

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 ResourcesOil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505Form C-141
Revised October 10, 2003Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form**Release Notification and Corrective Action**

NMUB0623739886

OPERATOR☒ Initial Report ☒ Final Report

Name of Company YATES PETROLEUM CORPORATION	OGRID Number 25575	Contact SHERRY BONHAM
Address 105 S 4 TH STREET	Telephone No. 505.748.1471	
Facility Name MAGELLAN FEDERAL UNIT I	API Number 30-015-34603	Facility Type WELL
Surface Owner FEDERAL	Mineral Owner FEDERAL	Lease No.

LOCATION OF RELEASE

Unit Letter I	Section 5	Township 25S	Range 27E	Feet from the 1650	North/South Line SOUTH	Feet from the 660	East/West Line EAST	County EDDY
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Latitude 32.15632 Longitude 104.20563**NATURE OF RELEASE**

Type of Release BRINE WATER AND DRILLING MUD	Volume of Release 10 BBL	Volume Recovered 10 BBL
Source of Release PIT	Date and Hour of Occurrence 6/4/06 AM	Date and Hour of Discovery 6/4/06 AM
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? N/A	
By Whom? N/A	Date and Hour N/A	
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.* PIT RAN OVER. TRANSFERRED FLUIDS.		
Describe Area Affected and Cleanup Action Taken.* SMALL AREA OUTSIDE PIT AFFECTED. IMPACTED MATERIALS IMMEDIATELY EXCAVATED AND PLACED BACK INTO PIT. CLEAN MATERIALS BROUGHT IN.		

FINAL REPORT

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>Sherry Bonham</i>		OIL CONSERVATION DIVISION	
Printed Name: Sherry Bonham		TIM GUM	
Title: Environmental Regulatory Agent Trainee		Approved by District Supervisor: <i>by MB</i>	
E-mail Address: sherryb@ypcnm.com		Approval Date: <i>6/12/06</i>	Expiration Date: <i>N/A</i>
Date: June 12, 2006	Phone: 505.748.1471	Conditions of Approval: <i>N/A</i>	Attached <input type="checkbox"/>

* Attach Additional Sheets If Necessary