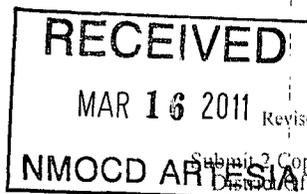


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

nkmw 1110158655

Release Notification and Corrective Action OPERATOR Initial Report Final Report

| | | |
|--|-------------------------------|---------------------------------|
| Name of Company Yates Petroleum Corporation | OGRID Number 25575 | Contact Amanda Trujillo |
| Address 104 S. 4 TH Street | Telephone No. 575-748-1471 | |
| Facility Name Koonunga Hill BGX Federal #1 Pipeline | API Number | Facility Type pipeline |
| | | Order Number 2RP- <i>736</i> |
| Surface Owner Federal | Mineral Owner Federal | Lease No. |

30-015-34380

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| E | 19 | 22S | 25E | 1838 | NORTH | 1072 | WEST | EDDY |

NATURE OF RELEASE

| | | |
|--|---|--|
| Type of Release WATER <i>Produced Water</i> | Volume of Release 75 | Volume Recovered 0 |
| Source of Release Cold weather caused 6" zaplock waterline to freeze. | Date and Hour of Occurrence 2/10/2011 | Date and Hour of Discovery 2/10/2011 - AM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Mike Bratcher - NMOCD/Artesia | |
| By Whom? Amanda Trujillo - Yates Petroleum Corporation | Date and Hour 02/11/2011 am | |
| 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.*
Discharge waterline froze, causing a release of produced water. Release was held inside lined berm. Vacuum truck was dispatched to pick up standing fluids.

Describe Area Affected and Cleanup Action Taken.*
An approximate length of line is 7 miles. Cold weather caused 6" zaplock waterline to freeze. The line pulled apart in 22 places. The line was shut down at the time. It is calculated that approximately 2-3 bbls was released at each spot. Depth to Ground Water: >100' (approx. 100', per New Mexico Chevron/Texaco Trend Map); Wellhead Protection Area: No; Distance to Surface Water Body: >1000'; SITE RANKING IS 0. Based on site ground water quality and enclosed analytical results. *(6)*

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>A Trujillo</i> | OIL CONSERVATION DIVISION Accepted for record NMOCD | |
| Printed Name: Amanda Trujillo | Approved by District Supervisor: <i>4/11/2011</i> | |
| Title: Environmental Scientist | Approval Date: | Expiration Date: |
| E-mail Address: atrujillo@yatespetroleum.com | Conditions of Approval: <i>See email</i> | Attached <input checked="" type="checkbox"/> |
| Date: Wednesday, March 16, 2011 Phone: 575-748-4310 | | |

* Attach Additional Sheets If Necessary

(6) No analytical or water quality data was included with this submittal

Remediation per OCD Rules & Guidelines. **SUBMIT REMEDIATION PROPOSAL NOT LATER THAN:**
5/11/2011

ACCEPTED AS INITIAL REPORT ONLY. ANALYTICAL DATA AND REMEDIATION PROPOSAL REQUIRED

(3)