

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

Release Notification and Corrective Action

nMLB/030833036

OPERATOR

☒ Initial Report ☐ Final Report

| | | |
|--|-------------------------------|--------------------------|
| Name of Company Yates Petroleum Corporation | OGRID Number 25575 | Contact Robert Asher |
| Address 104 S. 4 TH Street | Telephone No. 575-748-1471 | |
| Facility Name Superior KJ Federal Com. #1 | API Number 30-015-22908 | Facility Type Battery |
| Surface Owner Federal | Mineral Owner Federal | Lease No. NM-144698 |

LOCATION OF RELEASE

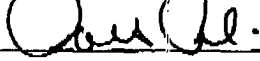
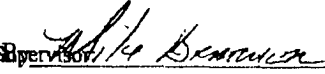
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| D | 7 | 20S | 29E | 990 | North | 990 | West | Eddy |

Latitude 32.59259 Longitude 104.11856

NATURE OF RELEASE

| | | |
|--|--|--|
| Type of Release Condensate | Volume of Release 126 B/C | Volume Recovered 0 B/C |
| Source of Release Production tank | Date and Hour of Occurrence 2/1/2010, AM | Date and Hour of Discovery 2/1/2010, 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 Artesia | |
| By Whom? Robert Asher/YPC Environmental | Date and Hour 2/1/10 PM (telephone & 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.* Hole in bottom of production tank. | | |
| Describe Area Affected and Cleanup Action Taken.* An approximate area of 30' X 45'. No condensate to recover. Production tank to be pulled and vertical/horizontal delineation to determine extent of impacted soils. Work plan to be submitted. Depth to Ground Water: 50-99' (approx. 50'), 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

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|--|--|--|
| Signature:  | Approved by  | |
| Printed Name: Robert Asher | Approval Date: NOV 04 2010 Expiration Date: | |
| Title: Environmental Regulatory Agent | Conditions of Approval: | |
| E-mail Address: boba@yatespetroleum.com | Attached <input type="checkbox"/> | |
| Date: Thursday, February 11, 2010 Phone: 575-748-4217 | REMEDATION per OCD Rules and Guidelines. SUBMIT REMEDIATION PROPOSAL BY: 12/4/2010 | |

* Attach Additional Sheets If Necessary

2RP-458