District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W Grand Avenue, Artesia, NM 88210 District III 1000 R10 Brazos Road, Aztec, NM 87410 District IV 1220 S St Fran

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State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division

AUG 2 5 2008

Form C-141 Revised October 10, 2003

X Final Report

OCD-ARTESIA ubmit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

						th St. Franc Fe, NM 875		with Rule 116 on back side of forn						
			Rel	ease Notifi				ctior	 1					
			Iten				PERATOR			Initial Report	X Final Reno			
Name of Co	omnany V	ates Petroleu	m Corno	ration			e Stubblefield			miliai Report	X I mai (cepo			
		Street, Arte					No. 505-748-45	00 505	5-513-1712	2				
		AYB Federal					e drilling well.							
	F 1.	······································		D dia anal d	<u></u>				L - age)	1				
Surface Ow	vner Feder	al		Mineral (Jwner	. Federal			Lease N	<u>NO</u>				
	_				ATIC	N OF RE	LEASE							
Unit Letter	Jnit LetterSectionTownshipRangeFeet from theNorth118s26e1073'FNL					h/South Line Feet from the E 1540' F			West Line	County Chavez				
	1		<u></u>	Latitude 33	3.6361	9 Longitu	ide104.26326	I		L	<u></u>			
٠.				NAT	ΓURI	E OF REL	EASE							
Type of Rele	ease Drillin	g fluids				Volume of	Release 10-15 bl	Volume F	e Recovered 0					
Source of Re	elease. Steel	pit					lour of Occurrence	Date and	nd Hour of Discovery					
Was Immedi	ista Nation (6/11/2008 If YES, To		same						
was immedi	ale Notice v		es No	X Not Require	d	11 125, 10	whom/							
By Whom?						Date and F	lour							
Was a Water	course Rea	ched?				If YES, Volume Impacting the Watercourse.								
			Yes X	No										
the steel pit y solid waste of Describe Ard The impacte The drilling NMOCD ap samples wer Cardinal Lab impacted ard ground water submitting th Site ranking I hereby cert regulations a public health	was lowered lisposal faci ea Affected d area was of mud was ex proved solid e submitted poraties date ea on the loo r as reported the final C-14 Depth to gro ify that the all operators or the envi	I. A back hoe a lity. and Cleanup A on the NW side cavated from a waste dispose to Cardinal La d 8/8/2008 rep cation. Chloric by the NMO 41 form and re ound water -> ound mater -> o	Action Tal e of the lo the impac al facility. aboratorie borted the les 2' BG SE is in se equesting of >100', We ven above o report an acceptand	n Taken.* During bout crew were c cen. cation and off the ted areas located Soil samples wer s and analysis ran Chlorides will be S in the impacted ec. 23-8s-26e. The closure for the rel ellhead protection to file certain re- ce of a C-141 repor-	alled to e locatio on and re taken h for Ch e 64 pp arca of e depth lease th area - olete to release ort by t	o location and t on in a narrow off the location n on 8/7/2008 f nlorides using I m in the excave n location were to ground wat at occurred on > 1000°, Distan the best of my notifications a he NMOCD m	he drilling mud w flow path running a. The Excavated rom the impacted PA Method 4500 ated area off loca reported to be 96 er in sec. 23 is rep 6/11/2008. ace to surface wal knowledge and u and perform correct arked as "Final R	yas exca g NW m soil was areas le CL B. tion, Cl 5 ppm. 1 ported to ter body ndersta tive act eport" of	wated and h measured to s then haule ocated on a The analyt hlorides were the nearest to be 150°. Y r - > 1000° nd that purs ions for rele does not reli	auled to an NMC be 2'-3' wide and ed to Gandy Marl nd off of the loca ical results receiv re reported to be information for t dates Petroleum C site ranking scor suant to NMOCD eases which may ieve the operator	OCD approved d 600' long. hey Inc an attion. The soil ved from 160 ppm in the the depth to Corporation is re - 0 D rules and endanger of liability			
or the enviro federal, state Signature:	nment. In a	ddition, NMC ws and/or regu	CD accep	otance of a C-141	report	does not reliev	e the operator of	respons	ibility for co	DIVISION	ny other			
Printed Nam	e [.] Mike Stu	V				TIM C by I Approved by		k.	a					
Title: Enviro	nmental Re	gulatory Agen	t			Approval Da	QCT 1 0 200	8	Expiration	Date: M/A	a: N/A			
E-mail Addr	ess: mikes@	ypcnm.com				Conditions of	Approval: Approval:	A		Attached	100			
Date: 8/21/	2008	7	Phone: 50	5-748-4500						ZRP-	189			

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ANALYTICAL RESULTS FOR YATES PETROLEUM CORPORATION ATTN: MIKE STUBBLEFIELD 105 SOUTH 4TH STREET ARTESIA, NM 88210 FAX TO: (575) 748-4635

Receiving Date: 08/07/08 Reporting Date: 08/08/08 Project Number: 30-005-63927 Project Name: JERVIS AYB FEDERAL #7 Project Location: SEC. 11-8S-26E Analysis Date: 08/07/08 Sampling Date: 07/30/08 Sample Type: SOIL Sample Condition: INTACT Sample Received By: AB Analyzed By: TR

CI

		0
LAB NUMBER	SAMPLE ID	(mg/kg)
H15676-1	1. EXCAVATED FLOWPATH OFF	64
	LOCATION SURFACE	
H15676-2	2. IMPACTED AREA ON LOCATION	160
	SURFACE	
H15676-3	3. IMPACTED AREA ON LOCATION 2'	96
	BGS	
H15676-4	4. BACKGROUND OFF LOCATION	16
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent	t Difference	<0.1

METHOD: Standard Methods 4500-CI'B Note: Analyses performed on 1:4 w:v aqueous extracts.

leure Chemis

H15676 YATES

PLEASE NOTE Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim ansing, whether based in contract or tort, shall be limited to the amount paid by client for analyses All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiares, affiliates or successors ansing out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

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ARDINA	L LABOR TORIE'S,	INC.
	مصدالما الدمميسامم مأله الملاح	TY 7040

11 Beecfraood, Abliene, TX 79603 101 East Marland, Hobbe, NM 88240

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Company Name:	Votes Pritole	om Geporation										BI	LLTO			, ,	ANAL	YSIS	REQL	JEST		
Project Manager:	nise stubble fi	ele							P.	0. #	:								}			
Address; 105	South 4th Stre	۵ ۲							0	omp	any:	Va	tes Ates Car,	<u>a</u>				i .	ł			
City: Artes	<u>ĩa</u>	State: M.M.	State: 11.19. Zlp: 88210							Company: Yolas Atles Carp. Attn: nKa stablet itt												
Phono #: 505. 513 - 1212 Fax #: 505-748-4736									Addross: 105 Jouth 414 Street													
Project #: 30.	005-63927	Project Owner: M	Ka S	7. SK	Ich	ēl]					Ar					ł						
Project Name: 3	ervis AYB 1	Ecderal #2	~										zip. 88-218				1					۱ <i>۰۰</i>
	See. 11-85-26												- 748-450						•			
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-2	2 Impacted ac	a on Location Surface	LC				2						2/30/08	10:30 Am	V							
-3	3. Inpacted area	en coration 2 Bas	G	1_			/					1	7/30/08	10:45 Am.	1							
4	4. Back glove	d off Location.	6	<u> </u>			1					1	1/30/02	11:00 10	\checkmark							
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† Cardinal cannot accept verbal changes, Pease fax written changes to (325) 673-7020. ,4

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