

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

AUG 25 2008
OCD-ARTESIA

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	Contact Mike Stubblefield
Address 105 South 4 th Street, Artesia, N.M. 88210	Telephone No. 505-748-4500 505-513-1712
Facility Name Jervis AYB Federal #7 30-005-63927	Facility Type drilling well.

Surface Owner Federal	Mineral Owner. Federal	Lease No.
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LOCATION OF RELEASE

Unit Letter	Section 11	Township 8s	Range 26e	Feet from the 1073'	North/South Line FNL	Feet from the 1540'	East/West Line FEL	County Chavez
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Latitude 33.63619 Longitude 104.26326

NATURE OF RELEASE

Type of Release Drilling fluids	Volume of Release 10-15 bbls	Volume Recovered 0
Source of Release. Steel pit	Date and Hour of Occurrence 6/11/2008 4:02 pm	Date and Hour of Discovery same
Was Immediate Notice Given? Yes No <input checked="" type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
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.*

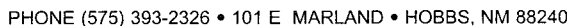
Describe Cause of Problem and Remedial Action Taken.* During drilling operations using a closed Loop system a steel pit overflowed. The fluid level in the steel pit was lowered. A back hoe and roustabout crew were called to location and the drilling mud was excavated and hauled to an NMOCD approved solid waste disposal facility.

Describe Area Affected and Cleanup Action Taken.
The impacted area was on the NW side of the location and off the location in a narrow flow path running NW measured to be 2'-3' wide and 600' long. The drilling mud was excavated from the impacted areas located on and off the location. The Excavated soil was then hauled to Gandy Marley Inc an NMOCD approved solid waste disposal facility. Soil samples were taken on 8/7/2008 from the impacted areas located on and off of the location. The soil samples were submitted to Cardinal Laboratories and analysis ran for Chlorides using EPA Method 4500 CL B. The analytical results received from Cardinal Laboratories dated 8/8/2008 reported the Chlorides will be 64 ppm in the excavated area off location, Chlorides were reported to be 160 ppm in the impacted area on the location. Chlorides 2' BGS in the impacted area on location were reported to be 96 ppm. The nearest information for the depth to ground water as reported by the NMOSE is in sec. 23-8s-26e. The depth to ground water in sec. 23 is reported to be 150'. Yates Petroleum Corporation is submitting the final C-141 form and requesting closure for the release that occurred on 6/11/2008.

Site ranking Depth to ground water - >100', Wellhead protection area - > 1000', Distance to surface water body - > 1000' site ranking score - 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: <i>Mike Stubblefield</i>	OIL CONSERVATION DIVISION	
Printed Name: Mike Stubblefield	TIM GUM by MB <i>Mike Stubblefield</i> Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date: OCT 10 2008	Expiration Date: N/A
E-mail Address: mikes@ypcnm.com	Conditions of Approval: N/A	Attached <input type="checkbox"/>
Date: 8/21/2008	Phone: 505-748-4500	2RP-189



Analysis Date: 08/07/08
Sampling Date: 07/30/08
Sample Type: SOIL
Sample Condition: INTACT
Sample Received By: AB
Analyzed By: TR

Note: Analyses performed on 1:4 w:v aqueous extracts.

08/08/08
Date

PLEASE NOTE **Liability and Damages.** **Cardinal's** liability and client's exclusive remedy for any claim arising, 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 subsidiaries, affiliates or successors arising 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.



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CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

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† Cardinal cannot accept verbal changes. Please fax written changes to (325) 673-7020.