

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Oil Conservation Division

Mr. Dan Dolan
Yates Petroleum Corporation
105 S 4th Street
Artesia, NM 88210

December 14, 2005

REMEDIATION WORK PLAN APPROVAL - UNOCAL AHU FEDERAL 2

The New Mexico Oil Conservation Division District 2 Office is in receipt of your letter dated 12-12-05 which provides an outline for work to remediate the release at the Unocal AHU Federal No. 2 (30-015-26786).

Your proposed method of remediation (excavation and hauling contaminated materials) is approved for this remediation under the following conditions:

- All soils removed from the location must be documented as to volume, contaminants in the soils, contaminant levels, method of determining contaminant levels and disposition of the soils (OCD approved landfarm, centralized site, etc.)
- All materials used to backfill the excavation must be contamination free. Any materials used to backfill that come from a remediation facility or site (OCD approved landfarm, localized landfarm or centralized landfarm) must have analysis conducted and OCD approval prior to using such previously contaminated materials. This documentation must be submitted with the closure final report required below.
- Contaminated soils requiring remediation should be remediated so that residual contaminant concentrations are below the recommended soil remediation action level. If soil action levels cannot practicably be attained, a detailed evaluation of risk may be performed and provided in writing to OCD for approval showing that the remaining contaminants will not pose a threat to present or foreseeable beneficial use of fresh water, public health and the environment.
- If alternate methods of remediation are to be used, prior approval from the OCD District 2 Office is required before beginning any work using these alternate methods. A specific proposal outlining the alternate methods must be submitted in writing.
- If ground water is encountered during the soil/waste characterization, excavation or remediation of the impacted soils, a sample should be obtained to assess the incidents potential impact on ground water quality and the OCD District 2 Office should be notified immediately.
- Notify OCD District 2 Office 24 hours prior to commencement of operations.
- Notify OCD District 2 Office 24 hours prior to obtaining samples where analysis of samples will be submitted to OCD.
- Upon termination of any required remedial actions, the area of a leak, spill or release may be closed, **after obtaining approval for the closure from the OCD District 2 office**, by backfilling any excavated areas, contouring to provide drainage, revegetating the area or other OCD approved methods. Upon completion of remedial activities a final report summarizing all actions taken to mitigate environmental damage related to the leak, spill or release will be provided to OCD for approval.

- For all Federal Lease wells, a "Like Approval" by the United States Bureau of Land Management may be required. It is the operators responsibility to obtain this approval and the approval of any other surface owner that may be required by law, regulation or contractual obligation of the operator and surface owner.
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Further discussion of remediation techniques, site ranking criteria, remediation action levels and alternative methods for remediation may be found on our website. You are encouraged to use the OCD publication entitled "Remediation of Leaks, Spills and Releases" as a guide during your remediation of this location. This guide may be found on our web site at:

<http://www.emnrd.state.nm.us/emnrd/ocd/EH-MiscGuidelines.htm> .

Acceptance of the remediation work plan 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 reports and work plans does not relieve the operator of responsibility for compliance with any other federal, state or local laws and/or regulations.

NMOCD District 2 Contact Person: Chris Beadle, Office: (505) 748-1283 x107 / Cell: (505) 626-0831 / Fax: (505) 748-9720 / E-mail: Chris.Beadle@state.nm.us

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



Artesia OCD District Office

FAX COVER SHEET

Date: 12-12-05To: CHRIS BEADLE
DISTRICT 2 NMCDFrom: Dan Dolan
Yates Petroleum CorporationFax #: 748-9720Number of Pages 2
(Including Cover Sheet)If you do not receive all of this transmission, Please call me at 748-4181Note:

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1966



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TELEPHONE (505) 748-1471

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12-12-05

Chris Beadle
NM OCD District 2
1300 W. Grand St.
Artesia NM 88210

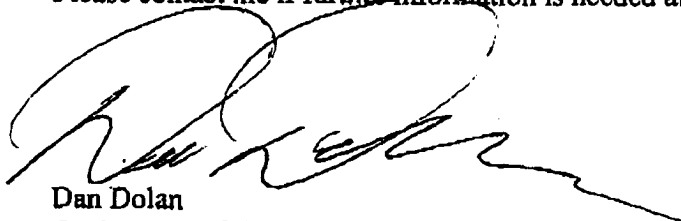
RE: Letter of Violation; Unocal AHU Federal #2, API #30-015-26786

Mr. Beadle:

The following is a remediation plan for the above named location;

- The area of contamination will be excavated, removed soil will be taken to an OCD approved Land Farm.
- The soil will be tested for BTEX, TPH, and Chlorides.
- Any further excavation will be conducted if levels are found to be greater than OCD requirements found in Rule 116.
- You will be notified of any testing for submission to OCD 24hrs prior to testing event.
- The ranking for this location is as follows; Depth to ground water-0. Wellhead protection area-0, Distance to surface water-0

Please contact me if further information is needed at 748-4181.



Dan Dolan
Environmental Regulatory Agent