

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

Form C-141
Revised October 10, 2003
JAN 30 2009 Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

nmw 1109449451 OPERATOR 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. 505-748-4500 505-513-1712	
Facility Name Koonunga Hills BGX Federal #1 Wtr line 30-015-34380	Facility Type Producing Oil well.	
Surface Owner Federal	Mineral Owner.	Lease No.

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
E	19	22s	25e	1838'	FNL	1072'	FWL	Eddy

Latitude 32.41249 Longitude 104.47927

NATURE OF RELEASE

Type of Release Produced water.	Volume of Release Unknown	Volume Recovered 660 bbls Produced Water.
Source of Release. Water gathering line.	Date and Hour of Occurrence 1/15/2009 4:00pm	Date and Hour of Discovery same
Was Immediate Notice Given? Yes X No Not Required	If YES, To Whom? Mike Bratcher	
By Whom? Jerry Fanning	Date and Hour 1/16/2009 9:15am follow up with E-mail.	
Was a Watercourse Reached? X Yes No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

The produced water gathering line coming from the Koonuga Hills BGX Fed. #1 was found to be leaking. The well was immediately shut-in. Vacuum trucks were called to the release area and the free waters recovered. The line was replaced with a new flow line which was constructed above grade.

Describe Area Affected and Cleanup Action Taken.

The impacted area was located in Walt Canyon at Lat. 32.41249 Long 104.47927. The impacted area is located in the dry canyon bottom. The canyon bottom consists of bed rock which acted as a caught basin for the release waters. A Water sample were taken on 1/16/2009 from the standing water in the area of the release. The Water sample taken were submitted to Cardinal Lab. The water sample was analyzed for Chlorides using EPA method 4500 CL-B. Analytical results dated 1/26/2009 received from Cardinal Lab reported the Chlorides to be 1500 mg/kg in the release waters. The recovery of free waters will be continued until all recoverable waters have been vacuumed and hauled to SWD. The impacted area will be treated with Micro blaze & Kenaf. When recovery of free standing waters and the treatment of the area using Micro blaze & Kenaf has been concluded, Yates Petroleum Corporation will submit a final C-141 form requesting closure for the release that occurred on 1/15/2009. Analytical results attached.

Site ranking Depth to ground water - >100', Wellhead protection area - > 1000', Distance to surface water body - > 1000' site ranking score - 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	
Printed Name: Mike Stubblefield	Signed By <i>Mike Bratcher</i> Approved by District Supervisor	
Title: Environmental Regulatory Agent	Approval Date: 4/4/11	Expiration Date:
E-mail Address: mikes@ypcnm.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 1/27/2009 Phone: 505-748-4500	REMEDATION per OCD Rules and Guidelines. <u>SUBMIT REMEDIATION PROPOSAL BY:</u> 5/4/11	

* Attach Additional Sheets If Necessary

2RP-697

