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APR 14 2014

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

NMOCD ARTESIA

Form C-141
Revised October 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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 Amber Cannon |
| Address 104 S. 4 TH Street | | Telephone No. 575-748-1471 | |
| Facility Name Dagger ZW Battery Pipeline | | API Number 30-015-25787 | Facility Type Water Transfer Pipeline |
| Surface Owner Fee: | | Mineral Owner | Lease No. |

LOCATION OF RELEASE

| | | | | | | | | |
|-------------|---------------|-----------------|--------------|---------------|------------------|---------------|----------------|----------------|
| Unit Letter | Section 31 | Township 19S | Range 25E | Feet from the | North/South Line | Feet from the | East/West Line | County Eddy |
|-------------|---------------|-----------------|--------------|---------------|------------------|---------------|----------------|----------------|

Latitude _____ Longitude _____

NATURE OF RELEASE

| | | |
|--|--|---|
| Type of Release Produced Water/Crude Oil | Volume of Release Unknown B/PW, Unknown B/O | Volume Recovered 880 B/PW, 30 B/O |
| Source of Release Pipeline | Date and Hour of Occurrence 4/2/2014 - AM | Date and Hour of Discovery 4/2/2014 - 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 II | |
| By Whom? Amber Cannon/Yates Petroleum Corporation | Date and Hour 4/3/2014 (E-mail) | |
| 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


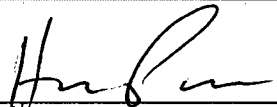
Describe Cause of Problem and Remedial Action Taken.*

Battery and wells that were previously shut-in were turned back on for production. As a result, produced water and crude oil made its way through the pipeline and released into the area that had started being excavated from 3/29/2014 release. Vacuum truck(s) called to recover releases liquids. Backhoe crew was already on location excavating impacted soils from 3/29/2014 release.

Describe Area Affected and Cleanup Action Taken.*

An approximate area of 400' X 200': Battery and wells tied into pipeline were shut-in. A "T" was found on the pipeline and crews capped it off. Impacted soils being excavated and scraped from release area and being hauled to an NMOCD approved facility. 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 0) 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: >100' (228' ChevronTexaco Trend Map), 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.

| | | | |
|--|--|--|---------------------|
| Signature:  | | OIL CONSERVATION DIVISION | |
| Printed Name: Amber Cannon | | Approved by District Supervisor:  | |
| Title: Environmental Regulatory Agent | | Approval Date: 4/14/14 | Expiration Date: NA |
| E-mail Address: acannon@yatespetroleum.com | | Conditions of Approval: Remediation per OCD Rule & Guidelines. SUBMIT REMEDIATION PROPOSAL NO LATER THAN: 5/14/14 | |
| Date: Friday, April 11, 2014 Phone: 575-748-1471 | | Attached <input type="checkbox"/> | |

2RP-2258