

District I
1625 N French Dr, Hobbs, NM 88240
District II
1361 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

Form C-141
Revised October 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

FEB 12 2008
OCD-ARTESIA

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

Release Notification and Corrective Action

11/11/08 0804640209

OPERATOR

X 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. 505-748-4500 505-513-1712
Facility Name Loving AIB State #16 30-015-35449	Facility Type drilling well

Surface Owner State	Mineral Owner.	Lease No.
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LOCATION OF RELEASE

Unit Letter 5/L	Section 16	Township 23s	Range 28e	Feet from the 1650'	North/South Line FSL	Feet from the 990'	East/West Line FWL	County Eddy
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Latitude 32.30609 Longitude 104.0889

NATURE OF RELEASE

Type of Release Drilling fluids	Volume of Release 150 bbls	Volume Recovered 145 bbls
Source of Release Steel Tank	Date and Hour of Occurrence 2/1/2008 7:00pm	Date and Hour of Discovery 2/1/2008 7:00pm
Was Immediate Notice Given? Yes X No Not Required	If YES, To Whom? NMOCD after hour's answering service	
By Whom? Lisa Norton	Date and Hour 2/2/2008 9:00am	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.* During cementing operations using a closed loop system a steel tank leaked. The cause of the release was the steel tank having a hole from a clean out on the previous drilling well. Drilling mud was removed from the steel tank using a backhoe

Describe Area Affected and Cleanup Action Taken.

The impacted area on location is est. to be 100' x 100'. The impacted area on the North side of the pad off location is est. to be 50' x 25'. A vacuum truck & backhoe were brought to the location. All visible muds were removed & hauled to Lea Land Inc. and NMOCD approved Solid Waste Disposal Facility. Soil samples will be taken for analytical and submitted to a second party lab for analysis. Soil samples will be tested for TPH, B-TEX and Chlorides. If the analytical results for the initial sampling event report the TPH & B-TEX to be over the RRAL for the site, a remediation work plan will be submitted to the NMOCD. The Chlorides will be documented. When final analytical results report the TPH & B-TEX to be under the RRAL for the site a final C-141 form will be submitted by Yates Petroleum Corporation requesting closure for the release that occurred on 2/1/2008.

Site ranking Depth to ground water - < 50'. 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:

Mike Stubblefield

Printed Name Mike Stubblefield

Title, Environmental Regulatory Agent

E-mail Address: mikes@ypenn.com

Date: 2/11/2008

Phone: 505-748-4500

OIL CONSERVATION DIVISION

TIM GUM

Approved by MB District Supervisor.

Signed By *MB*

Approval Date FEB 15 2008

Expiration Date. N/A

Conditions of Approval

Attached ☒

* Attach Additional Sheets If Necessary

11/11/08 0804640209

2RP-129