

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

JUL 13 2009

Form C-141  
Revised October 10, 2003

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

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

**Release Notification and Corrective Action**

*NSEB 09005 35437*

**OPERATOR**

Initial Report  Final Report

Name of Company Yates Petroleum Corporation	OGRID Number 25575	Contact Robert Asher
Address 104 S. 4 <sup>TH</sup> Street		Telephone No. 505-748-1471
Facility Name Blast BLA Federal #1	API Number 30-015-36136	Facility Type Drilling Pad

Surface Owner Federal	Mineral Owner Federal	Lease No. NM-100549
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**LOCATION OF RELEASE**

Unit Letter J	Section 17	Township 26S	Range 27E	Feet from the 1980'	North/South Line South	Feet from the 1650'	East/West Line East	County Eddy
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Latitude 32.04040 Longitude 104.20855

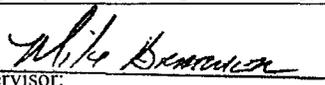
**NATURE OF RELEASE**

Type of Release Drilling Mud	Volume of Release 50 B/DM	Volume Recovered 35 B/DM
Source of Release Steel Pit Closed Loop System	Date and Hour of Occurrence 12/9/2008; AM	Date and Hour of Discovery 12/9/2008; 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/NMOCD	
By Whom? Mike Stubblefield/Yates Petroleum Corporation	Date and Hour 12/9/2008; AM	
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.\*  
During drilling operations the steel pit closed loop system over flowed. A vacuum truck was immediately called to the location. The free standing mud were recovered & then placed back into the closed loop system. A backhoe was called to the location and recovered 90% of the released mud and taken to an NMOCD approved facility. The drilling crew also recovered mud using shovels.

Describe Area Affected and Cleanup Action Taken.\*  
An approximate area of 30' X 20'. Vertical and horizontal delineation samples will be taken and analysis ran for TPH & BTEX. Chlorides will be documented. **Depth to Ground Water: 50-99', Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 10. Based on recovered amounts of drilling mud, soils excavated/removed and enclosed analytical results, 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: 	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Robert Asher	Signed By  Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date: <b>JUL 15 2009</b>	Expiration Date: <i>N/A</i>
E-mail Address: boba@yatespetroleum.com	Conditions of Approval: <i>N/A</i>	Attached <input type="checkbox"/>
Date: Thursday, July 09, 2009 Phone: 505-748-4217	2RP-289	

\* Attach Additional Sheets If Necessary

JUL 13 2009

MARTIN YATES, III

1912-1985

FRANK W. YATES

1936-1986

S.P. YATES

1914-2008



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

JOHN A. YATES  
CHAIRMAN OF THE BOARD  
PRESIDENT

JOHN A. YATES JR.  
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

July 9, 2009

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

Re: Blast BLA Federal #1  
2RP-289  
30-015-36136  
Section 17, T26S-R27E  
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 December 9, 2008 (50 bbls of drilling mud with 35 bbls recovered). The release was from the steel pit closed loop system that over flowed during drilling operations. Free standing drilling mud was recovered. Impacted soils were excavated on 2/12/2009 to a depth of three (3) feet and taken to an NMOCD approved facility and samples were taken on that same day for delineation per the C-141, Initial Report. Samples were sent to an OCD approved laboratory for analysis (results are below RRAL's based on the site ranking, chloride results show decreasing levels and are for documentation). Site ranking is ten (10), with the depth to ground water 50-99'. Yates Petroleum Corporation requests closure.

If you have any questions, please call me at 575-748-4217.

Thank you.

YATES PETROLEUM CORPORATION

Robert Asher  
Environmental Regulatory Agent

/rca  
Enclosure(s)



**ARDINAL  
LABORATORIES**

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: 02/17/09  
Reporting Date: 02/18/09  
Project Number: 30-015-36136  
Project Name: BLAST "BLA" FEDERAL #1  
Project Location: SEC. 17-26S-27E

Analysis Date: 02/18/09  
Sampling Date: 02/12/09  
Sample Type: SOIL  
Sample Condition: INTACT  
Sample Received By: ML  
Analyzed By: HM

LAB NUMBER	SAMPLE ID	Cl <sup>-</sup> (mg/kg)
H16908-1	01 IMPACTED AREA ON LOCATION SURFACE	45,600
H16908-2	02 IMPACTED AREA ON LOCATION 3' BGS.	8,640
H16908-3	03 IMPACTED AREA ON LOCATION 6' BGS.	176
Quality Control		490
True Value QC		500
% Recovery		98.0
Relative Percent Difference		4.0

METHOD: Standard Methods	4500-Cl <sup>-</sup> B
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Note: Analyses performed on 1:4 w:v aqueous extracts.

  
Cheryl Keene  
Chemist

  
Date

H16908 YATES



# ARDINAL LABORATORIES

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ANALYTICAL RESULTS FOR  
YATES PETROLEUM CORPORATION  
ATTN MIKE STUBBLEFIELD  
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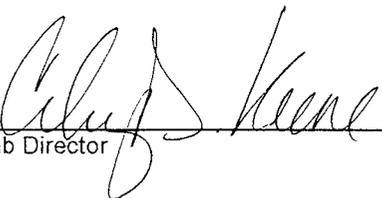
Receiving Date 02/17/09  
Reporting Date 02/18/09  
Project Number 30-015-36136  
Project Name BLAST "BLA" FEDERAL #1  
Project Location SEC 17-26S-27E

Sampling Date 02/12/09  
Sample Type SOIL  
Sample Condition INTACT  
Sample Received By ML  
Analyzed By: AB/ZL

LAB NO	SAMPLE ID	GRO (C <sub>6</sub> -C <sub>10</sub> ) (mg/kg)	DRO (>C <sub>10</sub> -C <sub>28</sub> ) (mg/kg)	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE.		02/17/09	02/17/09	02/18/09	02/18/09	02/18/09	02/18/09
H16908-1	01 IMPACTED AREA ON LOCATION SURFACE.	<10.0	1,930	0.085	<0.050	0.069	0.392
Quality Control		528	577	0.051	0.049	0.049	0.147
True Value QC		500	500	0.050	0.050	0.050	0.150
% Recovery		106	115	102	98.0	98.0	98.0
Relative Percent Difference		0.6	2.1	2.5	2.0	1.9	1.9

METHODS TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B

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

  
\_\_\_\_\_  
Lab Director

  
\_\_\_\_\_  
Date

H16908 BTEX8015 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.



**CARDINAL LABORATORIES, INC.**

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240  
 (325) 673-7001 Fax (325) 673-7020 (505) 393-2326 Fax (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page \_\_\_\_\_ of \_\_\_\_\_

Company Name: <u>Vales Petroleum Corporation</u>		<b>BILL TO</b>		<b>ANALYSIS REQUEST</b>			
Project Manager: <u>Mike Stubblefield</u>		P.O. #:					
Address: <u>105 South 4th Street</u>		Company: <u>Vales Petco Corp.</u>					
City: <u>Artesia</u> State: <u>N.M.</u> Zip: <u>88210</u>		Attn: <u>Mike Stubblefield</u>					
Phone #: <u>505-513-1912</u> Fax #: <u>505-748-4335</u>		Address: <u>105 South 4th Street</u>					
Project #: <u>30-015-36136</u> Project Owner: <u>Mike Stubblefield</u>		City: <u>Artesia</u>					
Project Name: <u>Blast "BLA" Federal #1</u>		State: <u>N.M.</u> Zip: <u>88210</u>					
Project Location: <u>Sec. 17-26s-27e</u>		Phone #: <u>505-748-4500</u>					
Sampler Name: <u>Mike Stubblefield</u>		Fax #: <u>505-748-4635</u>					

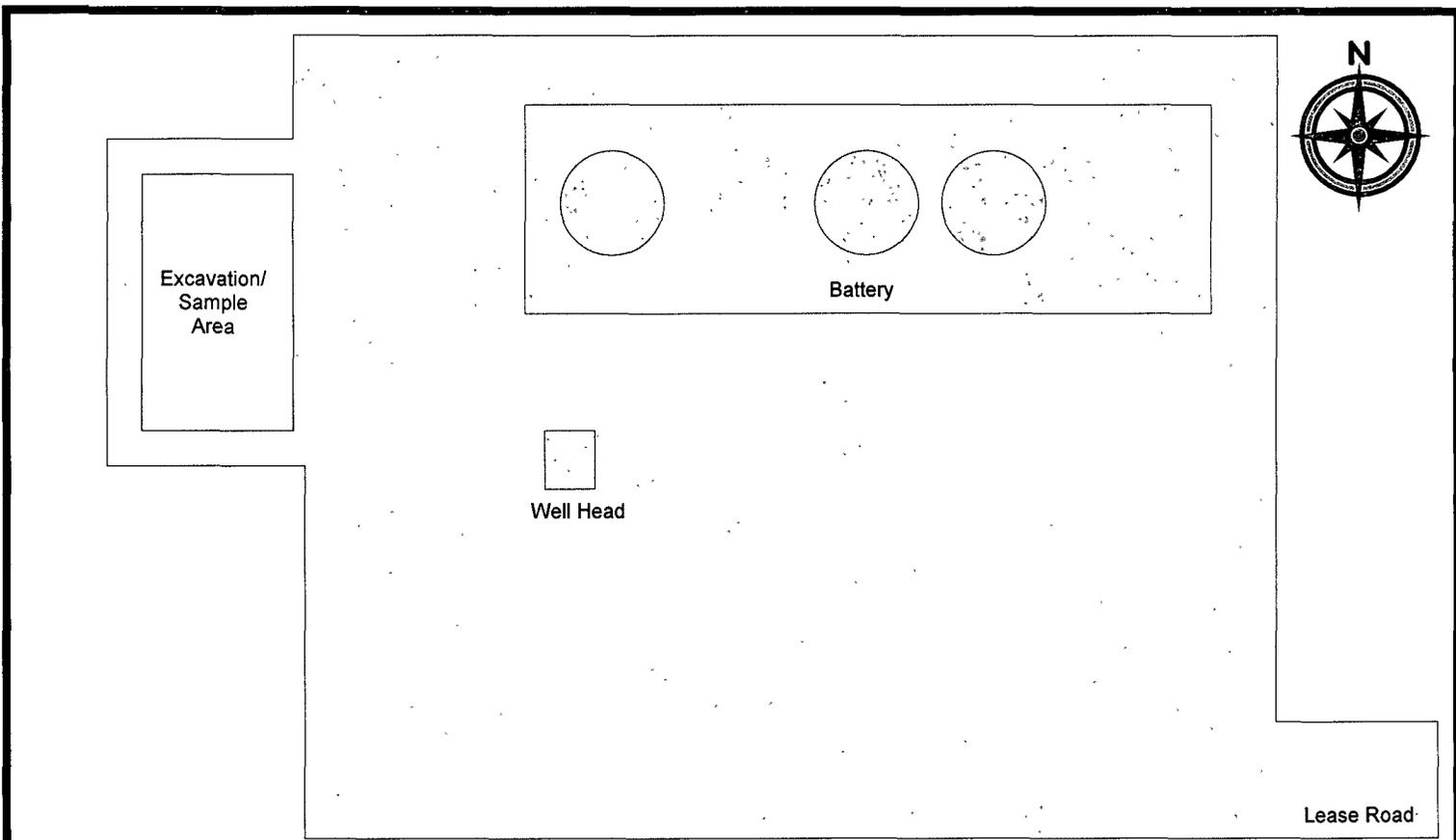
Lab I.D.	Sample I.D.	(GRAB OR COMPOUND) # CONTAINERS	MATRIX								PRESERV.		SAMPLING		TPH 8015M	D-TEX 8020	Chlorides
			GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE	ICE / COOL	OTHER:	DATE	TIME				
H16908-1	01 Impacted Area on location Surface	C			✓						✓		2/12/2009	11:00 AM	✓	✓	✓
-2	02 Impacted area on location 3' bgs	G			✓								2/12/2009	11:15 AM			✓
-3	03 Impacted Area on location 6" bgs	G			✓								2/12/2009	11:30 AM			✓

PLEASE NOTE: Liability and Damages Cardinal's liability and Card's is not limited by any clause or any clause which is based in contract or law, shall be limited to the amount paid by the client for the analysis. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable analysis. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruption, 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 be either by Cardinal, regardless of whether such claim is based upon any of the above stated matrices or otherwise.

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 2% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sampler Relinquished By: <u>Mike Stubblefield</u>		Date: <u>2/16/2009</u>	Received By: <u>[Signature]</u> <u>2/17/09</u>	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No
Relinquished By: <u>[Signature]</u>		Date: <u>2:30 pm</u>	Received By: (Lab Staff) <u>[Signature]</u> <u>10:10</u>	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No
Delivered By: (Circle One) Sampler - UPS - <u>Bus</u> - Other:		Sample Condition Temp. °C <u>Intact</u>	Checked By: <u>[Signature]</u>	REMARKS:
		<input type="checkbox"/> Yes <input type="checkbox"/> No		

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



Sample ID	Sample Area	Sample Date	Sample Type	Depth	BTEX	GRO	DRO	TOTAL	Chlorides
O1	Impacted Area	2/12/2009	Grab	Surface	0.596	<10.0	1930	1930	45,600
O2	Impacted Area	2/12/2009	Grab	3' BGS					8,640
O3	Impacted Area	2/12/2009	Grab	6' BGS					176

Site Ranking is Ten (10). Depth to Ground Water 50-99'. All results are ppm.  
Chloride results are for documentation.



Blast BLA Federal #1

30-015-36136

Section 17, T26S-R27E

Eddy County, NM

SAMPLE DIAGRAM (Not to Scale)

Cardinal Report #: H16908

Sample Date: 2/12/2009

Prepared by Robert Asher  
Environmental Regulatory Agent