

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

DEC -- 8 2008

Form C-141
Revised October 10, 2003

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

Release Notification and Corrective Action

nSEB0835929844 OPERATOR X Initial Report Final Report

Name of Company Yates Petroleum Corporation	Contact Mike Stubblefield
Address 105 South 4 th Street, Artesia, N.M. 88210	Telephone No. 505-7484500 505-513-1712
Facility Name Walt Canyon AMA Federal #4	Facility Type Producing well

Surface Owner Federal	Mineral Owner Federal	Lease No.
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30 015 28361

LOCATION OF RELEASE

Unit Letter B	Section 3	Township 22s	Range 24e	Feet from the 860'	North/South Line FNL	Feet from the 1780'	East/West Line FEL	County Eddy
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Latitude 32.4257 Longitude 104.48302

NATURE OF RELEASE

Type of Release Hydrocarbon & Produced water	Volume of Release 10 bbls Hydrocarbon 490 bbls produced water	Volume Recovered 0 Hydrocarbon 0 produced water
Source of Release Below grade flow line from well.	Date and Hour of Occurrence 11/23/2008 7 00pm	Date and Hour of Discovery 11/23/2008 7 00pm
Was Immediate Notice Given? Yes X No Not Required	If YES, To Whom? NMOCD/Mike Bratcher's voice mail box	
By Whom? Mike Stubblefield	Date and Hour 11/24/2008 11 25am	
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 *

The below grade flow line was found to be leaking in two areas near the wellhead The first release area was 10' due south of the wellhead on location, the second release area was 40' due south of the wellhead on location The below grade line was excavated and removed from service; a new flow line will be installed above grade

Describe Area Affected and Cleanup Action Taken.*

The impacted area was located on and off the location The impacted areas on location were on the removed flow line Area A located 10' south of the well head & area B located 40' south of the wellhead The impacted areas labeled A & B were excavated to a depth of 6' BGS Composite soil samples were taken on 12/3/2008 from the excavated areas and the removed stockpiled soil The impacted area off the location is located east of the location This area is steep in grade The release ran under the location and exited the location pad in a narrow flow path running east of the location This area was measured to be 5'-15' x 300' There was a small pooling area found at the end of the release A water sample was taken from the release fluid in this area on 11/24/2008

Soil samples were taken for analytical from the impacted area located east of the location on 11/24/2008 The soil samples taken were then submitted to a second party lab and analysis ran for TPH using EPA Method 8015m, and B-TEX using EPA Method 8260 Analysis was run for the Chlorides using EPA Method 4500CLB. The analytical results dated 12/1/2008 received from Cardinal Lab reported the TPH & B-TEX to be under the RRAL for the site. The Chlorides were reported to be 368 ppm in the impacted area located east of the location The Chlorides were reported to be 1,190 ppm in the water sample taken on 11/24/2008 The TPH & B-TEX are under the RRAL for the site The Chlorides as documented pose no risk to surface waters or ground waters The impacted area on location will be further delineated for the GRO & DRO A work plan will be submitted to OCD for the correction of the impacted areas on location When analytical results report the TPH to be under the RRAL for the site, Yates Petroleum Corporation will submitted the final C-141 form for the release that occurred on 11/24/2008 requesting closure

Depth to ground water > 100', Wellhead protection area > 1000', Distance to surface water body < 1000' Site ranking 10.

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 District Supervisor: <i>TECUMBY 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 <i>12-24-08</i>	Expiration Date <i>2-25-2009</i>
E-mail Address mikes@ypcnm.com	Conditions of Approval: <i>STIPULATIONS</i>	Attached <input checked="" type="checkbox"/>
Date: 12/4/2008 Phone 505-748-4500		

Attach Additional Sheets If Necessary

2RP - 283



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

**ANALYTICAL RESULTS FOR
YATES PETROLEUM CORPORATION
ATTN: MIKE STUBBLEFIELD
105 SOUTH 4TH STREET
ARTESIA, NM 88210
FAX TO: (575) 748-4635**

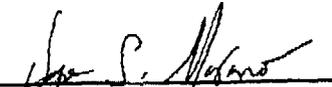
Receiving Date: 11/26/08
Reporting Date: 11/26/08
Project Number: 30-015-28361
Project Name: WALT CANYON AMA FED. #4
Project Location: SEC. 3-22S-24E

Analysis Date: 11/26/08
Sampling Date: 11/24/08
Sample Type: SOIL & WASTEWATER
Sample Condition: COOL & INTACT
Sample Received By: AB
Analyzed By: HM

LAB NUMBER	SAMPLE ID	CF (ppm)
H16435-1	FLOW PATH EAST OF LOCATION SURFACE.	* 368
H16435-2	POOLING AREA EAST OF LOCATION.	1,190
Quality Control		510
True Value QC		500
% Recovery		102
Relative Percent Difference		2.0

METHOD: Standard Methods 4500-CFB

* Note: Analysis performed on a 1:4 w:v aqueous extract.


Chemist

12-01-08
Date

H16435 YATES

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



ARDINAL LABORATORIES, INC.

2111 Beechnood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240
 (325) 673-7001 Fax (326) 673-7020 (505) 393-2326 Fax (505) 393-2478

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Company Name: Yates Petroleum Corporation		P.O. #:	
Project Manager: Mike Stubblefield		Company: Yates Pet Corp	
Address: 105 South 4th Street		Attn: Mike Stubblefield	
City: Artesia	State: N.M.	Zip: 88210	Address: 105 South 4th Street
Phone #: 505-913-1212	Fax #: 505-918-4335	City: Artesia	
Project #: 30-015-20761	Project Owner: Mike Stubblefield	State: N.M. Zip 88210	
Project Name: Walt Canyon ADA Fed. #4.		Phone #: 505-918-9500	
Project Location: Sec. 3-225-24c		Fax #: 505-918-4335	
Sampler Name: Mike Stubblefield			

ANALYSIS REQUEST

Lab I.D.	Sample I.D.	GIRAB OR (Q)OMP. # CONTAINERS	MATRIX							PRESEV.	SAMPLING		TPH 80507	R-TEX 8021	Chlorides 4500 c10
			GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE	ICE / COOL	OTHER:	DATE			
H1164354	Flowpath east of location surface.	G		✓					✓		11/24/2008	2:16 PM	✓	✓	✓
-2	Pooling area east of location.	G		✓							11/24/2008	2:30 PM			✓

PLEASE NOTE: Liability and limited term's include remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the services. All claims, including those for negligence, and any other claim, shall be barred if not brought by Client within 30 days after completion of the applicable services. In no event shall Cardinal be liable for indirect or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services by Cardinal, regardless of whether such claim is based upon any of the above stated services or otherwise.

Terms and Conditions: Interest will be charged on all payments more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collection, including attorney's fees.

Sampler Relinquished:	Date: 11/26/2008 Time: 9:00 am.	Received By:	Phone Result: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Relinquished By: Mike Stubblefield	Date: 11/26/2008 Time: 9:00 am.	Received By: Lab Staff CB 11/26/08 10:40a	Fax Result: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Delivered By: (Circle One) Mike Stubblefield	Sample Condition Temp, °C / Intact? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Checked By: (Initials) CB	REMARKS:
Sampler - UPS - us - <input checked="" type="checkbox"/> Other:			

† Cardinal cannot accept verbal changes. Please fax written changes to (326) 673-7020.



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

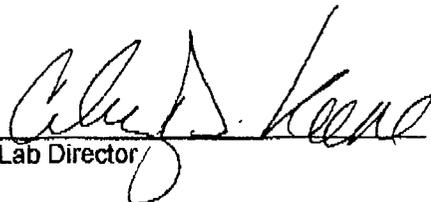
ANALYTICAL RESULTS FOR
 YATES PETROLEUM CORPORATION
 ATTN: MIKE STUBBLEFIED
 105 SOUTH 4TH STREET
 ARTESIA, NM 88210
 FAX TO: (575) 748-4635

Receiving Date: 12/03/08
 Reporting Date: 12/07/08
 Project Number: 30-015-28361
 Project Name: WALT CANYON AMA FED. #4
 Project Location: SEC. 3-22S-24E

Sampling Date: 12/03/08
 Sample Type: SOIL
 Sample Condition: INTACT
 Sample Received By: ML
 Analyzed By: AB

LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)
ANALYSIS DATE:		12/05/08	12/05/08
H16468-1	AREA A EXCAVATED AREA 5' BGS	79.7	4,960
H16468-2	AREA A STOCKPILED SOIL	194	15,800
H16468-3	AREA B EXCAVATED AREA 5' BGS	842	30,300
H16468-4	AREA B STOCKPILED SOIL	2,410	22,800
Quality Control		535	593
True Value QC		500	500
% Recovery		107	119
Relative Percent Difference		<0.1	8.8

METHOD: SW-846 8015 M


 Lab Director


 Date

H16468 T YATES

PLEASE NOTE Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



ANALYTICAL RESULTS FOR
 YATES PETROLEUM CORPORATION
 ATTN: MIKE STUBBLEFIELD
 105 SOUTH 4TH STREET
 ARTESIA, NM 88210
 FAX TO: (575) 748-4635

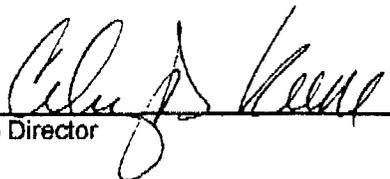
Receiving Date: 12/03/08
 Reporting Date: 12/05/08
 Project Number: 30-015-28361
 Project Name: WALT CANYON AMA FED.#4
 Project Location: SEC. 3-22S-24E

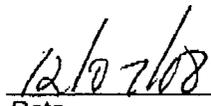
Sampling Date: 12/03/08
 Sample Type: SOIL
 Sample Condition: INTACT
 Sample Received By: ML
 Analyzed By: ZL

LAB NUMBER	SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE		12/04/08	12/04/08	12/04/08	12/04/08
H16468-1	AREA A EXCAVATED AREA 5' BGS	<0.050	0.082	0.061	0.628
H16468-2	AREA A STOCKPILED SOIL	<0.050	0.072	0.162	1.33
H16468-3	AREA B EXCAVATED AREA 5' BGS	<0.050	0.354	0.661	9.20
H16468-4	AREA B STOCKPILED SOIL	<0.050	0.580	4.80	78.2
Quality Control		0.047	0.054	0.055	0.166
True Value QC		0.050	0.050	0.050	0.150
% Recovery		94.0	108	110	111
Relative Percent Difference		1.2	2.1	1.9	2.2

METHOD: EPA SW-846 8021

TEXAS NELAP CERTIFICATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES.


 Lab Director


 Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, in whole or in part, shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



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CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page of

Company Name: Yates Petroleum Corporation		BILL TO:		ANALYSIS REQUEST											
Project Manager: Mike Stubblefield		P.O. #:													
Address: 105 South 4th Street		Company: Yates Pet Corp													
City: Astoria State: N.M. Zip: 88210		Attn: Mike Stubblefield													
Phone #: 505-913-1912 Fax #: 505-748-4335		Address: 105 South 4th Street													
Project #: 36-015-28361 Project Owner: Mike Stubblefield		City: Astoria													
Project Name: Walt Canyon AMA Fed. #4		State: N.M. Zip: 88210													
Project Location: Sec. 3-23-24c		Phone #: 505-748-4500													
Sampler Name: Mike Stubblefield		Fax #: 505-748-4635													
Lab I.D.	Sample I.D.	FOR LAB USE ONLY	# CONTAINERS	MATRIX							DATE	TIME	TPH 801M	R-TEX 8021	CALORIES 4500 CCB
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	PRESERV.					
H/16408-1	Area A excavated AREA 5' BGS		C			✓				✓	12/3/2008	1:00 PM	✓	✓	✓
-2	Area A stock piled soil		C			✓				✓	12/3/2008	1:10 PM	✓	✓	✓
-3	Area B excavated AREA 5' BGS		C			✓				✓	12/3/2008	1:20 PM	✓	✓	✓
-4	Area B stock piled soil		C			✓				✓	12/3/2008	1:30 PM	✓	✓	✓

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Time and Cardinal's interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sampler Relinquished By: Mike Stubblefield	Date: 12/3/2008 Time: 4:05 PM	Received By: Walt LeBout	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No
Relinquished By: Mike Stubblefield	Date: 12/3/2008 Time: 4:01 PM	Received By: (Lab Staff)	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No
Delivered By: (Circle One) Sampler - UPS - <input checked="" type="checkbox"/> <input type="checkbox"/> Other	Sample Condition Temp, °C <input type="checkbox"/> Intact? <input type="checkbox"/>	Checked By: Walt LeBout (Initials)	REMARKS:

† Cardinal cannot accept verbal changes, Please fax written changes to (325) 673-7020.



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



December 24, 2008

Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

RE: Walt Canyon AMA Federal 004 30-015-28361
B-3-22S-24E Eddy County, New Mexico
2RP-283

Dear Operator:

This office is in receipt of your C-141 regarding the produced water and crude oil release at this facility.

NMOCD Rule 19.15.3.116.D states, "The responsible person must complete division approved corrective action for releases which endanger public health or the environment. Releases will be addressed in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with Section 19 of 19.15.1 NMAC."

A guide document intended to provide direction for remediation of soils and fresh waters contaminated as a result of leaks, spills, or releases of oilfield wastes and products is found on OCD's web site at the following link:
http://www.emnrd.state.nm.us/ocd/documents/7C_spill1.pdf

The following actions are **required** to be addressed in the **remediation plan**:

- Horizontal and vertical delineation of the spill by soil sampling. Delineation is required until contamination reaches background levels or a site specific acceptable level. Any constituent(s) of concern—to include but not limited to TPH, BTEX, and chlorides—are to be addressed in the delineation and remediation plan.
- Prepare a sketch of the site indicating where and at what depths the samples were taken.
- Submit laboratory results of sampling and the work plan proposal (plan) for remediation, removal and/or clean up of contaminants that may be present at the site.

Notify the OCD **48** hours prior to obtaining samples where analyses of samples obtained are to be submitted to the OCD. Notification is to include date and time of sample event.

Within 30 days, **on or before January 25, 2009**, completion of a remediation work plan should be finalized and submitted to the Division summarizing all actions taken or to be taken to mitigate environmental damage related to the leak, spill or release for approval.

Please be advised that NMOCD acceptance and/or approval of documents or work plans 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 and/or approval of documents or work plans do not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I may be of further assistance with this matter or should you have any questions, please feel free to contact me.

Sincerely,

Sherry Bonham
NMOCD District II
575.748.1283 X109

