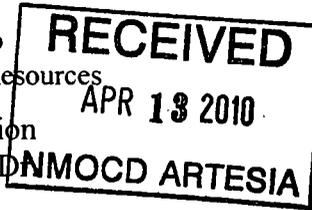


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis
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

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company Agave Energy Company	OGRID Number 147831	Contact Robert Asher
Address 104 S. 4 TH Street, Artesia, NM 88210	API Number	Telephone No. 575-748-1471
Facility Name Dagger Draw Gas System		Facility Type Pipeline

Surface Owner Fee (Section 24) & Federal (Section 25)	Mineral Owner Federal	Lease No.
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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 Oil & Produced Water	Volume of Release 40 B/O & 10 B/PW	Volume Recovered 38 B/O & 7 B/PW
Source of Release PVC Pipe Line	Date and Hour of Occurrence 12/16/2006 AM	Date and Hour of Discovery 12/16/2006 AM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher/NMOCD Artesia	
By Whom? Robert Asher/Yates Petroleum Corporation	Date and Hour 12/16/2009, PM (Voicemail & E-mail)	
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.* 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. Based on enclosed analytical reports, impacted soils excavated/hailed to an NMOCD Facility, Yates Petroleum Corporation requests closure.		

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:	OIL CONSERVATION DIVISION	
Printed Name: Robert Asher	Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date: <u>10/24/10</u>	Expiration Date: <u>N/A</u>
E-mail Address: boba@yatespetroleum.com	Conditions of Approval: <u>Final</u>	Attached <input type="checkbox"/>
Date: Tuesday, April 13, 2010	Phone: 575-748-4217	

* Attach Additional Sheets If Necessary

2RP-404