

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

RECEIVED

Form C-141
Revised October 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

JAN 28 2009

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

HOBSOCD

Release Notification and Corrective Action

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 Waylon BCM State Com. #7 30-025-38753	Facility Type Drilling Pit

Surface Owner State	Mineral Owner State	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
D	22	11s	34e	660'	FNL	330'	FWL	Lea

Latitude 33.35648 Longitude 103.50583

WTR 25

NATURE OF RELEASE

Type of Release Drilling Fluids	Volume of Release Unknown	Volume Recovered 0
Source of Release Drilling reserve pit.	Date and Hour of Occurrence Unknown	Date and Hour of Discovery 1/23/2009
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.* The drilling reserve pit located at the Waylon BCM State Com. #7 is currently being closed with an approved C-144 form under NMOCD Rule 17. The pit material was excavated and hauled to Gandy Marley Inc. an NMOCD approved Solid waste disposal facilities. The drilling reserve pit was excavated to a depth of 8' bgs. A hard rock barrier was found in the bottom of the excavation at 8' bgs. Soil samples were taken on 1/23/2009 from the bottom of the cleaned out drilling pit. The soil samples were analyzed on location by YPC using Field analytical test methods. The Chlorides were reported to be above the closure requirements of 500 mg/kg. The Chlorides in the SE section of the drilling pit were reported to be 8' bgs CL.-10,000 mg/kg, Chlorides in the SW section of the drilling pit were reported to be 8' bgs-13,000 mg/kg, Chlorides in the Middle of the drilling pit were reported to be 18,000 mg/kg. Field analytical test reported the Chlorides in all other sections of the cleaned out drilling pit to be under 500 mg/kg. Vertical delineation for Chlorides was attempted in the SE, SW & middle sections of the drilling pit using an Excavator. Field test analytical results reported the Chlorides in the SE section of the drilling pit at 12' bgs to be CL.-252 mg/kg., SW section of the drilling pit 12' bgs CL.-3,872 mg/kg, Middle of drilling pit 12' bgs CL.-15,592 mg/kg.

Describe Area Affected and Cleanup Action Taken.*

Yates Petroleum Corporation believes the hard rock barrier located in the bottom of the excavated drilling pit bottom to be a natural barrier for the vertical migration of Chlorides. For the minimal disturbance and the preservation of the natural hard rock barrier, vertical delineation for Chlorides will be taken in the SE, SW & Middle sections of the drilling pit using a Split spoon auger rig. A five spot composite soil sample will be taken from the bottom of the drilling pit bottom, with the exception of the SE, SW & Middle sections of the drilling pit. A grab soil sample will be taken from the bottom of the SE, SW & Middle sections of the drilling pit. The soil samples taken will be submitted to a second party Lab and analysis ran for THP using EPA Method 8015M & 418.1, B-TEX will be analyzed using EPA Method 8021. The Chlorides will be analyzed using EPA Method 4500 CL-B. The Chlorides will be documented to 260 mg/kg. A 20 mil. Liner will be installed in the bottom of the cleaned out drilling pit in the SE, SW & Middle sections. The cleaned out drilling pit area will then be backfilled back to grade with clean soil using the division prescribed soil cover. A final C-141 form will be submitted for the closure of the release that occurred at the Waylon BCM State Com. #7.

Depth to ground water < 100', Wellhead protection area > 1000', Distance to surface water body > 1000' Site ranking 20.

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 <i>Johnson</i>	
Printed Name: Mike Stubblefield	Approved by District Supervisor ENVIRONMENTAL ENGINEER	
Title: Environmental Regulatory Agent	Approval Date: 1-28-09	Expiration Date: 3-28-09
E-mail Address: mikes@ypcnm.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 1/27/2009 Phone: 505-748-4500		IRP# 09.01.2066

• Attach Additional Sheets If Necessary

FGRL 0903341876