

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

NOV - 7 2008

OCD-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

X 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. 505-748-4500 505-513-1712 |
| Facility Name Loving AIB State #1 Tank battery 30-015-22889 | Facility Type Tank Battery |

| | | |
|-------------------|----------------------|-----------|
| Surface Owner Fee | Mineral Owner. State | Lease No. |
|-------------------|----------------------|-----------|

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| G | 16 | 23s | 28e | 1650' | FSL | 990' | FWL | Eddy |

Latitude ___ Longitude

NATURE OF RELEASE

| | | |
|-----------------------------------------------------------------|--------------------------------------------------------|-------------------------------------|
| Type of Release Produced water & Oil | Volume of Release 500 bbls PW 1 bbl oil | Volume Recovered 65 bbls PW |
| Source of Release Water tank valve was opened. | Date and Hour of Occurrence 10/25/08 7:00am | Date and Hour of Discovery. same |
| Was Immediate Notice Given? Yes X No Not Required | If YES, To Whom? NMOCD after hour's answering service. | |
| By Whom? Jerry Fanning. | Date and Hour 10/25/2008 pm | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes X No | If YES, Volume Impacting the Watercourse. | |

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.* The valve leading to the stock tank containing produced water was found to be left open. The valve was closed. The impacted area was the location and a farm road running next to the location. A vacuum truck was brought to the location and free waters were recovered.

Describe Area Affected and Cleanup Action Taken.
The impacted area on the location was measured to be 48'x78'. Two flow paths were running off the location on to a farm road. First flow path measured to be 220' long by 4'-14' wide. Second flow path measured to be 375' long by 4'-14' wide. A backhoe was brought to the location and saturated soil was excavated and hauled to and NMOCD approved solid waste disposal facility. Average excavated depth 6" bgs. A remediation work plan is being submitted with the initial C-141 form for NMOCD approval. The impacted soil with Chlorides above the background concentration for Chlorides in the area will be excavated and hauled to an NMOCD approved solid waste disposal facility. When final analytical results report the Chlorides to be corrected to the concentration for background Chlorides in the area. TPH & B-TEX to be under the RRAL for the site a final C-141 form will be submitted by Yates Petroleum Corporation requesting closure for the release that occurred on 10/25/2008.
Site ranking Depth to ground water - < 50', Wellhead protection area - > 1000', Distance to surface water body - > 1000' site ranking score - 20

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: <i>T. Bunchy SB</i> | Remediation Actions to be completed and Final C-141 submitted with confirmation analyses/documentation on or before the Expiration Date. ↓ |
| Title: Environmental Regulatory Agent | Approval Date: <i>11-25-08</i> | Expiration Date: <i>01-31-09</i> |
| E-mail Address: mikes@ypcnm.com | Conditions of Approval: <i>SEE STIPULATIONS</i> | Attached <input checked="" type="checkbox"/> |
| Date: 11/6/2008 Phone: 505-748-4500 | 2RP - 277 | |

* Attach Additional Sheets If Necessary

Notify OCD 48 hours prior to obtaining samples where analyses are to be presented to OCD