Revised October 10, 2003

Form C-141

District 1
1625 N. French Dr., Hohbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe. NM 87505 Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back

Allached

1220 S. St. Francis Dr., Santu Fe, NM 87505 side of form Santa Fe, NM 87505 30-015-30974 Release Notification and Corrective Action **OPERATOR** nMLB07/0030309 Initial Report Final Report OGRID Number Name of Company Contact Yates Petroleum Corporation 25575 Robert Asher Address Telephone No. 104 S. 4TH Street, Artesia, NM 88210 505-748-1471 Facility Name API Number Facility Type Federal LDY Tank Battery Battery Surface Owner Mineral Owner Lease No. Fee NM-0630 Fcc LOCATION OF RELEASE Township Unit Letter Section Feet from the North/South Line | Feet from the Range East/West Line County 17S 25Ē F 27 Eddy Latitude 32.80730 Longitude 104,47581 NATURE OF RELEASE Type of Release Volume of Release Valume Recovered Crude Oil 130 B/O 0 B/O Source of Release Date and Hour of Occurrence Date and Hour of Discovery Tank 11/9/2006 AM 11/9/2006 AM Was Immediate Notice Given? If YES, To Whom? ☑ Yes ☐ No ☐ Not Required Mike Bratcher/ NMOCD District II By Whom? Date and Hour Robert Asher/Environmental Regulatory Agent, YPC 11/9/06 3:19 PM Was a Watercourse Reached? If YES, Volume Impacting the Watercourse. 🗌 Yes 🛭 No N/A If a Watercourse was Impacted, Describe Fully.* N/A Describe Cause of Problem and Remedial Action Taken.* Flole in tank bottom releasing crude oil. Production switched to other tank. Describe Area Affected and Cleanup Action Taken.* An approximate area of 40' X 40'. No standing fluid to recover. Contaminated soils to be excavated and hauled to an OCD approved disposal facility, vertical and horizontal delineation will be made and corrective action taken. Depth to Ground Water: >100', Wellnead 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 refleve the operator of responsibility for compliance with may other federal, state, or local laws and/or regulations, OIL CONSERVATION DIVISION Signature: TIM GUM Approved by District Supervisor: by MB Printed Name: Robert Asher Title: Environmental Regulatory Agent Approval Date: 4/ Expiration Date: E-mail Address: bobs@ypcnm.com Conditions of Approval:

Phone: 505-748-1471

Date: Monday, November 13, 2006

* 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.

April 10, 2007

Artesia, NM 88210

ATTN: Environmental Department (Robert Asher)

Reference: Federal LDY Battery (Federal LDY Deep Com 10) 30-015-30974 F-27-17s-25e

Dear Mr. Asher,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a remediation work plan proposal (plan), dated December 21, 2006. The plan outlines procedures to be used for remediation of a produced fluids release that occurred at or near the above referenced well site on November 9, 2006.

The plan is approved with the following stipulations;

- Notify the OCD 24 hours prior to commencement of activities.
- Notify the OCD 24 hours prior to obtaining samples where analyses of samples obtained are to be submitted to the OCD.

Please be advised that OCD approval of this plan does not relieve Yates Petroleum Corporation of liability should their operations have failed to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment. In addition, OCD approval does not relieve Yates Petroleum Corporation of responsibility for compliance with any other applicable federal, state, local laws and/or regulations.

Please have project completed no later than June 11, 2006.

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

Tracking: nMLB0710030309

ec: Robert Asher

Signed hard copy mailed to listed address.

Yates Petroleum Corporation

Federal LDY Battery Work Plan

Section 27, T17S-R25E

Eddy County, New Mexico

December 21, 2006

Tracking: Federal LDY Deap Com #10 30.015-30974 F-27-11-25 nMLB 0710030309 The well is located approximately 5 miles west of Artesia, NM, southwest of Gissler Road, as represented by the attached Artesia, NM, USGS Quadrangle Map.

II. Background

On November 11, 2006, Yates Petroleum Corporation submitted a C-141 for a release of 130 barrels of crude oil from a hole in the production tank bottom. The affected area is approximately 40 feet by 40 feet, all inside the bermed area. No fluid was recovered and the tank is to be replaced.

III. Surface and Ground Water

Area surface geology is Cenozoic. The nearest groundwater of record is listed on the ChevronTexaco, Eddy County Depth to Groundwater Water Well Facilities Trend Map dated 2/9/2005 shows depth to groundwater approximately 210 feet making the site ranking for this site a zero (0). Watercourses in the area are dry except for infrequent flows in response to major precipitation events.

The ranking for this site is zero (0) based on the as following:

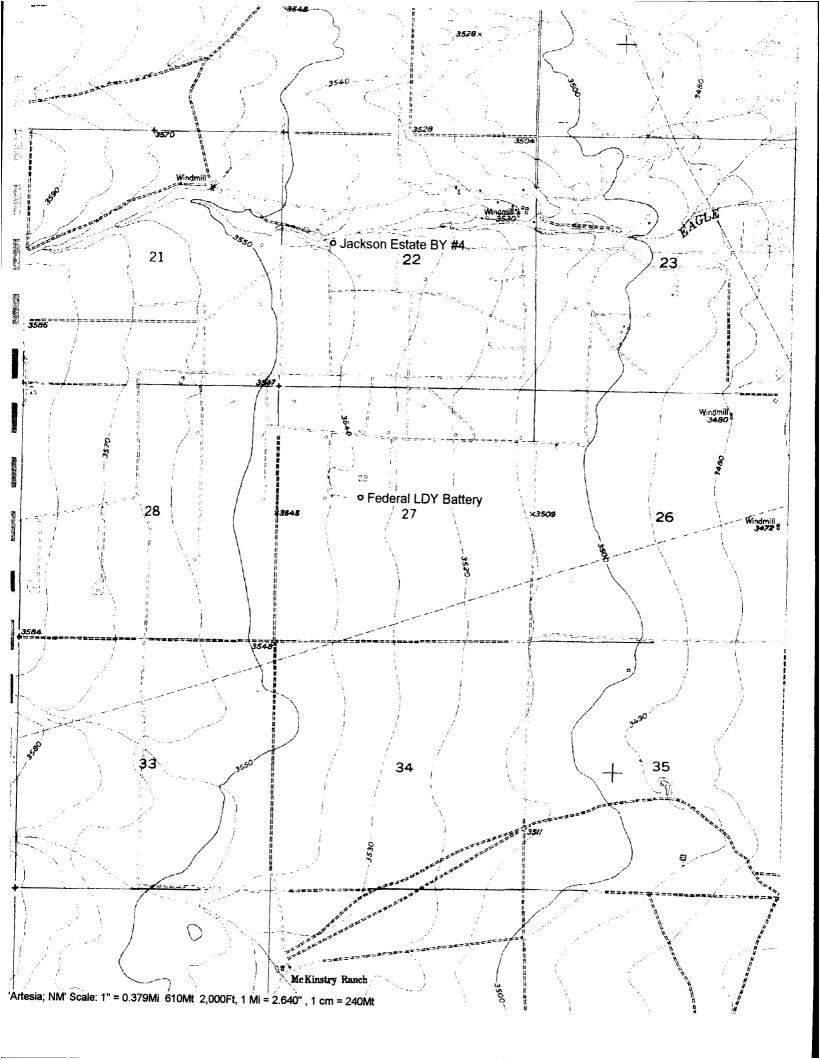
Depth to ground water > 100'
Wellhead Protection Area > 1000'
Distance to surface water body > 1000'

IV. Soils

The area consists of soils that have clay seams providing a low permeability barrier to retard vertical percolation of contaminants into the subsurface.

V. Scope of Work

Yates Petroleum Corporation has excavated contaminated soils contacted by release. Contaminated material have been removed and taken to an OCD approved land facility. Yates will take soil samples within the effected area to determine vertical and horizontal delineation. These samples will be tested in house or sent to a certified lab and analyzed for BTEX and TPH. Based on the Total Ranking Score of zero (0), RRAL's for BTEX is 50 ppm and TPH is 5000 ppm. If results are above OCD guidelines, then further remediation will be implemented to attain the acceptable limits. If lab analysis reflects closure levels then Yates will contact the Oil Conservation Division to give opportunity to witness a final sampling event. A final C-141 and attached analytical results will be submitted to the OCD requesting closure. After closure approval clean soils will be brought in to replace excavated soils.



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State of New Mexico Energy Minerals and Natural Resources

Form C-141 Revised October 10, 2003

Oil Conservation Division 1220 South St. Francis Dr. Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

污污机	District IV 1220 S. St. Fran	icis Dr., Sant	a Fe, NM 8750	5			th St. Francis Dr. Fe, NM 87505				with Rule 116 on back side of form			
				Rel				orrective A	ction					
		OPERATOR Initial Report Final Re												
		Name of Company OGRID Number Vales Petroleum Corporation 25575						Contact Robert Asher				لينا		
		Address 104 S. 4 TH Street, Artesia, NM 88210						Telephone No. 505-748-1471						
	Facility Name API Number Federal LDY Tank Battery						Facility Type Battery							
	Surface Owner Fee				Mineral (Fee	Owner	Lease NM-00							
Ì	LOCATION OF RELEASE													
	Unit Letter F	Section 27	Township 17S	Range 25E	Feet from the		/South Line	Feet from the	East/W	Vest Line	County Eddy			
	L				Latitude 32.	80730	_ Longitude	e 104.47581			<u> </u>			
NATURE OF RELEASE														
	Type of Release Crude Oil						130 B/O 0 B/O			0 B/O	Recovered			
-	Source of Release Tank Was Immediate Notice Given?						Date and Hour of Occurrence Date and Hour of Discovery 11/9/2006 AM 11/9/2006 AM If YES, To Whom?						y' 	
Ð	Yes ☐ No ☐ Not Required													
ĺ		Robert Asher/Environmental Regulatory Agent, YPC						Date and Hour N/A						
4		Was a Watercourse Reached? Yes No If a Watercourse was Impacted, Describe Fully.*						If YES, Volume Impacting the Watercourse. N/A						
National Property of the Party	N/A Describe Cau					 -								
					tion switched to o	ther tan	k.							
*****	An approxim vertical and h	Describe Area Affected and Cleanup Action Taken.* An approximate area of 40' X 40'. No standing fluid to recover. Contaminated soils to be excavated and hauled to an OCD approved disposal facility. vertical and horizontal delineation will be made and corrective action taken. Depth to Ground Water: >100', Wellhead Protection Area: No, Distance												
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	Signature:	200	WAL	2.			OIL CONSERVATION DIVISION							
	Printed Name	: Robert As	sher				Approved by District Supervisor:							
	Title: Environ	imental Reg	gulatory Agen	l .			Approval Date: Expiration			xpiration_E	Date:			
	E-mail Addre	-mail Address: boba@ypcnm.com						Conditions of Approval:			Attached [

Attach Additional Sheets If Necessary

Date: Monday, November 13, 2006

COPY

Phone: 505-748-1471