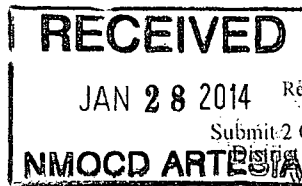


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1020 S. St. Francis Dr., Santa Fe, NM 87505

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

nHmp 1409130181

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company Yates Petroleum Corporation	OGRID Number 25575	Contact Chase Settle
Address 104 S. 4 TH Street	API Number 30-015-39801	Telephone No. 575-748-4171
Facility Name Hanagan APL Federal Com #3-H	Facility Type Battery	
Surface Owner Federal	Mineral Owner Federal	Lease No. NM-62211

LOCATION OF RELEASE

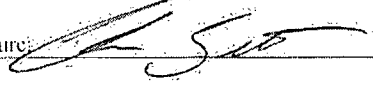
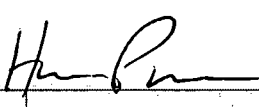
Section Letter M	Section 31	Township 19S	Range 30E	Feet from the 660'	North/South Line South	Feet from the 180'	East/West Line West	County Eddy
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Latitude 32.61140 Longitude -104.01875

NATURE OF RELEASE

Type of Release Brine Water	Volume of Release 75 B/BW	Volume Recovered 55 B/BW
Source of Release Drilling operations	Date and Hour of Occurrence 01/16/2014, AM	Date and Hour of Discovery 01/16/2014, AM
Was Immediate Notice Given? ☒ Yes ☐ No ☐ Not Required	If YES, To Whom? Mike Bratcher, Randy Dade, Jim Amos	
By Whom? Robert Asher	Date and Hour 01/17/2014, 8:58 AM	
Was a Watercourse Reached? ☐ Yes ☒ 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.* During drilling operations an air pocket caused a release of brine water by forcing the fluid back up the drill stem. Crews used squeegees to push fluid to the nearest flow ditches to the well cellar in order to collect the brine water and transport back to pits.		
Describe Area Affected and Cleanup Action Taken.* An approximate area of 95' X 55' around the drill stem. Vertical and horizontal delineation samples will be taken and analysis ran for TPH & BTEX (chlorides for documentation). If initial analytical results for TPH & BTEX are under RRAL's (site ranking is 10) a Final Report, C-141 will be submitted to the OCD requesting closure. If the analytical results are above the RRAL a work plan will be submitted to the OCD. Depth to Ground Water: 50-99' (70', Section 31, T19S-R30E, Chevron-Texaco Trend Map), Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 10.		
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: Chase Settle	Approval Date: 4-1-14	Expiration Date: NA
Title: NM Environmental Regulatory Supervisor	Conditions of Approval:	
E-mail Address: csettle@yatespetroleum.com	Attached ☐	
Date: Tuesday, January 28, 2014 Phone: 575-748-4171	Remediation per OCD Rule & Guidelines. SUBMIT REMEDIATION PROPOSAL NO LATER THAN: 5-1-14	
Attach Additional Sheets If Necessary	2RP-2239	