

*Corrected Copy*

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

**PAB1005634408**

**Release Notification and Corrective Action**

*NMLB1010357436*

**OPERATOR**

Initial Report  Final Report

|   |                               |                           |
|---|-------------------------------|---------------------------|
| Name of Company<br>Agave Energy Company                     | OGRID Number<br>147831        | Contact<br>Robert Asher   |
| Address<br>104 S. 4 <sup>TH</sup> Street, Artesia, NM 88210 | Telephone No.<br>505-748-1471 |                           |
| Facility Name<br>Dagger Draw Gas System                     | APT Number                    | Facility Type<br>Pipeline |

|                          |                          |           |
|--------------------------|--------------------------|-----------|
| Surface Owner<br>Federal | Mineral Owner<br>Federal | Lease No. |
|--------------------------|--------------------------|-----------|

**LOCATION OF RELEASE**

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| M           | 24      | 19S      | 24E   |               |                  |               |                | Eddy   |

Latitude 32.63987 Longitude 104.54762

**NATURE OF RELEASE**

|  |   |  |
|--|---|--|
| Type of Release<br>Oil & Produced Water  | Volume of Release<br>40 B/O & 10 B/PW                   | Volume Recovered<br>38 B/O & 7 B/PW                    |
| Source of Release<br>PVC Pipe Line   | Date and Hour of Occurrence<br>12/16/2009 AM 12/16/2009 | Date and Hour of Discovery<br>12/16/2009 AM 12/16/2009 |
| Was Immediate Notice Given?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom?<br>Mike Bratcher/NMOCD Artesia         |  |
| By Whom?<br>Robert Asher/Yates Petroleum Corporation   | Date and Hour<br>12/16/2009, PM (Voicemail & E-mail)    |  |
| Was a Watercourse Reached?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  | If YES, Volume Impacting the Watercourse.<br>N/A        |  |

If a Watercourse was Impacted, Describe Fully.\*  
N/A

Describe Cause of Problem and Remedial Action Taken.\*  
Pressure buildup caused 12" PVC Gas line to fail, possible bad collar. Shut in line and called for vacuum trucks to recover oil & produced water. Crew called to begin repairs and clean up.

Describe Area Affected and Cleanup Action Taken.\*  
An approximate area of 20' X 10' (line failure area), total area of 750' X 10'. Standing fluids were picked up, crews repaired line and microblaze applied to impacted surface area. Vertical and horizontal delineation samples will be taken and analysis ran for TPH & BTEX (chlorides results for documentation). If initial analytical results for TPH & BTEX are under RRAL's a Final Report, C-141 will be submitted to the OCD requesting closure.  
**Depth to Ground Water: >100' (approximately 322', Section 26, T19S-R24E, New Mexico Office of the State Engineer), Wellhead Protection Area: No, Distance to Surface: Water Body: >1000', SITE RANKING IS 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:                              | <b>OIL CONSERVATION DIVISION</b>  |                                   |
| Printed Name: Robert Asher              | Approved by                       |                                   |
| Title: Environmental Regulatory Agent   | Approval Date: <b>APR 13 2010</b> | Expiration Date:                  |
| E-mail Address: boba@yatespetroleum.com | Conditions of Approval:           | Attached <input type="checkbox"/> |
| Date: Tuesday, December 29, 2009        | Phone: 505-748-4217               |                                   |

REMEDATION per OCD Rules and Guidelines. **SUBMIT REMEDIATION PROPOSAL BY: Rec'd 3/12/10**

*2 RP-404*

\* Attach Additional Sheets If Necessary  
Seven Rivers Compressor Sta.  
f MLCB1010356474  
f MLCB1010359217