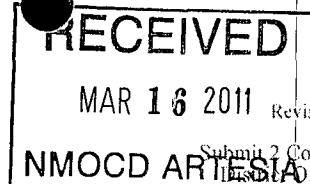


District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

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  
Office in accordance  
with Rule 116 on back  
side of form

|   |                            |                                 |
|---|----------------------------|---------------------------------|
| <b>Release Notification and Corrective Action</b>   |                            |                                 |
| <b>OPERATOR</b>   |                            |                                 |
| <input checked="" type="checkbox"/> Initial Report <input checked="" type="checkbox"/> Final Report |                            |                                 |
| Name of Company<br>Yates Petroleum Corporation  | OGRID Number<br>25575      | Contact<br>Amanda Trujillo      |
| Address<br>104 S. 4 <sup>TH</sup> Street  |                            | Telephone No.<br>575-748-1471   |
| Facility Name<br>Koonunga Hill BGX Federal #1   | API Number<br>30-015-34380 | Facility Type<br>Gas well       |
|   |                            | Order Number<br>2RP- <b>735</b> |
| Surface Owner<br>Federal  | Mineral Owner<br>Federal   | Lease No.<br>NM - 103594        |

**LOCATION OF RELEASE**

|                  |               |                 |              |                       |                           |                       |                        |                |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| Unit Letter<br>E | Section<br>19 | Township<br>22S | Range<br>25E | Feet from the<br>1838 | North/South Line<br>NORTH | Feet from the<br>1072 | East/West Line<br>WEST | County<br>EDDY |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

**NATURE OF RELEASE**

|  |   |  |
|--|---|--|
| Type of Release<br>WATER <b>Produced Water</b>   | Volume of Release<br>75   | Volume Recovered<br>70                       |
| Source of Release<br>4" Check Valve froze and broke during the thaw out process.   | Date and Hour of Occurrence<br>2/10/2011  | Date and Hour of Discovery<br>2/10/2011 - AM |
| 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>Amanda Trujillo - Yates Petroleum Corporation  | Date and Hour<br>02/11/2011 am  |  |
| 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.*<br>N/A   |   |  |
| Describe Cause of Problem and Remedial Action Taken.*<br>Discharge waterline froze, causing a release of produced water. Release was held inside lined berm. Vacuum truck was dispatched to pick up standing fluids.   |   |  |
| Describe Area Affected and Cleanup Action Taken.*<br>An approximate size of 20' x 20' was impacted. Release was held inside lined berm. Vacuum truck was dispatched to pick up standing fluids. Contaminated gravel was removed and replaced. <b>Depth to Ground Water: &gt;50' (approx. 65', per New Mexico State Engineers office); Wellhead Protection Area: No; Distance to Surface Water Body: &gt;1000'; SITE RANKING IS 10. Based on site ground water quality and enclosed analytical results.</b>   |   |  |
| 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>A Trujillo</i>   | <b>OIL CONSERVATION DIVISION</b><br><b>Accepted for record</b><br><b>NMOCD</b><br>4/11/2011 |  |
| Printed Name: Amanda Trujillo  | <del>Approved by District Supervisor:</del>   |  |
| Title: Environmental Scientist   | <del>Approval Date:</del>   | Expiration Date:                             |
| E-mail Address: atrujillo@yatespetroleum.com   | Conditions of Approval: <b>See email</b>  | Attached <input checked="" type="checkbox"/> |
| Date: Wednesday, March 16, 2011 Phone: 575-748-4310  |   |  |

\* Attach Additional Sheets If Necessary

☒ No analytical or water quality  
data was included with this  
submittal

Release # 2 of 2