

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
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 SHERRY BONHAM
Address 105 S 4 TH STREET		Telephone No. 505.748.1471
Facility Name MERLE STATE UNIT 3	API Number 30-025-37545	Facility Type WELL
Surface Owner STATE	Mineral Owner STATE	Lease No.

LOCATION OF RELEASE

Unit Letter P	Section 14	Township 10S	Range 34E	Feet from the 990	North/South Line SOUTH	Feet from the 990	East/West Line EAST	County LEA
------------------	---------------	-----------------	--------------	----------------------	---------------------------	----------------------	------------------------	---------------

Latitude 33.44253 Longitude 103.42887

NATURE OF RELEASE

Type of Release CRUDE OIL	Volume of Release 10 B/O	Volume Recovered 8 B/O
Source of Release WATER TANK	Date and Hour of Occurrence 10/4/06 7:00 AM	Date and Hour of Discovery 10/4/06 7:00 AM
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? N/A	
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.	

If a Watercourse was Impacted, Describe Fully.*
N/A

Describe Cause of Problem and Remedial Action Taken.*

WELL TESTER (3 PHASE SEPARATOR) MALFUNCTIONED PUTTING OIL PRODUCTION TO WATER TANK. REPAIRED.

Describe Area Affected and Cleanup Action Taken.*

AN APPROXIMATE 25' X 25' X 2" AREA AFFECTED. PICKED UP ALL STANDING FLUIDS. IMMEDIATELY SCRAPED UP IMPACTED MATERIALS AND HAULED TO LAND FARM. SITE TO BE EVALUATED.
SITE RANKING: 20

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCID 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 NMOCID 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, NMOCID 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>Sherry Bonham</i>	Approved by District Supervisor: <i>[Signature]</i>	
Printed Name: Sherry Bonham	Approval Date: 10.22.06	Expiration Date:
Title: Environmental Regulatory Agent	Conditions of Approval:	Attached <input type="checkbox"/>
E-mail Address: sherryb@ypcnm.com		
Date: October 18, 2006	Phone: 505.748.1471	

* Attach Additional Sheets If Necessary.

Incident - nPAC0629231875
application - nPAC0629232002

RPT# 1091