

MARTIN YATES, III  
1912-1985  
FRANK W. YATES  
1936-1986  
S.P. YATES  
1914-2008

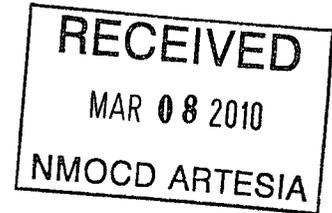


105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (575) 748-1471

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JOHN A. YATES JR.  
ASSISTANT TO THE PRESIDENT  
JAMES S. BROWN  
CHIEF OPERATING OFFICER  
JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

March 3, 2010

Mr. Mike Bratcher  
NMOCD District II  
1301 West Grand  
Artesia, NM 88210



Re: Graham AKB State #4  
30-015-31605  
Section 3, T23S-R31E  
Eddy County, New Mexico

Dear Mr. Bratcher,

Enclosed please find a Form C-141, Final Report for the above captioned site regarding the release on July 18, 2009 (7 bbls of oil and 15 bbls of produced water with no oil and produced water being recovered). The release was from a poly flow line rupture. The impacted soils were excavated and hauled to an NMOCD approved facility. Samples were taken and sent to an OCD approved. Analytical results (enclosed) show TPH & BTEX below RRAL's for the site ranking of (0) zero, (enclosed sample diagram and results). Based on impacted soils being excavated/removed, analytical results (chlorides for documentation) and depth to ground water being greater than 100' (448'); Yates Petroleum Corporation requests closure.

If you have any questions, please call me at 575-748-4217.

Thank you.

YATES PETROLEUM CORPORATION

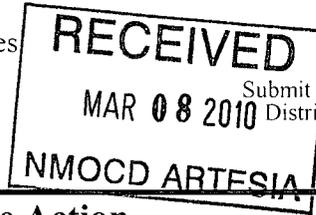
Robert Asher  
Environmental Regulatory Agent

/rca  
Enclosure(s)

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 Robert Asher
Address 104 S. 4 <sup>TH</sup> Street		Telephone No. 575-748-1471
Facility Name Graham AKB State #4	API Number 30-015-31605	Facility Type Flowline

Surface Owner State	Mineral Owner State	Lease No. V-2705
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**LOCATION OF RELEASE**

Unit Letter G	Section 2	Township 22S	Range 31E	Feet from the 1980'	North/South Line North	Feet from the 1650'	East/West Line West	County Eddy
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Latitude 32.42221 Longitude 103.74493

**NATURE OF RELEASE**

Type of Release Oil & Produced Water	Volume of Release 7 B/O & 15 B/PW	Volume Recovered 0 B/O & 0 B/PW
Source of Release Flowline	Date and Hour of Occurrence 7/18/2009; AM	Date and Hour of Discovery 7/18/2009; 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. N/A	
If a Watercourse was Impacted, Describe Fully.* N/A		
Describe Cause of Problem and Remedial Action Taken.* Flowline ruptured (this release occurred between the Graham AKB State #4 and the Graham AKB State #3 off of the east side of the lease road). Shut well down, isolated line, called for a backhoe and cleanup crew.		
Describe Area Affected and Cleanup Action Taken.* An approximate area of 50' X 50'. Repaired line. Impacted soils excavated/hailed to an NMOCD facility. Vegetation sprayed/washed with Micrblaze. Vertical/horizontal delineation samples will be taken and analysis ran for TPH/BTEX. Delineation for chlorides will be performed for documentation and to show decreasing levels if possible. If initial analytical results for TPH/BTEX are under RRAL's a Final Report, C-141 will be submitted to the OCD requesting closure. <b>Depth to Ground Water: &gt;100' (approx. 448', per the NM Office of the State Engineer), Wellhead Protection Area: No, Distance to Surface Water Body: &gt;1000', SITE RANKING IS 0. Based on remediation actions, analytical results and depth to ground water, Yates Petroleum Corporation requests closure.</b>		
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.		

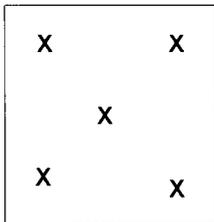
Signature:	<u>OIL CONSERVATION DIVISION</u>	
Printed Name: Robert Asher	Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date:	Expiration Date:
E-mail Address: boba@yatespetroleum.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: Wednesday, March 03, 2010      Phone: 575-748-4217	2RP-	

\* Attach Additional Sheets If Necessary



Graham #3

Graham Battery (Not to Scale)



Release Area  
(Not to Scale)

Graham #4

Surface Poly Line

Sample ID	Sample Date	Sample Type	Depth	BTEX	GRO	DRO	TPH TOTAL	Chlorides
GS/Comp-001	8/13/2009	Grab/Auger	1'	ND	ND	ND	ND	ND
GS/Comp-002	8/13/2009	Grab/Auger	2'	ND	ND	ND	ND	ND
GS/Comp-003	8/13/2009	Grab/Auger	3'	ND	ND	ND	ND	10

**Site Ranking is Zero (0).** Depth to Ground Water >100' (approx. 448', New Mexico Office of the State Engineer).  
All results are ppm. Chlorides are for documentation.



Graham AKB State #4

30-015-31605

Section 2, T22S-R31E

Eddy County, NM

SAMPLE DIAGRAM (Not to Scale)

Xenco Report #: 341002  
Report Date: 8/19/2009

Prepared by Robert Asher  
Environmental Regulatory Agent

# Analytical Report 341002

for

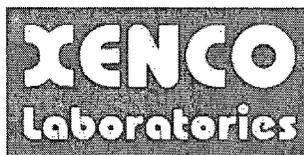
## Yates Petroleum Corporation

**Project Manager: Robert Asher**

**Graham AKB State # 4**

**30-015-31605**

**19-AUG-09**



**12600 West I-20 East Odessa, Texas 79765**

Xenco-Houston (EPA Lab code: TX00122):

Texas (T104704215-08-TX), Arizona (AZ0738), Arkansas (08-039-0), Connecticut (PH-0102), Florida (E871002)  
Illinois (002082), Indiana (C-TX-02), Iowa (392), Kansas (E-10380), Kentucky (45), Louisiana (03054)  
New Hampshire (297408), New Jersey (TX007), New York (11763), Oklahoma (9218), Pennsylvania (68-03610)  
Rhode Island (LAO00308), USDA (S-44102)

Xenco-Atlanta (EPA Lab Code: GA00046):

Florida (E87428), North Carolina (483), South Carolina (98015), Utah (AALI1), West Virginia (362), Kentucky (85)  
Louisiana (04176), USDA (P330-07-00105)

Xenco-Miami (EPA Lab code: FL01152): Florida (E86678), Maryland (330)

Xenco-Miramar (EPA Lab code: FL01246): Florida (E86349)

Xenco-Tampa Mobile (EPA Lab code: FL01212): Florida (E84900)

Xenco-Odessa (EPA Lab code: TX00158): Texas (T104704400-08-TX)

Xenco-Dallas (EPA Lab code: TX01468): Texas (T104704295-08-TX)

Xenco-Corpus Christi (EPA Lab code: TX02613): Texas (T104704370-08-TX)

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19-AUG-09

Project Manager: **Robert Asher**  
**Yates Petroleum Corporation**  
105 South Fourth St.  
Artesia, NM 88210

Reference: XENCO Report No: **341002**  
**Graham AKB State # 4**  
Project Address: Eddy County

**Robert Asher:**

We are reporting to you the results of the analyses performed on the samples received under the project name referenced above and identified with the XENCO Report Number 341002. All results being reported under this Report Number apply to the samples analyzed and properly identified with a Laboratory ID number. Subcontracted analyses are identified in this report with either the NELAC certification number of the subcontract lab in the analyst ID field, or the complete subcontracted report attached to this report.

Unless otherwise noted in a Case Narrative, all data reported in this Analytical Report are in compliance with NELAC standards. Estimation of data uncertainty for this report is found in the quality control section of this report unless otherwise noted. Should insufficient sample be provided to the laboratory to meet the method and NELAC Matrix Duplicate and Matrix Spike requirements, then the data will be analyzed, evaluated and reported using all other available quality control measures.

The validity and integrity of this report will remain intact as long as it is accompanied by this letter and reproduced in full, unless written approval is granted by XENCO Laboratories. This report will be filed for at least 5 years in our archives after which time it will be destroyed without further notice, unless otherwise arranged with you. The samples received, and described as recorded in Report No. 341002 will be filed for 60 days, and after that time they will be properly disposed without further notice, unless otherwise arranged with you. We reserve the right to return to you any unused samples, extracts or solutions related to them if we consider so necessary (e.g., samples identified as hazardous waste, sample sizes exceeding analytical standard practices, controlled substances under regulated protocols, etc).

We thank you for selecting XENCO Laboratories to serve your analytical needs. If you have any questions concerning this report, please feel free to contact us at any time.

Respectfully,

---

**Brent Barron, II**

Odessa Laboratory Manager

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**Sample Cross Reference 341002**



**Yates Petroleum Corporation, Artesia, NM**  
Graham AKB State # 4

<b>Sample Id</b>	<b>Matrix</b>	<b>Date Collected</b>	<b>Sample Depth</b>	<b>Lab Sample Id</b>
GS/Comp-001	S	Aug-13-09 09:58	1 - 1 ft	341002-001
GS/Comp-002	S	Aug-13-09 10:10	2 - 2 ft	341002-002
GS/Comp-003	S	Aug-13-09 10:20	3 - 3 ft	341002-003



## CASE NARRATIVE

*Client Name: Yates Petroleum Corporation*

*Project Name: Graham AKB State # 4*

*Project ID: 30-015-31605*

*Work Order Number: 341002*

*Report Date: 19-AUG-09*

*Date Received: 08/14/2009*

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**Sample receipt non conformances and Comments:**

None

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**Sample receipt Non Conformances and Comments per Sample:**

None

**Analytical Non Conformances and Comments:**

Batch: LBA-768639 Percent Moisture

None

Batch: LBA-768642 Inorganic Anions by EPA 300

None

Batch: LBA-768797 TPH by SW 8015B

None

Batch: LBA-768867 BTEX-MTBE EPA 8021B

SW8021BM

Batch 768867, 4-Bromofluorobenzene recovered below QC limits Data not confirmed by re-analysis. Samples affected are: 535556-1-BLK, 341002-003, 341002-001, 341002-002.

4-Bromofluorobenzene recovered above QC limits Data not confirmed by re-analysis. Samples affected are: 341002-001 S, 341002-001 SD



# Certificate of Analysis Summary 341002

Yates Petroleum Corporation, Artesia, NM

Project Name: Graham AKB State # 4



Project Id: 30-015-31605

Contact: Robert Asher

Project Location: Eddy County

Date Received in Lab: Fri Aug-14-09 10:10 am

Report Date: 19-AUG-09

Project Manager: Brent Barron, II

<i>Analysis Requested</i>	<i>Lab Id:</i>	341002-001	341002-002	341002-003			
	<i>Field Id:</i>	GS/Comp-001	GS/Comp-002	GS/Comp-003			
	<i>Depth:</i>	1-1 ft	2-2 ft	3-3 ft			
	<i>Matrix:</i>	SOIL	SOIL	SOIL			
	<i>Sampled:</i>	Aug-13-09 09:58	Aug-13-09 10:10	Aug-13-09 10:20			
<b>Anions by EPA 300</b>	<i>Extracted:</i>						
	<i>Analyzed:</i>	Aug-14-09 14:19	Aug-14-09 14:19	Aug-14-09 14:19			
	<i>Units/RL:</i>	mg/kg    RL	mg/kg    RL	mg/kg    RL			
Chloride		ND    5.15	ND    5.21	10.0    5.42			
<b>BTEX by EPA 8021B</b>	<i>Extracted:</i>	Aug-17-09 10:00	Aug-17-09 10:00	Aug-17-09 10:00			
	<i>Analyzed:</i>	Aug-17-09 12:59	Aug-17-09 13:18	Aug-17-09 13:36			
	<i>Units/RL:</i>	mg/kg    RL	mg/kg    RL	mg/kg    RL			
Benzene		ND    0.0010	ND    0.0010	ND    0.0011			
Toluene		ND    0.0021	ND    0.0021	ND    0.0022			
Ethylbenzene		ND    0.0010	ND    0.0010	ND    0.0011			
m,p-Xylenes		ND    0.0021	ND    0.0021	ND    0.0022			
o-Xylene		ND    0.0010	ND    0.0010	ND    0.0011			
Total Xylenes		ND    0.0010	ND    0.0010	ND    0.0011			
Total BTEX		ND    0.0010	ND    0.0010	ND    0.0011			
<b>Percent Moisture</b>	<i>Extracted:</i>						
	<i>Analyzed:</i>	Aug-14-09 16:00	Aug-14-09 16:00	Aug-14-09 16:00			
	<i>Units/RL:</i>	%        RL	%        RL	%        RL			
Percent Moisture		2.93    1.00	4.00    1.00	7.75    1.00			
<b>TPH By SW8015B Mod</b>	<i>Extracted:</i>	Aug-17-09 12:42	Aug-17-09 12:42	Aug-17-09 12:42			
	<i>Analyzed:</i>	Aug-17-09 15:23	Aug-17-09 15:48	Aug-17-09 16:14			
	<i>Units/RL:</i>	mg/kg    RL	mg/kg    RL	mg/kg    RL			
C6-C10 Gasoline Range Hydrocarbons		ND    15.4	ND    15.5	ND    16.2			
C10-C28 Diesel Range Hydrocarbons		ND    15.4	ND    15.5	ND    16.2			
Total TPH		ND    15.4	ND    15.5	ND    16.2			

This analytical report, and the entire data package it represents, has been made for your exclusive and confidential use. The interpretations and results expressed throughout this analytical report represent the best judgment of XENCO Laboratories. XENCO Laboratories assumes no responsibility and makes no warranty to the end use of the data hereby presented. Our liability is limited to the amount invoiced for this work order unless otherwise agreed to in writing.

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 Brent Barron, II  
 Odessa Laboratory Manager



# Flagging Criteria



- X** In our quality control review of the data a QC deficiency was observed and flagged as noted. MS/MSD recoveries were found to be outside of the laboratory control limits due to possible matrix /chemical interference, or a concentration of target analyte high enough to effect the recovery of the spike concentration. This condition could also effect the relative percent difference in the MS/MSD.
- B** A target analyte or common laboratory contaminant was identified in the method blank. Its presence indicates possible field or laboratory contamination.
- D** The sample(s) were diluted due to targets detected over the highest point of the calibration curve, or due to matrix interference. Dilution factors are included in the final results. The result is from a diluted sample.
- E** The data exceeds the upper calibration limit; therefore, the concentration is reported as estimated.
- F** RPD exceeded lab control limits.
- J** The target analyte was positively identified below the MQL and above the SQL.
- U** Analyte was not detected.
- L** The LCS data for this analytical batch was reported below the laboratory control limits for this analyte. The department supervisor and QA Director reviewed data. The samples were either reanalyzed or flagged as estimated concentrations.
- H** The LCS data for this analytical batch was reported above the laboratory control limits. Supporting QC Data were reviewed by the Department Supervisor and QA Director. Data were determined to be valid for reporting.
- K** Sample analyzed outside of recommended hold time.
- JN** A combination of the "N" and the "J" qualifier. The analysis indicates that the analyte is "tentatively identified" and the associated numerical value may not be consistent with the amount actually present in the environmental sample.
- BRL** Below Reporting Limit.
- RL** Reporting Limit
- \* Outside XENCO's scope of NELAC Accreditation.

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4143 Greenbriar Dr, Stafford, Tx 77477	(281) 240-4200	(281) 240-4280
9701 Harry Hines Blvd , Dallas, TX 75220	(214) 902 0300	(214) 351-9139
5332 Blackberry Drive, San Antonio TX 78238	(210) 509-3334	(210) 509-3335
2505 North Falkenburg Rd, Tampa, FL 33619	(813) 620-2000	(813) 620-2033
5757 NW 158th St, Miami Lakes, FL 33014	(305) 823-8500	(305) 823-8555
12600 West I-20 East, Odessa, TX 79765	(432) 563-1800	(432) 563-1713
842 Cantwell Lane, Corpus Christi, TX 78408	(361) 884-0371	(361) 884-9116



**Environmental Lab of Texas**  
Variance/ Corrective Action Report- Sample Log-In

Client: Yates Petroleum  
Date/ Time: 8/14/09 10:10  
Lab ID #: 341002  
Initials: JG

**Sample Receipt Checklist**

				Client Initials
#1	Temperature of container/ cooler?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	1.5 °C
#2	Shipping container in good condition?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	
#3	Custody Seals intact on shipping container/ cooler?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	Not Present
#4	Custody Seals intact on sample bottles/ container?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	Not Present
#5	Chain of Custody present?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	
#6	Sample instructions complete of Chain of Custody?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	
#7	Chain of Custody signed when relinquished/ received?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	
#8	Chain of Custody agrees with sample label(s)?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	ID written on Cont / Lid
#9	Container label(s) legible and intact?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	Not Applicable
#10	Sample matrix/ properties agree with Chain of Custody?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	
#11	Containers supplied by ELOT?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	
#12	Samples in proper container/ bottle?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	See Below
#13	Samples properly preserved?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	See Below
#14	Sample bottles intact?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	
#15	Preservations documented on Chain of Custody?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	
#16	Containers documented on Chain of Custody?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	
#17	Sufficient sample amount for indicated test(s)?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	See Below
#18	All samples received within sufficient hold time?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	See Below
#19	Subcontract of sample(s)?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	Not Applicable
#20	VOC samples have zero headspace?	<input checked="" type="radio"/> Yes	<input type="radio"/> No	Not Applicable

**Variance Documentation**

Contact: \_\_\_\_\_ Contacted by: \_\_\_\_\_ Date/ Time: \_\_\_\_\_

Regarding: \_\_\_\_\_

Corrective Action Taken: \_\_\_\_\_

- Check all that Apply:
- See attached e-mail/ fax
  - Client understands and would like to proceed with analysis
  - Cooling process had begun shortly after sampling event