

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

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HOBBSUCD

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

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 Fender BPQ State Com. #2 | API Number 30-025-37765 | Facility Type Battery |
| Surface Owner State | Mineral Owner State | Lease No. VA-2157 |

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|----------------------|------------------------|---------------|
| Unit Letter L | Section 17 | Township 10S | Range 32E | Feet from the 1980 | North/South Line South | Feet from the 660 | East/West Line West | County Lea |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|----------------------|------------------------|---------------|

Latitude 33.44427 Longitude 103.70133

NATURE OF RELEASE

GUK 39'

| | | |
|--|--|--|
| Type of Release Produced Water | Volume of Release 36 B/PW | Volume Recovered 10 B/PW |
| Source of Release Water tank | Date and Hour of Occurrence 10/21/2010, AM | Date and Hour of Discovery 10/21/2010, AM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Larry Hill/NMOCD I | |
| By Whom? Robert Asher/Yates Petroleum Corporation | Date and Hour 10/21/2010, PM (e-mail and voicemail) | |
| 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.* Lightning struck fiberglass water tank causing release. Vacuum truck called. | | |
| Describe Area Affected and Cleanup Action Taken.* An approximate area of 75' X 30'. Tatum Fire Department called, responded at location, extinguished fire, crew cleaned up/hailed off remaining water tank, taken to an NMOCD approved facility. Vacuum truck recovered remaining produced water Vertical and horizontal delineation samples taken and analysis to be ran for TPH & BTEX (chlorides for documentation), waiting on results, based on pending results will determine remediation actions. If results are above RRAL's limits for the site ranking of ten (10), then a work plan will be submitted to detail further remediation work, if results are below RRAL's limits for the site ranking of ten (10), then closure will be requested. Depth to Ground Water: 50-99' (approx. 51', per water well in Section 17, T10S-R32E), Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 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. | | |

OIL CONSERVATION DIVISION

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|--|-----------------------------------|-----------------------|
| Signature: <i>Robert Asher</i> | Approved by District Supervisor: | |
| Printed Name: Robert Asher | Approval Date: | Expiration Date: |
| Title: Environmental Regulatory Agent | Conditions of Approval: | |
| E-mail Address: boba@yatespetroleum.com | Attached <input type="checkbox"/> | |
| Date: Thursday, October 28, 2010 Phone: 575-748-4217 | IRP- | <i>IRP-11/10-2656</i> |

* Attach Additional Sheets If Necessary

11/18/10 **DENIED** *- IN CORRECT DEPTH TO GROUND WATER CRITERIA USED TO SCORE SITE - Jeffrey Jekins, Env. Eng., NMOCD-Hobbs*