

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

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

30-015-3441

Release Notification and Corrective Action

NMLB0616053346

OPERATOR

Initial Report Final Report

Name of Company Yates Petroleum Corporation 25575	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 #3	Facility Type Drilling rig

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

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
J	17	25s	26e		FNL		FEL	Eddy

Latitude 32.15311 Longitude 104.32145

NATURE OF RELEASE

Type of Release Drilling fluids	Volume of Release 20 bbls	Volume Recovered 15 bbls
Source of Release Gas Separator	Date and Hour of Occurrence 3/25/2006	Date and Hour of Discovery 3/25/2006 11:00pm
Was Immediate Notice Given? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required <input checked="" type="checkbox"/>	If YES, To Whom?	
By Whom?	Date and Hour	
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 gas separator was plugged up. Crew working on separator removed manhatch and a release of drilling fluids occurred.

RECEIVED

APR 04 2006

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Describe Area Affected and Cleanup Action Taken.
See attached remediation action workplan.
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 Stubblefield</i>	
Title: Environmental Regulatory Agent		Approval Date: 6/9/06	Expiration Date: n/a
E-mail Address: mikes@ypcnm.com		Conditions of Approval: n/a	
Date: 3/27/2006 Phone: 505-748-4500		Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

Spill Summary and Work Plan

Incident Date: March 25, 2006

Location: Chosa ATR #3
Unit J Section 17 T25S R26E
Eddy County, New Mexico

30-015-34441

The well is located 17 miles south of Carlsbad N.M., as depicted on the attached Black River Village.NM USGS Quadrangle Map. 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 Ochoan Permian formation. 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 45' 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:

The release at the Chosa ATR #3 occurred when the gas separator plugged off during drilling operations, A crew removed the man hatch on the separator, drilling fluids drained on to location. The release volume was 20 bbls drilling fluids. A vacuum truck was called to location and 15 bbls drilling fluids were recovered. The impacted area of the release is located parallel to the drilling pit running in a flow path between the steel pits used in the drilling process and the flair pit located near the rear to the drilling pits.

Action Taken: Initial actions were taken by calling a vacuum truck to the drilling location an recovering 15 bbls of the released drilling fluids. When the drilling operations are completed on this well, the impacted soils from this release will be excavated and placed back into the drilling pit area.

Closure Plan:

Due to the quick response of Yates personnel, the presence of low permeability sediments (clay, silt), and the amount of the released drilling fluids recovered, we do not believe that this spill will have a significant impact. Yates proposes that 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@vpcnm.com.

Sincerely,



Mike Stubblefield
Yates Petroleum Corporation
Environmental Regulatory Agent