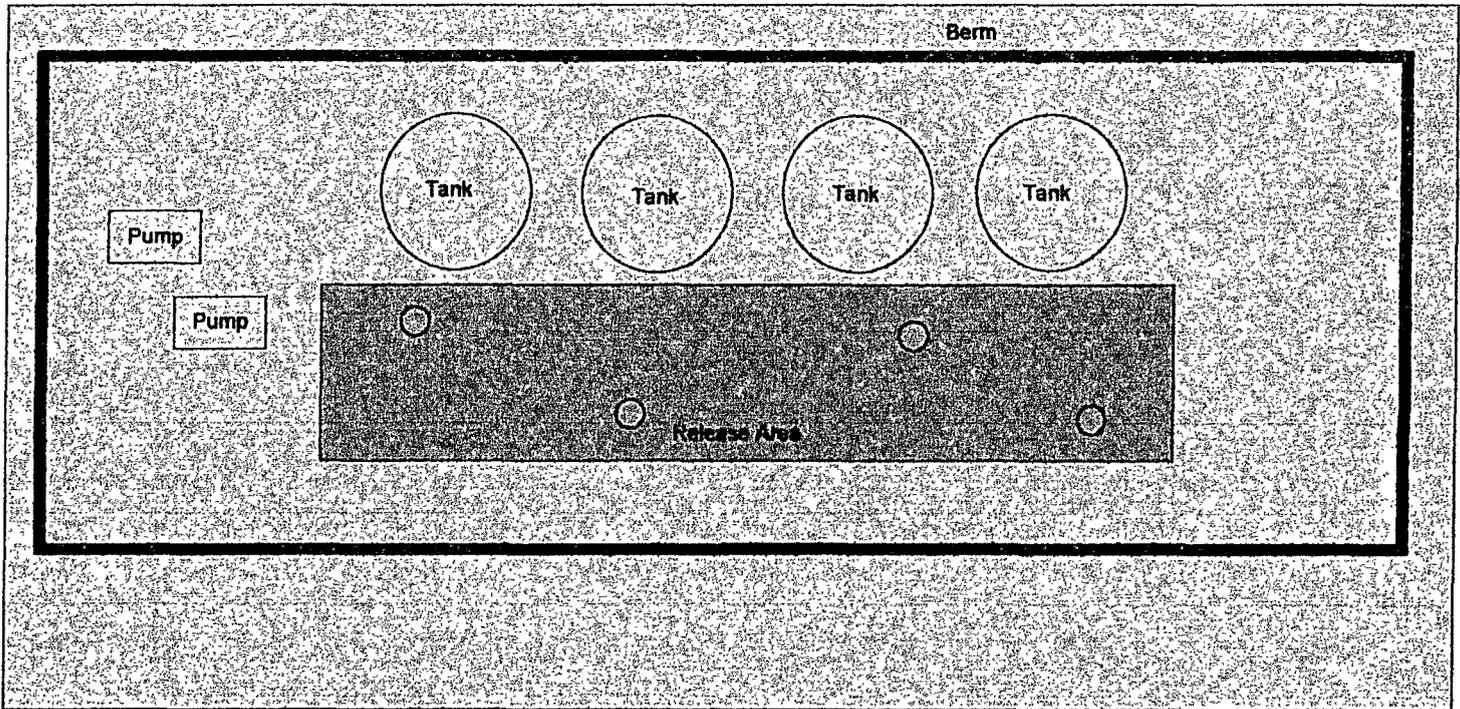
| | | |
|--|---|---|
| Type of Release Produced Water | Volume of Release 125 B/PW | Volume Recovered 120 B/PW |
| Source of Release Water tank | Date and Hour of Occurrence 3/3/2008- AM | Date and Hour of Discovery 3/3/2008 - AM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <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 3/4/2008; 8:32 AM (V/M) | |
| 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 storm causing tank to over flow. Vacuum truck called, release contained within berm. | | |
| Describe Area Affected and Cleanup Action Taken.* An approximate area of 75' X 15'. Vacuum truck picked up standing fluids. Vertical and horizontal delineation has been conducted (4/15/2008). Depth to Ground Water: >100' (approx. 250') , Wellhead Protection Area: No , Distance to Surface Water Body: >1000' , SITE RANKING IS 0. Based on enclosed information, Yates Petroleum Corporation requests closure. | | |

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: <u>12-9-08</u> | Expiration Date: <u>N/A</u> |
| E-mail Address: boba@ypcnm.com | Conditions of Approval: <u>N/A</u> | Attached <input type="checkbox"/> <u>N/A</u> |
| Date: Wednesday, July 30, 2008 | Phone: 575-748-4217 | |

* Attach Additional Sheets If Necessary

2RP-148



| Sample ID | Sample Date | Depth | BTEX | TPH (DRO) | TPH (GRO) | TPH (Total) | Chlorides |
|-------------|-------------|-------|-------|-----------|-----------|-------------|-----------|
| GS/Comp-001 | 4/15/2008 | 1' | <0.04 | <50.0 | <1.00 | <51.00 | 922 |
| GS/Comp-002 | 4/15/2008 | 2' | <0.04 | <50.0 | <1.00 | <51.00 | 415 |

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
July 30, 2008

Summary Report

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

Report Date: April 18, 2008

Work Order: 8041609



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

| Sample | Description | Matrix | Date Taken | Time Taken | Date Received |
|--------|-------------|--------|------------|------------|---------------|
| 156900 | GS/Comp-001 | soil | 2008-04-15 | 09:53 | 2008-04-16 |
| 156901 | GS/Comp-002 | soil | 2008-04-15 | 10:11 | 2008-04-16 |

| Sample - Field Code | BTEX | | | | TPH DRO | TPH GRO |
|----------------------|--------------------|--------------------|-------------------------|-------------------|----------------|----------------|
| | Benzene (mg/Kg) | Toluene (mg/Kg) | Ethylbenzene (mg/Kg) | Xylene (mg/Kg) | DRO (mg/Kg) | GRO (mg/Kg) |
| 156900 - GS/Comp-001 | <0.0100 | <0.0100 | <0.0100 | <0.0100 | <50.0 | <1.00 |
| 156901 - GS/Comp-002 | <0.0100 | <0.0100 | <0.0100 | <0.0100 | <50.0 | <1.00 |

Sample: 156900 - GS/Comp-001

| Param | Flag | Result | Units | RL |
|----------|------|--------|-------|------|
| Chloride | | 922 | mg/Kg | 2.00 |

Sample: 156901 - GS/Comp-002

| Param | Flag | Result | Units | RL |
|----------|------|--------|-------|------|
| Chloride | | 415 | mg/Kg | 2.00 |