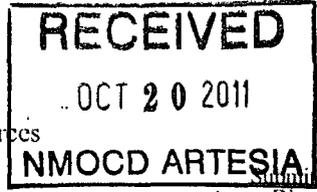


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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
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 Amber Cannon |
| Address 105 S. 4 TH Street | Telephone No. 575-748-1471 | |
| Facility Name Loving AIB State #1 | API Number 30-015-22889 | Facility Type Battery |
| | | Order Number 2RP- |
| Surface Owner Fee | Mineral Owner Fee | Lease No. V-3346 |

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| Unit Letter G | Section 16 | Township 23S | Range 28E | Feet from the 1550 | North/South Line North | Feet from the 1780 | East/West Line East | County Eddy |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

NATURE OF RELEASE

| | | |
|--|---|--|
| Type of Release Produced Water | Volume of Release 50 bbl PW | Volume Recovered 0 bbl PW |
| Source of Release Line pressured up and broke in tin horn | Date and Hour of Occurrence 7/17/2011 AM | Date and Hour of Discovery 7/17/2011 PM |
| 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? Bob Asher Yates Petroleum Corporation | Date and Hour 7/18/2011 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.* On 7/17/2011 a water line pressured up and broke at a weak point inside the tin horn. The water flowed out of the tin horn, behind the battery, in the pasture. Excavated soil will be disposed of at a NMOCD approved facility. | | |
| Describe Area Affected and Cleanup Action Taken.* An approximate area of 50' X 50'. The impacted area flow paths ran east/southeast of the tin horn. Soil from the pooling areas will be excavated and disposed of at an NMOCD approved facility. Vertical and horizontal delineation samples will be taken and analysis ran for TPH & BTEX (Chlorides for reference). Depth to Ground Water: <100' (approx. 55', per New Mexico Office of the State Engineer); Wellhead Protection Area: No; Distance to Surface Water Body: >1000'; SITE RANKING IS 20. Based on impacted soils being excavated and hauled to an NMOCD approved facility, analytical results and release volume, 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. | | |

OIL CONSERVATION DIVISION

| | | |
|--|---|-----------------------------------|
| Signature: <i>Amber Cannon</i> | SIGNED BY <i>Mike Bratcher</i> Approved by District Supervisor | |
| Printed Name: Amber Cannon | Approval Date: OCT 26 2011 | Expiration Date: N/A |
| Title: Environmental Regulatory Agent | Conditions of Approval: N/A | Attached <input type="checkbox"/> |
| E-mail Address: acannon@yatespetroleum.com | <i>Final</i> | |
| Date: Thursday, October 20, 2011 | Phone: 575-748-4111 | |

* Attach Additional Sheets If Necessary