

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

30-015-10828
Release Notification and Corrective Action

NMLB0615629386

OPERATOR

X Initial Report ☐ Final Report

Name of Company Yates Petroleum Corporation 25575	Contact Mike Stubblefield
Address 105 S. 4 th Street, Artesia, N.M. 88210	Telephone No. 505-748-4500
Facility Name State AU #1	Facility Type Tank Battery

Surface Owner BR Wilson	Mineral Owner	Lease No. Fee
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LOCATION OF RELEASE

Unit Letter D	Section 36	Township 18s	Range 25e	Feet from the 330'	North/South Line FNL	Feet from 330'	East/West Line FWL	County Eddy
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Latitude 32.7107 Longitude 104.44516

NATURE OF RELEASE

Type of Release Hydrocarbon	Volume of Release 10 bbls	Volume Recovered 0
Source of Release Abandoned	Date and Hour of Occurrence unknown	Date and Hour of Discovery 3/26/06
Was Immediate Notice Given? <input type="checkbox"/> Yes No X Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

RECEIVED

Describe Cause of Problem and Remedial Action Taken.*
See Attached Remediation Work plan.

APR 20 2006
OCD-ARTESIA

Describe Area Affected and Cleanup Action Taken.*
The affected area was the immediate area in front of the tank battery.

Depth to ground water > 100', Wellhead protection Area > 1000', Distance to surface water body > 1000' Site ranking 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: <i>Mike Stubblefield</i>	OIL CONSERVATION DIVISION	
Printed Name: Mike Stubblefield	TIM GUM Approved by District Supervisor by MB <i>Mike Stubblefield</i>	
Title: Environmental Regulatory Agent	Approval Date: 6/5/06	Expiration Date: N/A
E-mail Address: mikes@ypcnm.com	Conditions of Approval:	Attached <input checked="" type="checkbox"/>
Date: 4/19/06 Phone: 505-513-1712		

* Attach Additional Sheets If Necessary

Spill Summary and Work Plan

Incident Date: March 26, 2006

Location: State AU #1
Unit D Section 36 T18S R25E
Eddy County, New Mexico

30-015-10828

The well is located 11 miles south west of Artesia, as depicted on the attached Dayton USGS Quadrangle Map. This site lies on the edge of a westward sloping plain cut by dry drainage channels and bordered on the East by a ridge rising approximately 500'.

Watercourses in the area are dry except for infrequent flows in response to major precipitation events. Area surface geology includes Quaternary Pleistocene conglomerate. The area, dry at the time of the spill, consists of soil that is fine grained, loamy and interspersed with clay seams providing a low permeability barrier to retard vertical percolation of contaminants into the subsurface. Groundwater in the area is estimated to be at a depth of 158' feet.

The ranking for this site is zero (0) based on the as following:

Depth to ground water	> 100'
Wellhead Protection Area	> 1000'
Distance to surface water body	> 1000'

Incident Description:

Gun Barrel had hole in side, the gun barrel was emptied of remaining fluids, the State AU #1 is SI & is to be plugged and abandoned, the affected area was in front of the gun barrel & the location area in front of the tank battery. The est. flow path of the release was 10' wide by 15' long, pooling area 10' wide by 30' long. No fluids were recoverable.

Action Taken:

Immediately upon discovery, materials on the surface of the impacted area were recovered & stockpiled on a liner, a one call was made & the impacted soils were excavated below grade, the excavated soils & the stockpiled soils were then hauled to Loco Hills Land farm which is a N.M.O.C.D. approved commercial disposal facility.

Closure Plan:

1. Soil samples will be taken in the excavated area and field tested for TPH by Y.P.C. personnel if results from field tests run for TPH are under the RRAL for the site, a second soil sample will be taken and submitted to a second party lab for analytical. A field headspace test will be conducted for B-Tex. The O.C.D. will be notified to witness this soil sampling event 24 hours before samples are taken. Soil samples submitted to lab will be tested for TPH, if the analytical results from the soil samples submitted to a second party lab are under the RRAL for TPH at this site and the field headspace test are under 100 ppm for B-Tex, the excavated area will be backfilled to grade using clean soils.

2. If field tests run for TPH are over the RRAL for TPH at the site or field headspace test run for B-Tex are >100 ppm, additional delineation actions will be taken for the vertical and horizontal extent of impacted soils over the RRAL for TPH and B-Tex in the impacted area of the release, the O.C.D. will be notified to witness soil samples taken for analytical and submitted to a second party lab 24 hours before the soil samples are taken, the impacted soils over the RRAL for TPH at the site

will be:

A. Excavated and hauled to O.C.D. approved commercial disposal facility.

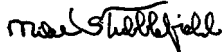
C. Encapsulated under a 20 mil. Impermeable Liner or a 1' {one foot} Clay impermeable barrier set at a min. of 3' below grade with a min. of a 3' over lap of the under laying impacted soils.

A final C-141 form reporting closure actions with attached analytical will be submitted to O.C.D. for closure of this release.

If you have questions or need additional information, please contact me at 505-748-4500.

Or E-mail me at mikes@vpcnm.com.

Sincerely,



Mike Stubblefield
Yates Petroleum Corporation
Environmental Regulatory Agent



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Yates Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210
ATTN: Environmental Department

June 5, 2006

Reference: State AU 001 Battery D-36-18s- 25e API: 30-015-10828

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of an Initial Report C-141 and work plan proposal for remediation of a release of produced fluids that occurred at the above referenced well site. The work plan proposal outlines initial response actions that have been done and proposed plans for sampling events. The work plan is accepted as presented with the following stipulations:

- Notify OCD 24 hours prior to commencement of activities.
- Notify OCD 24 hours prior to obtaining samples where analyses of samples obtained are to be submitted to the OCD.
- Option "C" of the work plan proposal to encapsulate contaminants is not approved at this time. Approval to encapsulate will be considered based on delineation results.

Please be advised that NMOCD acceptance of this work plan proposal 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 this work plan proposal does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I can be of assistance please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Bratcher".

Mike Bratcher

NMOCD District 2

1301 W. Grand Ave.

Artesia, NM 88210

(505) 748-1283 Ext. 108

(505) 626-0857

Mike.Bratcher@state.nm.us