

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

RECEIVED

Form C-141
Revised October 10, 2003

JUL 17 2006
Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

30-015-34210

Release Notification and Corrective Action

nMLB 0616450247

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company Yates Petroleum Corporation	Contact Mike Stubblefield
Address 105 South 4 th Street, Artesia, N.M. 88210	Telephone No. 505-7484500 505-513-1712
Facility Name Chosa ATR Federal #2	Facility Type Drilling pit

Surface Owner B.L.M.	Mineral Owner	Lease No.
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LOCATION OF RELEASE

Unit Letter M	Section 5	Township 25s	Range 26e	Feet from the 710'	North/South Line FNL	Feet from the 710'	East/West Line FWL	County Eddy
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Latitude 32.15311 Longitude 104.32145

NATURE OF RELEASE

Type of Release Drilling fluids	Volume of Release Unknown est. >25 bbls.	Volume Recovered 0 bbls
Source of Release Drilling pit.	Date and Hour of Occurrence 3/25/2006	Date and Hour of Discovery 3/23/2006
Was Immediate Notice Given? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? Mr. Van Barton	
By Whom? Mike Stubblefield	Date and Hour 3/23/2006 5:30pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

The drilling pit which was W.O. pit closure was ran over by Midnight dumpers hauling to this drilling pit. The hauling to this drilling pit was not Authorized by personnel from Yates Petroleum Corporation.

Describe Area Affected and Cleanup Action Taken.

The pooling area north of location was sampled on 6/26/2006. This sampling event was witnessed by Mr. Richard Inge with O.C.D. Analytical results for the sampling event dated 6/26/2006 found TPH to be below RRAI. for the area. B-tex analytical results were <50 ppm. Analytical results for Chlorides Were 368 ppm at surface & <16 ppm at 3' depth. Please grant closure for the release that occurred on 3/25/2006.

Depth to ground water - < 50', Wellhead protection area - > 1000', Distance to surface water body - > 1000' Site ranking score 20 points.

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		Approved by District Supervisor: TIM GUM by MB <i>Mike Barton</i>	
Title: Environmental Regulatory Agent		Approval Date: <i>6/14/06</i>	Expiration Date: <i>N/A</i>
E-mail Address: mikes@ypcnm.com		Conditions of Approval: <i>N/A</i>	
Date: 7/17/2006 Phone: 505-748-4500		Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

(E)



ARDINAL LABORATORIES

PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
YATES PETROLEUM CORPORATION
ATTN: MIKE STUBBLEFIELD
105 SOUTH 4th STREET
ARTESIA, NM 88210
FAX TO: (505) 748-4635

Receiving Date: 07/02/06
Reporting Date: 07/06/06
Project Number: 30-015-34210
Project Name: CHOSA ATR #2
Project Location: CHOSA ATR #2

Sampling Date: 06/26/06
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: BC
Analyzed By: BC/AB

30-015-34210

LAB NO.	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/Kg)	DRO (>C ₁₀ -C ₂₈) (mg/Kg)	CI* (mg/Kg)
ANALYSIS DATE		07/05/06	07/05/06	07/03/06
H11313-1	1. N. LOC. POOLING AREA SURF.	<10.0	<10.0	368
H11313-2	2. N. LOC. POOLING AREA 3' DEPTH	<10.0	<10.0	<16
H11313-3	3. E. LOC. BACKGROUND 3' DEPTH	<10.0	<10.0	<16
Quality Control		771	793	990
True Value QC		800	800	1000
% Recovery		96.4	99.2	99.0
Relative Percent Difference		3.5	0.9	1.0

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; CI: Std. Methods 4500-CI'B

*Analysis performed on a 1:4 w:v aqueous extract.


Chemist

7/6/06
Date

H11313A

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



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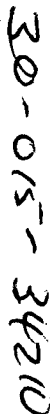
LAB NO.	SAMPLE ID	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE		07/05/06	07/05/06	07/05/06	07/05/06
H11313-1	1. N. LOC. POOLING AREA SURF.	<0.005	<0.005	<0.005	<0.015
H11313-2	2. N. LOC. POOLING AREA 3' DEPTH	<0.005	<0.005	<0.005	<0.015
H11313-3	3. E. LOC. BACKGROUND 3' DEPTH	<0.005	<0.005	<0.005	<0.015
Quality Control		0.102	0.104	0.103	0.310
True Value QC		0.100	0.100	0.100	0.300
% Recovery		102	104	103	103
Relative Percent Difference		2.0	3.7	3.3	3.1

METHOD: EPA SW-846 8260


Chemist

7/6/06
Date

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CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page 1 of 1

† Cardinal cannot accept verbal changes. Please fax written changes to 915-673-7020.

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice and all costs of collections, including attorney's fees.