

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

HOBBS OCD

AUG 28 2012

RECEIVED

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

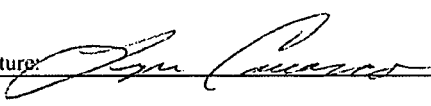

| | | |
|--|-------------------------------|----------------------------|
| Name of Company Yates Petroleum Corporation | OGRID Number 25575 | Contact Lupe Carrasco |
| Address 104 S. 4 TH Street | Telephone No. 575-748-1471 | |
| Facility Name Hemlock BSH State #1H | API Number 30-025-40489 | Facility Type Well Site |
| Surface Owner State | Mineral Owner State | Lease No. N/A |

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|----------------------|---------------------------|-----------------------|------------------------|---------------|
| Unit Letter D | Section 32 | Township 23S | Range 33E | Feet from the 330 | North/South Line North | Feet from the 1980 | East/West Line West | County Lea |
|------------------|---------------|-----------------|--------------|----------------------|---------------------------|-----------------------|------------------------|---------------|

Latitude 32.2674300 Longitude 103.5960100

NATURE OF RELEASE

| | | |
|--|---|---|
| Type of Release Brine Water | Volume of Release 20 B/BW | Volume Recovered 19 B/BW |
| Source of Release Shale shaker screen | Date and Hour of Occurrence 08/26/2012 PM | Date and Hour of Discovery 08/26/2012 PM |
| Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required | If YES, To Whom? | |
| By Whom? N/A | Date and Hour N/A | |
| 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.* Polymer sweep was pumped & when sweep returned to surface, it blinded off shale shaker screen causing fluid to pass directly over shaker filling up solids control rolloff bins before overflowing & depositing approximately 20 bbls of Brine Water onto ground. Transport truck arrived on location 15 minutes after occurrence to deliver brine water, off loaded, and cleaned up spill. | | |
| Describe Area Affected and Cleanup Action Taken.* An approximate area of 50' X 75'. Impacted soils to be scraped up and taken to an NMOCD approved facility. Vertical and horizontal delineation samples will be taken and analysis ran for TPH & BTEX, Chlorides will be run for documentation. If initial analytical results for TPH & BTEX are under RRAL's a Final Report, C-141 will be submitted to the OCD requesting closure. If the analytical results are above the RRAL's a work plan will be submitted. Depth to Ground Water: >100' (approximately 325', Section 32-T23S-R33E, per NMOSE), Wellhead 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 relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations. | | |
| Signature:  | OIL CONSERVATION DIVISION | |
| Printed Name: Lupe Carrasco | Approved by District Supervisor:  Environmental Specialist | |
| Title: Environmental Regulatory Agent | Approval Date: 8/28/12 | Expiration Date: 10/29/12 |
| E-mail Address: lcarrasco@yatespetroleum.com | Conditions of Approval: SUBMIT FINAL C-141 BY 10/29/12 | Attached <input type="checkbox"/> |
| Date: Tuesday, August 28, 2012 | Phone: 575-748-1471 | 4RP-02-13-2905 |

* Attach Additional Sheets If Necessary

FEB 28 2013