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

Date: Wednesday, August 29, 2012

* Attach Additional Sheets If Necessary

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State of New Mexico **Energy Minerals and Natural Resources**

Oil Conservation Division 1220 South St. Francis Dr. Submit 2 Copies to appropriate

Revised October 10, 2003

Form C-141

District Office in accordance with Rule 116 on back

1220 S. St. Francis Dr., Santa Fe, NM 87505 side of form Santa Fe, NM 87505 **Release Notification and Corrective Action OPERATOR** Initial Report Final Report NIMW/2255 54250 OGRID Number Contact Name of Company Jeremy Haass Yates Petroleum Corporation 25575 Telephone No. Address 104 S. 4TH Street 575-748-1471 Facility Name API Number Facility Type Cannon FW Battery 30-015-21775 Battery Surface Owner Mineral Owner Lease No. Fee LOCATION OF RELEASE Range North/South Line Unit Letter Section Township Feet from the Feet from the East/West Line County C 21 18S 26E North 2310 West Eddy **Latitude** 32.7378 **Longitude** 104.38757 **NATURE OF RELEASE** Type of Release Volume of Release Volume Recovered Crude Oil & Produced Water 8 B/O, 18 B/PW 2 B/O, 2 B/PW Source of Release Date and Hour of Occurrence Date and Hour of Discovery Buried 2" line 8/23/2012 PM 8/23/2012 PM Was Immediate Notice Given? If YES, To Whom? ☑ Yes ☐ No ☐ Not Required Mike Bratcher, NMOCD II By Whom? Date and Hour Jeremy Haass, Yates Petroleum Corporation 8/29/2012 AM (email) Was a Watercourse Reached? If YES, Volume Impacting the Watercourse. ☐ Yes ☒ No If a Watercourse was Impacted, Describe Fully.* AUG **2 9** 2012 Describe Cause of Problem and Remedial Action Taken.* Leak in 2" buried line. Shut off water pump and called vacuum truck. NMOCD ARTESIA Describe Area Affected and Cleanup Action Taken.* An approximate area of 4' X 6'. Vacuum truck called to pick up remaining oil and produced water, impacted soils to be scraped up and taken to an NMOCD approved facility. Vertical and horizontal delineation samples will be taken and analysis ran for TPH & BTEX, Chlorides will be run for documentation. If initial analytical results for TPH & BTEX are under RRAL's a Final Report, C-141 will be submitted to the OCD requesting closure. If the analytical results are above the RRAL's a work plan will be submitted. Depth to Ground Water: >100' (approximately 134', Section 21-T18S-R26E, per NMOSE), Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 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. OIL CONSERVATION DIVISION Signature: Approved by District Supervisor: Printed Name: Jeremy Haass Title: Environmental Regulatory Agent Approval Date: SFP 1 1 2012 Expiration Date: E-mail Address: jhaass@yatespetroleum.com Conditions of Approval: Attached

Remediation per OCD Rules &

2RP-1284

Guidelines. SUBMIT REMEDIATION

PROPOSAL NOT LATER THAN: October 11, 2012

Phone: 575-748-