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

Date: Thursday, August 07, 2014

Phone: 575-748-4111

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr.

Revised October 10, 2003 Submit 2 Copies to appropriate District Office in accordance

Form C-141

with Rule 116 on back side of form

1220 S. St. Francis Dr., Santa Fe, NM 87505 Santa Fe, NM 87505 **Release Notification and Corrective Action OPERATOR** Initial Report Final Report Name of Company OGRID Number Contact Yates Petroleum Corporation 25575 Amber Cannon Address Telephone No. 105 S. 4TH Street 575-748-1471 Facility Name API Number Facility Type Martha AIK Federal #6 30-015-26960 Well/Tin Horn Surface Owner Mineral Owner Lease No. Federal Federal NM-65417 LOCATION OF RELEASE Unit Letter Feet from the North/South Line Feet from the East/West Line Section Township Range County A 11 22S 31E 660' North 330' East Eddy **Latitude** 32.41137 **Longitude** 103.74056 NATURE OF RELEASE Type of Release Volume Recovered Volume of Release Produced Water 150 B/PW 130 B/PW Source of Release Date and Hour of Occurrence Date and Hour of Discovery Water transfer line 8/13/2013 8/13/2013 Was Immediate Notice Given? If YES, To Whom? Mike Bratcher/NMOCD II By Whom? Date and Hour Robert Asher/Yates Petroleum Corporation 6/13/2013; AM Was a Watercourse Reached? If YES, Volume Impacting the Watercourse. ☐ Yes ☒ No If a Watercourse was Impacted, Describe Fully.* N/A Describe Cause of Problem and Remedial Action Taken.* A 6" water transfer line ruptured at the tin horn by the Martha AIK Federal #6 location. Describe Area Affected and Cleanup Action Taken.* An approximate area of 20' X 75'. The release occurred inside of a hole that was previously dug to fix the line from a previous release, all water was contained within this hole. All wells were turned off, water pumps were shut off, personnel ensured that no leaks continued and the line was repaired. A crew will be called to do initial clean-up of the area, and all excavated soils will be disposed of at an approved NMOCD facility. Vertical and horizontal delineation samples will be taken and sent to a NMOCD approved facility. Depth to Ground Water: >100' (approximately 150', Section 11, T22S-R31E, per Trend Map, Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 0. Yates Petroleum requests closure based on work being completed as approved by NMOCD from a work plan submitted to the agency on 7/21/2014. All analytical reports and site diagram of release area were submitted to the agency in the work plan. The site will be re-seeded with BLM LPC Seed mix. No further work is needed at this site. 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 Signature: Approved by District Supervisor: Printed Name: Amber Cannon 8/11/2014 | Expiration Date: N/A Title: Environmental Regulatory Agent Approval Date: E-mail Address: acannon@yatespetroleum.com Conditions of Approval: Attached

2RP-1856

FINAL