

30-015-20038

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 | OGRID Number 25575 | Contact Robert Asher |
| Address 104 S. 4 TH Street | Telephone No. 505-748-1471 | |
| Facility Name Greasewood BD Battery | API Number 30-015-34554 | Facility Type Battery |
| Surface Owner Fee | Mineral Owner State | Lease No. OG-783 |

LOCATION OF RELEASE

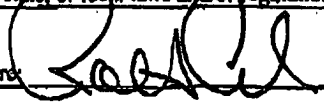

| | | | | | | | | |
|------------------|--------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| Unit Letter P | Section 5 | Township 19S | Range 25E | Feet from the 2310 | North/South Line North | Feet from the 2310 | East/West Line West | County Eddy |
|------------------|--------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

Latitude 32.69089 Longitude 104.50756

NATURE OF RELEASE

| | | |
|--|--|--|
| Type of Release Produced Water | Volume of Release 5 B/PW | Volume Recovered 4 B/PW |
| Source of Release Gun Barrel | Date and Hour of Occurrence 7/17/2006 - PM | Date and Hour of Discovery 7/18/2006 - AM |
| Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required | If YES, To Whom? N/A | |
| By Whom? N/A | Date and Hour N/A | |
| 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 Gun Barrel. Picked up standing fluids. | | |
| Describe Area Affected and Cleanup Action Taken.* An approximate area of 8' X 15'. Shut wells down, emptied gun barrel. Contaminated soils excavated and hauled to landform. Yates requests closure of this site based on depth to ground water, amount spilled and recovered, and soils excavated and hauled to land farm. Depth to Ground Water: > 100'. Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 0. | | |

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOC 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 NMOC 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, NMOC 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:  | OIL CONSERVATION DIVISION | |
| Printed Name: Robert Asher | Approved by District Supervisor: TIM GUM by MB  | |
| Title: Environmental Regulatory Agent | Approval Date: 7/18/06 | Expiration Date: |
| E-mail Address: boba@ypenn.com | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: Monday, July 24, 2006 | Phone: 505-748-1471 | |

* Attach Additional Sheets If Necessary.