

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

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

30-015-34339

Release Notification and Corrective Action

nmlb0616556850

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company Yates Petroleum Corporation 25575	Contact Mike Stubblefield
Address 105 South 4 th Street, Artesia, N.M. 88210	Telephone No. 505-7484500 505-513-1712
Facility Name Temperate BEC Federal #1	Facility Type Drilling well.

Surface Owner B.L.M.	Mineral Owner	Lease No.
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LOCATION OF RELEASE

Unit Letter L	Section 6	Township 21s	Range 29e	Feet from the 3960'	North/South Line FNL	Feet from the 660'	East/West Line FWL	County Eddy
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Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release drilling fluids	Volume of Release 10 bbls.	Volume Recovered Unknown vol.
Source of Release Centrifuge on closed loop drilling system.	Date and Hour of Occurrence 3/24/2006	Date and Hour of Discovery 3/24/2006 5:15 am
Was Immediate Notice Given? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

RECEIVED
APR 04 2006
JULIANTECOM

Describe Cause of Problem and Remedial Action Taken.*
Centrifuge was picking up more fluid than overflow could handle.

Describe Area Affected and Cleanup Action Taken.
See attached remediation action work plan.
Depth to ground water - > 100' Wellhead protection area - > 1000' Distance to surface water body - > 1000' Site ranking score - 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.

Signature: <i>Mike Stubblefield</i>	OIL CONSERVATION DIVISION TIM GUM by MB <i>[Signature]</i>	
Printed Name: Mike Stubblefield	Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date: 6/14/06	Expiration Date: N/A
E-mail Address: mikes@ypcnm.com	Conditions of Approval: N/A	Attached <input type="checkbox"/>
Date: 4/3/2006	Phone: 505-748-4500	

* Attach Additional Sheets If Necessary

Spill Summary and Work Plan

Incident Date: March 24, 2006

30-015-34339

Location: Temperate BEC Federal #1
Unit L Section 6 T21S R29E
Eddy County, New Mexico

The well is located 13 miles northeast of Carlsbad N.M., as depicted on the Illinois Camp SE;NM USGS Quadrangle Map. This site lies on the edge of a westward sloping plain cut by dry drainage channels.

Watercourses in the area are dry except for infrequent flows in response to major precipitation events. Area surface geology includes Ochoan Permian formation. The area, dry at the time of the spill, consists of soil that is fine grained, loamy and interspersed with clay seams providing a low permeability barrier to retard vertical percolation of contaminants into the subsurface. Groundwater in the area is estimated to be at a depth of >200' feet.

The ranking for this site is zero (0) based on the as following:

Depth to ground water	> 100'
Wellhead Protection Area	> 1000'
Distance to surface water body	> 1000'

Incident Description:

The release at the Temperate BEC Federal #1 occurred when the centrifuge picked up more fluids than the over flow could handle during drilling operations.

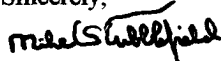
Action Taken: A dike was erected to contain the released drilling fluid, recovered unknown amount of drilling fluid with vacuum truck, removed impacted soils with backhoe and placed back into drilling reserve pit. Excavated area was backfilled back to grade using clean soil. Est. impacted area 130'x 35'.

Closure Plan:

Due to the quick response of Yates personnel, the presence of low permeability sediments (clay, silt), and the minimal amount of fluids released, we do not believe that this spill will have a significant impact. Yates proposes that no additional actions are necessary and requests NMOCD approval to close the site.

If you have questions or need additional information, please contact me at 505-748-4500.
Or E-mail me at mikes@ypcnm.com.

Sincerely,



Mike Stubblefield
Yates Petroleum Corporation
Environmental Regulatory Agent