

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

OPERATOR

☒ Initial Report ☐ Final Report

*nMLB1205447578*

|  |                               |                          |
|--|-------------------------------|--------------------------|
| Name of Company<br>Yates Petroleum Corporation | OGRID Number<br>25575         | Contact<br>Amber Cannon  |
| Address<br>105 S. 4 <sup>TH</sup> Street       | Telephone No.<br>575-748-1471 |                          |
| Facility Name<br>Loving AIB State #1           | API Number<br>30-015-22889    | Facility Type<br>Battery |
|  |                               | Order Number<br>2RP-     |

|                      |                        |                     |
|----------------------|------------------------|---------------------|
| Surface Owner<br>Fee | Mineral Owner<br>State | Lease No.<br>V-3346 |
|----------------------|------------------------|---------------------|

LOCATION OF RELEASE

|                  |               |                 |              |                       |                           |                       |                        |                |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| Unit Letter<br>G | Section<br>16 | Township<br>23S | Range<br>28E | Feet from the<br>1550 | North/South Line<br>North | Feet from the<br>1780 | East/West Line<br>East | County<br>Eddy |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

NATURE OF RELEASE

|  |  |   |
|--|--|---|
| Type of Release<br>Produced Water  | Volume of Release<br>590 B/PW; <1 B/O                    | Volume Recovered<br>520 B/PW; <1 B/O    |
| Source of Release<br>Water pump  | Date and Hour of Occurrence<br>2/17/2012                 | Date and Hour of Discovery<br>2/17/2012 |
| Was Immediate Notice Given?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom?<br>Mike Bratcher - NMOCD/Artesia        |   |
| By Whom?<br>Amber Cannon - Yates Petroleum Corporation   | Date and Hour<br>2/17/2012, AM (Via voicemail and Email) |   |
| Was a Watercourse Reached?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  | If YES, Volume Impacting the Watercourse.<br>N/A         |   |

NMOCD ARTESIA  
FEB 21 2012  
RECEIVED

If a Watercourse was Impacted, Describe Fully.\*  
N/A

Describe Cause of Problem and Remedial Action Taken.\*

On 2/17/2012 the air eliminator on top of the water pump failed. This allowed water to flow through the pump and out of it onto the ground. The valve to the air eliminator was shut and a vacuum truck was called to pick up released water.

Describe Area Affected and Cleanup Action Taken.\*

An approximate area of 96' X 32' (inside the lined/bermed battery), 100' x 100' (on wellpad) and 2' x 40' (off of well pad). The release took place inside of a bermed/lined tank battery, an unlined/bermed well pad, and also an area off the wellpad due to a berm drain valve being mistakenly left open (valve was closed upon discovery of it being opened). Release inside the lined/bermed battery was recovered by vacuum truck. All other impacted soils will be excavated and disposed of at an NMOCD approved facility. Vertical and horizontal delineation samples will be taken and analysis ran for TPH & BTEX (Chlorides for reference). **Depth to Ground Water: <100' (approx. 55', per New Mexico Office of the State Engineer); Wellhead Protection Area: No; Distance to Surface Water Body: >1000'; SITE RANKING IS 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>Amber Cannon</i>                      | OIL CONSERVATION DIVISION  |                                   |
| Printed Name: Amber Cannon                          | Signed By <i>Mike Bratcher</i><br>Approved by District Supervisor.   |                                   |
| Title: Environmental Regulatory Agent Trainee       | Approval Date: <b>FEB 23 2012</b>   Expiration Date:   |                                   |
| E-mail Address: <i>acannon@yatespetroleum.com</i>   | Conditions of Approval:<br>Remediation per OCD Rules &<br>Guidelines. <b>SUBMIT REMEDIATION<br/>PROPOSAL NOT LATER THAN:<br/>3/23/2012</b> | Attached <input type="checkbox"/> |
| Date: Monday, February 20, 2012 Phone: 575-748-4111 |  |                                   |

\* Attach Additional Sheets If Necessary

*2RP-1040*