

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

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

| | | |
|--|-------------------------------|----------------------------|
| Name of Company Yates Petroleum Corporation | OGRID Number 25575 | Contact Robert Asher |
| Address 104 S. 4 TH Street | Telephone No. 505-748-1471 | |
| Facility Name Caper BFE Federal #2 | API Number 30-025-37439 | Facility Type Flow Line |
| Surface Owner Federal | Mineral Owner Federal | Lease No. NM-94095 |

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| Unit Letter K | Section 17 | Township 21S | Range 32E | Feet from the 2310 | North/South Line South | Feet from the 2310 | East/West Line West | County Lea |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|---------------|

Latitude 32.47766 Longitude 103.69746

NATURE OF RELEASE

| | | |
|--|---|--|
| Type of Release Produced Water & Crude Oil | Volume of Release 25 B/PW & 5 B/O | Volume Recovered 0 B/PW & 1 B/O |
| Source of Release Flow Line | Date and Hour of Occurrence 2/17/2006 AM | Date and Hour of Discovery 2/17/2006 PM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Larry Johnson, Hobbs OCD (voice mail) Confirmed by e-mail | |
| By Whom? Dan Dolan | Date and Hour 2/17/2006 at 10:00 AM | |
| 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.*
Hole in flow line, line repaired

Describe Area Affected and Cleanup Action Taken.*

An approximate area of 135' X 225'. Contaminated soils were removed. Microblaze was sprayed on weeds and light deposits, testing will be done to bring it to OCD Standards. Ranking for this area is as follows; Depth to ground water-0, Wellhead protection area-0, Distance to surface water-0. **With analytical results (enclosed), Yates Petroleum Corporation requests closure.**

*NEED CHLORIDES OF
WTR SPACED*

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 | ACCEPTED Approved by District Supervisor. | |
| Title: Environmental Regulatory Agent | Approval Date: 6-27-07 | Expiration Date: 8-30-07 |
| E-mail Address: boba@ypennm.com | Conditions of Approval: Attached <input type="checkbox"/> | |
| Date: Monday, September 25, 2006 | Phone: 505-748-1471 | |

*NEED TESTING RESULTS
IN TABLE FORM -*

* Attach Additional Sheets, If Necessary.

incident - NPAC0627540373

application - NPAC0627540607

RP# 1055

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S.P. YATES
CHAIRMAN EMERITUS
JOHN A. YATES
CHAIRMAN OF THE BOARD
PEYTON YATES
PRESIDENT
FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT
JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

September 25, 2006

Ms. Patricia Caperton
NMOCD District I
1625 French Drive
Hobbs, NM 88240

RE: Caper BFE Federal #2
30-025-37439
Section 17, T21S-R32E
Lea County, New Mexico



Dear Ms. Caperton,

Enclosed, please find a C-141 Final Report, Analytical Reports for sampling conducted on September 13, 2006, and a sample diagram. With the analytical results, Yates Petroleum Corporation requests closure of the site.

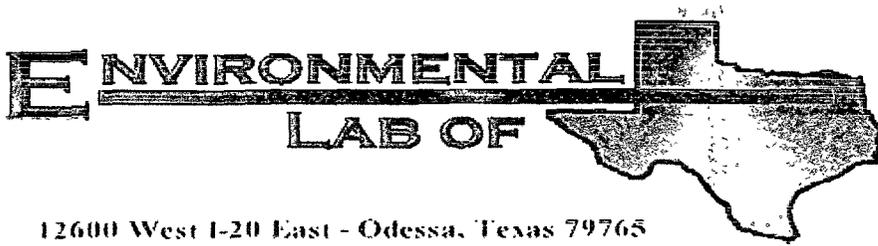
If you have any questions, please call me at 505-748-4217.

Thank you.

YATES PETROLEUM CORPORATION

Robert Asher
Environmental Regulatory Agent

/rca
Enclosure(s)



12600 West I-20 East - Odessa, Texas 79765

Analytical Report

Prepared for:

Robert Asher

Yates Petroleum Corp.

105 S. Fourth St.

Artesia, NM 88210

Project: Caper BFE Federal #2

Project Number: 30-025-37439

Location: Lea County, NM

Lab Order Number: 6115001

Report Date: 09/21/06

Yates Petroleum Corp
105 S. Fourth St.
Artesia NM, 88210

Project: Caper BFE Federal #2
Project Number: 30-025-37439
Project Manager: Robert Asher

Fax: (505) 748-4662

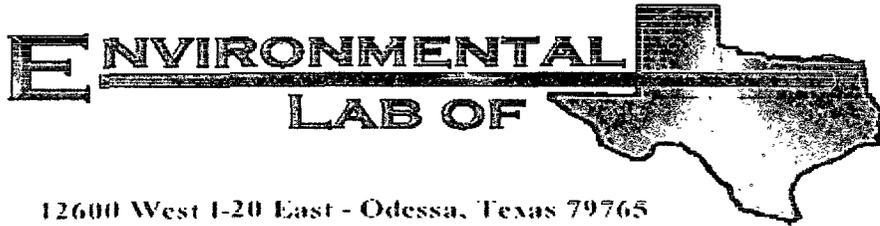
ANALYTICAL REPORT FOR SAMPLES

| Sample ID | Laboratory ID | Matrix | Date Sampled | Date Received |
|------------|---------------|--------|----------------|------------------|
| GS1.0- 001 | 6115001-01 | Soil | 09/13/06 12:00 | 09-15-2006 09:45 |
| GS1.0- 002 | 6115001-02 | Soil | 09/13/06 12:12 | 09-15-2006 09:45 |
| GS1 0- 003 | 6115001-03 | Soil | 09/13/06 12:26 | 09-15-2006 09:45 |

| | | |
|---|--|---------------------|
| Yates Petroleum Corp. 105 S. Fourth St. Artesia NM, 88210 | Project: Caper BFE Federal #2 Project Number: 30-025-37439 Project Manager: Robert Asher | Fax: (505) 748-4662 |
|---|--|---------------------|

General Chemistry Parameters by EPA / Standard Methods
Environmental Lab of Texas

| Analyte | Result | Reporting Limit | Units | Dilution | Batch | Prepared | Analyzed | Method | Notes |
|-------------------------------------|--------|--------------------|-----------|----------|---------|----------|----------|-------------|-------|
| GS1.0- 001 (6I15001-01) Soil | | | | | | | | | |
| Chloride | ND | 20.0 | mg/kg Wet | 2 | EI61817 | 09/18/06 | 09/18/06 | SW 846 9253 | |
| GS1.0- 002 (6I15001-02) Soil | | | | | | | | | |
| Chloride | ND | 20.0 | mg/kg Wet | 2 | EI61817 | 09/18/06 | 09/18/06 | SW 846 9253 | |
| GS1.0- 003 (6I15001-03) Soil | | | | | | | | | |
| Chloride | ND | 20.0 | mg/kg Wet | 2 | EI61817 | 09/18/06 | 09/18/06 | SW 846 9253 | |



Analytical Report

Prepared for:

Robert Asher

Yates Petroleum Corp.

105 S. Fourth St.

Artesia, NM 88210

Project: Caper BFE Federal #2

Project Number: 30-025-37439

Location: Lea County, NM

Lab Order Number: 6I15001

Report Date: 09/21/06

Yates Petroleum Corp.
105 S. Fourth St.
Artesia NM, 88210

Project: Caper BFE Federal #2
Project Number: 30-025-37439
Project Manager: Robert Asher

Fax: (505) 748-4662

ANALYTICAL REPORT FOR SAMPLES

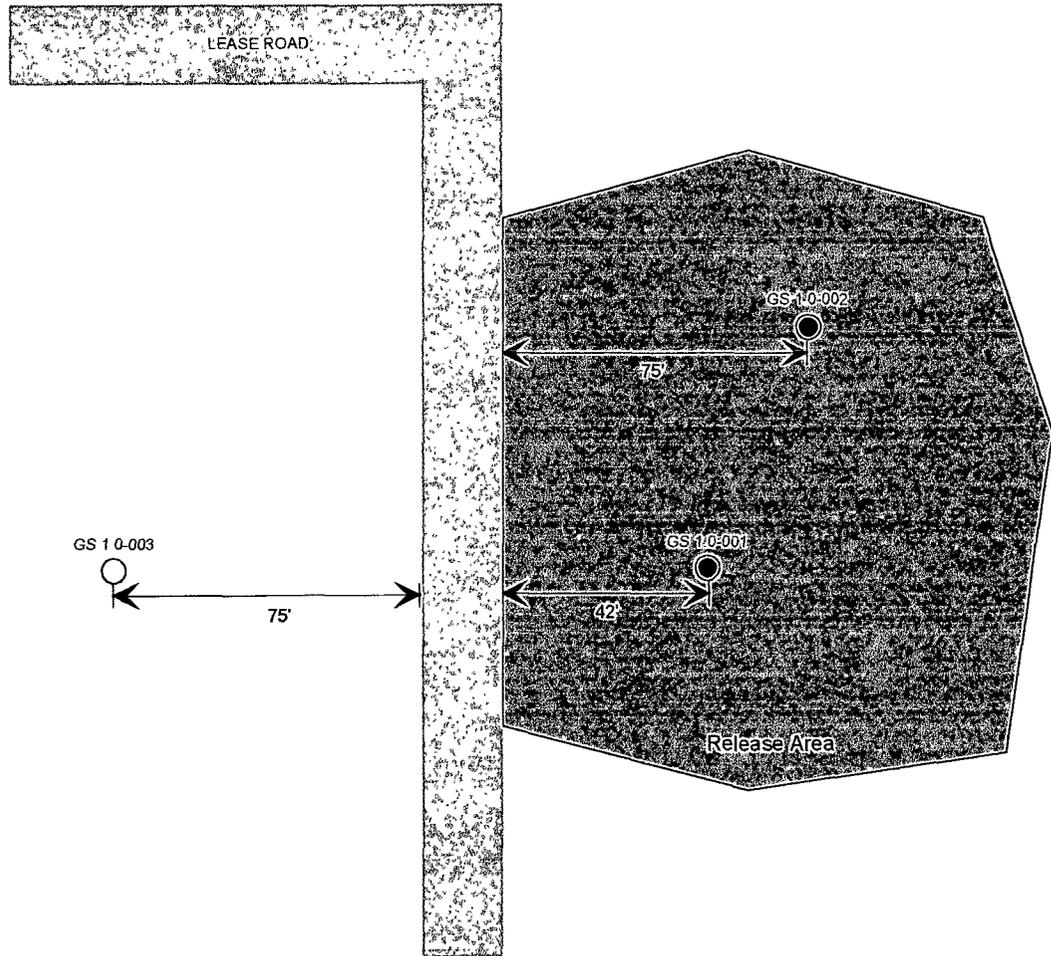
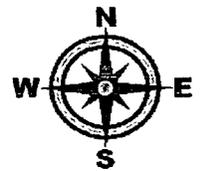
| Sample ID | Laboratory ID | Matrix | Date Sampled | Date Received |
|------------|---------------|--------|----------------|------------------|
| GS1 0- 001 | 6I15001-01 | Soil | 09/13/06 12:00 | 09-15-2006 09:45 |
| GS1 0- 002 | 6I15001-02 | Soil | 09/13/06 12:12 | 09-15-2006 09:45 |
| GS1.0- 003 | 6I15001-03 | Soil | 09/13/06 12:26 | 09-15-2006 09:45 |

Organics by GC
Environmental Lab of Texas

| Analyte | Result | Reporting Limit | Units | Dilution | Batch | Prepared | Analyzed | Method | Notes |
|--|----------|-----------------|-----------|----------|---------|----------|----------|-----------|-------|
| GS1.0- 001 (6I15001-01) Soil | | | | | | | | | |
| Benzene | ND | 0.0250 | mg/kg dry | 25 | E161509 | 09/15/06 | 09/15/06 | EPA 8021B | |
| Toluene | ND | 0.0250 | " | " | " | " | " | " | |
| Ethylbenzene | ND | 0.0250 | " | " | " | " | " | " | |
| Xylene (p/m) | ND | 0.0250 | " | " | " | " | " | " | |
| Xylene (o) | ND | 0.0250 | " | " | " | " | " | " | |
| <i>Surrogate: a,a,a-Trifluorotoluene</i> | | 83.0 % | 80-120 | | " | " | " | " | |
| <i>Surrogate: 4-Bromofluorobenzene</i> | | 83.8 % | 80-120 | | " | " | " | " | |
| Carbon Ranges C6-C10 | ND | 10.0 | mg/kg dry | 1 | E161506 | 09/15/06 | 09/16/06 | EPA 8015B | |
| Carbon Ranges >C10-C28 | ND | 10.0 | " | " | " | " | " | " | |
| Total Carbon Range C6-C28 | ND | 10.0 | " | " | " | " | " | " | |
| <i>Surrogate: 1-Chlorooctane</i> | | 105 % | 70-130 | | " | " | " | " | |
| <i>Surrogate: 1-Chlorooctadecane</i> | | 97.6 % | 70-130 | | " | " | " | " | |
| GS1.0- 002 (6I15001-02) Soil | | | | | | | | | |
| Benzene | ND | 0.0250 | mg/kg dry | 25 | E161509 | 09/15/06 | 09/15/06 | EPA 8021B | |
| Toluene | ND | 0.0250 | " | " | " | " | " | " | |
| Ethylbenzene | ND | 0.0250 | " | " | " | " | " | " | |
| Xylene (p/m) | ND | 0.0250 | " | " | " | " | " | " | |
| Xylene (o) | ND | 0.0250 | " | " | " | " | " | " | |
| <i>Surrogate a,a,a-Trifluorotoluene</i> | | 91.5 % | 80-120 | | " | " | " | " | |
| <i>Surrogate: 4-Bromofluorobenzene</i> | | 82.2 % | 80-120 | | " | " | " | " | |
| Carbon Ranges C6-C10 | ND | 10.0 | mg/kg dry | 1 | E161506 | 09/15/06 | 09/16/06 | EPA 8015B | |
| Carbon Ranges >C10-C28 | J [4.13] | 10.0 | " | " | " | " | " | " | J |
| Total Carbon Range C6-C28 | ND | 10.0 | " | " | " | " | " | " | |
| <i>Surrogate: 1-Chlorooctane</i> | | 101 % | 70-130 | | " | " | " | " | |
| <i>Surrogate: 1-Chlorooctadecane</i> | | 96.2 % | 70-130 | | " | " | " | " | |
| GS1.0- 003 (6I15001-03) Soil | | | | | | | | | |
| Benzene | ND | 0.0250 | mg/kg dry | 25 | E161509 | 09/15/06 | 09/15/06 | EPA 8021B | |
| Toluene | ND | 0.0250 | " | " | " | " | " | " | |
| Ethylbenzene | ND | 0.0250 | " | " | " | " | " | " | |
| Xylene (p/m) | ND | 0.0250 | " | " | " | " | " | " | |
| Xylene (o) | ND | 0.0250 | " | " | " | " | " | " | |
| <i>Surrogate: a,a,a-Trifluorotoluene</i> | | 89.0 % | 80-120 | | " | " | " | " | |
| <i>Surrogate: 4-Bromofluorobenzene</i> | | 83.0 % | 80-120 | | " | " | " | " | |
| Carbon Ranges C6-C10 | ND | 10.0 | mg/kg dry | 1 | E161506 | 09/15/06 | 09/16/06 | EPA 8015B | |
| Carbon Ranges >C10-C28 | ND | 10.0 | " | " | " | " | " | " | |
| Total Carbon Range C6-C28 | ND | 10.0 | " | " | " | " | " | " | |

Environmental Lab of Texas

The results in this report apply to the samples analyzed in accordance with the samples received in the laboratory. This analytical report must be reproduced in its entirety, with written approval of Environmental Lab of Texas.



- - GS1.0-001
(N 32.47693, W 103.69611)
- - GS1.0-002
(N 32.47706, W 103.69601)
- - GS1.0-003 (Background Sample)
(N 32.47694, W 103.69653)



Caper BFE Federal #2

Section 17, T21S-R32E

Lea County, NM

Sample Date: September 13, 2006

**EXHIBIT 1
Sample Diagram
(Not to Scale)**

**Prepared by Robert Asher
Environmental Regulatory Agent
September 25, 2006**