

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

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 Hedgerow BFH State Com.#1	Facility Type drilling well.

Surface Owner State	Mineral Owner.	Lease No.
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LOCATION OF RELEASE

Unit Letter M	Section 28	Township 20s	Range 25e	Feet from the	North/South Line FNL	Feet from the	East/West Line FEL	County Eddy
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Latitude ____ Longitude ____

NATURE OF RELEASE

Type of Release Drilling fluids	Volume of Release 40-60 bbls	Volume Recovered 0
Source of Release . Parted line.	Date and Hour of Occurrence 3/23/2006	Date and Hour of Discovery 3/23/2006 10:56 am
Was Immediate Notice Given? Yes X No Not Required	If YES, To Whom? Van Barton	
By Whom? Mike Stubblefield	Date and Hour 3/23/2006 5:30 pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse.	

RECEIVED

If a Watercourse was Impacted, Describe Fully.*

APR 04 2006

UUD-ANTECOM

Describe Cause of Problem and Remedial Action Taken.*

The well was shut-in due to a gas kick during drilling operations, the pressure on well bore was being bleed off, a valve at the separator was shut, due to high pressure on the line running between the choke manifold to the separator the line parted releasing drilling fluids near the well head.

Describe Area Affected and Cleanup Action Taken.

See attached remediation action work plan.

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.

OIL CONSERVATION DIVISION

Signature: <i>Mike Stubblefield</i>	DENIED		
Printed Name: Mike Stubblefield			
Title: Environmental Regulatory Agent	Approval Date:	Expiration Date:	
E-mail Address: mikes@ypcnm.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 4/3/2006	Phone: 505-748-4500		

* Attach Additional Sheets If Necessary

Spill Summary and Work Plan

Incident Date: March 23, 2006

Location: Hedgerow BFH State Com. #1
Unit M Section 28 T20S R28E
Eddy County, New Mexico

The well is located 7 miles northeast of Carlsbad, NM. This site lies on the edge of a westward sloping plain cut by dry drainage channels. Watercourses in the area are dry except for infrequent flows in response to major precipitation events. Area surface geology includes Guadalupian formations, sandstones overlying limestone & dolomite. 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 28' feet.

The ranking for this site is zero (20) based on the as following:

Depth to ground water	< 50'
Wellhead Protection Area	> 1000'
Distance to surface water body	> 1000'

Incident Description:

During drilling operations the well bore was SI due to a gas kick, the pressure on the well bore was being bleed off, a valve at the separator was shut, due to high pressure on the line running between the choke manifold to the separator the line parted releasing drilling fluids near the wellhead.

Action Taken:

The well was shut-in, and the line which ran from the manifold to the separator was replaced. The impacted area est. in volume to be 60'X150' on & off the drilling location was back dragged and aerated using a backhoe.

Closure Plan:

Due to the quick response of Yates personnel, the presence of low permeability sediments (clay, silt), we do not believe that this spill will have a significant impact. Yates proposes No additional actions are necessary and requests NMOCD approval to close the site.

If you have questions or need additional information, please contact me at 505-748-4500.
Or E-mail me at mikes@ypenn.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 Dept.

April 6, 2006

Reference: Hedgerow BFH State Com 001 M-28-20s-28e API: 30-015-33715

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a Form C-141 reporting a release of Drilling Fluids at the above referenced well site. The release reportedly occurred on 3/23/2006 and was estimated to be 40-60 barrels in volume. The C-141 is marked Final Report and was submitted along with a document titled "Spill Summary and Work Plan" (work plan). The C-141 incorrectly lists the well site in Range 25s. At this time the C-141 Final Report and the request for no further action at the site is denied.

Due to the site being in a potentially water sensitive area, (less than 50' bgs) and constituents in the drilling fluids having not been identified, the OCD is requesting samples be obtained for analysis from the release area.

Please submit a corrected copy of the C-141 listing the correct Range, and marked Initial Report. Also, please make arrangements to obtain samples prior to May 8, 2006. Please notify the OCD 24 hours prior to obtaining samples.

Thank you for your attention to this matter.

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