

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Grande 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 | Contact SHERRY BONHAM |
| Address 105 S 4 TH STREET | Telephone No. 505 748 1471 |
| Facility Name JOHNSTON BE FEDERAL I BATTERY | Facility Type BATTERY |

| | | |
|--------------------------|--------------------------|-----------|
| Surface Owner PRIVATE | Mineral Owner FEDERAL | Lease No. |
|--------------------------|--------------------------|-----------|

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|--------------|-----------------|--------------|----------------------|---------------------------|----------------------|------------------------|----------------|
| Unit Letter A | Section 8 | Township 10S | Range 2SE | Feet from the 330 | North/South Line North | Feet from the 330 | East/West Line East | County Eddy |
|------------------|--------------|-----------------|--------------|----------------------|---------------------------|----------------------|------------------------|----------------|

Latitude 32.68195 Longitude 104.49891

NATURE OF RELEASE

| | | |
|--|--|--|
| Type of Release PRODUCED WATER | Volume of Release 10 B/W | Volume Recovered 8B/W |
| Source of Release WATER LINE | Date and Hour of Occurrence 3/13/06 AM | Date and Hour of Discovery 3/13/06 AM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? TIM GUM / VIA FAX | |
| By Whom? Sherry Bonham | Date and Hour 3/15/06 4:20PM | |
| 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.*

2" CONNECTION BROKE. REPAIRED LINE. BACK IN SERVICE.

Describe Area Affected and Cleanup Action Taken.*


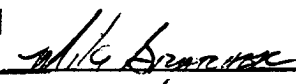
AN APPROXIMATE 135 SQ FT AREA INSIDE BERM IMPACTED. NO ADDITIONAL ACTION NECESSARY.

SITE RANKING: 0

FINAL REPORT

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 poses 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.

OIL CONSERVATION DIVISION

| | | |
|--|---|--|
| Signature:  | TIM GUM | |
| Printed Name: Sherry Bonham | Approved by District Supervisor by MB  | |
| Title: Environmental Regulatory Agent Trainee | Approval Date: <u>4/18/06</u> | Expiration Date: <u>N/A</u> |
| E-mail Address: sherryb@ypnrm.com | Conditions of Approval: | Attached <input checked="" type="checkbox"/> |
| Date: March 15, 2006 Phone: 505 748 1471 | | |

* Attach Additional Sheets if Necessary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Yates Petroleum Corporation
105 S. 4th St.
Artesia, NM 88210
ATTN: Environmental Department

April 18, 2006

Reference: Johnston BE Fed Battery A-8-19s-25e API: 30-015-20054

Operator,

A Form C-141 marked Initial and Final Report has been submitted to the NMOCD District 2 office reporting a release of produced fluids at the above referenced well site. The reported release was 10 barrels produced water with 8 barrels recovered. An inspection of the site on 4/11/2006 revealed 2 stockpiles of what appears to be hydrocarbon impacted soils, on plastic, in the battery area.

At this time the C-141 is being approved, however, the incident will remain open pending disposition of stockpiled materials. Please notify the NMOCD District 2 office no later than May 2, 2006 with intent or with disposition information of these materials.

Sincerely,

Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210
(505) 748-1283 Ext. 108
(505) 626-0857
Mike.Bratcher@state.nm.us