



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary



**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

July 23, 2007

Sport Environmental Services  
505 N. Big Spring Street, Suite 303  
Midland, Texas 79701

Attn: Debi S. Smith, M.E., R.E.P.A.

Re: Yates State #6 Battery 30 - 015 - 21622

Dear Ms Smith:

Highly contaminated/saturated soils and unsaturated contaminated soils exceeding the standards described in Section IV.A. of the **Guidelines for Remediation** should be either:

- a) Excavated from the ground until a representative sample from the walls and bottom of the excavation is below the contaminant specific remediation level listed in Section IV.A.2.b or an alternate approved remediation level, or;
- b) Excavated to the maximum depth and horizontal extent practicable. Upon reaching this limit a sample should be taken from the walls and bottom of the excavation to determine the remaining levels of soil contaminants, or;
- c) Treated in place, as described in Section VI.A.2.b.ii. - Treatment of Soil in Place, until a representative sample is below the contaminant specific remediation level listed in Section IV.A.2.b, or an alternate approved remediation level, or;
- d) Managed according to an approved alternate method.

Your request to store contaminated soils in situ, for remediation is therefore **denied**.

If I may be of further service do not hesitate to call me.

Sincerely,

Gerry Guye

Deputy Field Inspector

NMOCD District II, Artesia

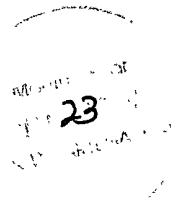
(505) 748-1283 ext 105

Cell (505) 626-0843

E-mail: [gerry.guye@state.nm.us](mailto:gerry.guye@state.nm.us)



O'Briant and Associates, Inc. dba  
**SPORT ENVIRONMENTAL SERVICES**  
505 N. Big Spring Street, Suite 303, Midland, Texas 79701  
Business: 432.683.1100 Fax: 432.683.5903



May 18, 2007

Mr. Mike Bratcher  
State of New Mexico  
Oil Conservation Division  
1301 W. Grand  
Artesia, New Mexico 88210

Re: **Contamination Delineation Report/Remediation Proposal  
Yates Energy Corporation**

**Yates State Lease  
Tank Battery Release  
Eddy County, New Mexico**

Dear Mr. Bratcher,

Sport Environmental is providing, on behalf of Yates Energy Corporation, the TPH contamination delineation report for the aforementioned Yates State Lease. In addition, we are requesting that in-situ bioremediation be allowed to further reduce TPH levels at the site.

On September 4, 2006, a site visit was conducted to determine the extent of contamination associated with the spill release. At this time the problematic tank floor was repaired and the tank was returned to service. On October 11, 2006, soil sampling was conducted within the AST containment area to determine the TPH level of the soil samples collected.

Enclosed please find analytical results associated with the affected soils at the aforementioned Yates State Lease. Sample "YSL 002", a composite surface sample (from locations 2A and 2B), was collected adjacent to the point of release from the tank leak. It had a reported TPH level of 44,348 ppm. The remaining sample (YSL 001 or 1) shown was collected from the low spot or depression within the AST secondary containment area as denoted on the attached site plan. The TPH level for Sample YSL 001 was reported as 72,609 ppm.

Contaminated soils will be blended for bioremediation purposes. These soils will be stored within the tank battery secondary containment firewalls, at a depth not to exceed 18 inches as allowed, no later than August 28, 2007. Please refer to the attached AutoCAD site plan depicting containment configuration, sample locations and analytical results.

Prevention of stormwater contamination will be performed by ensuring that the TPH level of the blended soils being bioremediated is less than or equal to 5% as allowed. Soils will be blended and firewalls improved for increased secondary containment capacity. Confirmation sampling will be performed to ensure that TPH levels are in the allowable remediation range as allowed by the NMOCD.

A Form C-141 was initially prepared in association with the release. A final C-141 will be filed once the spill event is remediated to the TPH level less than 1% and closure granted.

If you have any questions or comments, please don't hesitate to contact me directly either at my office (432-683-1100) or on my mobile (432-553-8555).

Sincerely,



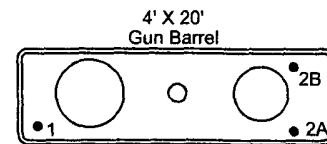
Debi S. Smith, M.E., R.E.P.A.  
*Environmental Engineer*  
*Registered Environmental Property Assessor*

Enclosure

Cc: Fred Yates  
Yates Energy Corporation  
P. O. Box 2323  
Roswell, NM 88202

James F. O'Briant  
O'Briant and Associates, Inc.  
P. O. Box 10487  
Midland, TX 79701

Section 32  
T-18-S, R-30-E  
Eddy County, New Mexico



Containment Area = 27'-0" x 47'-0"  
Firewall Height = 2'-0"

250 Bbl.  
Fiberglass  
Oil & Water  
Tank W/ Bird Net  
15' Dia.

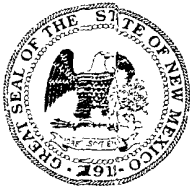
300 Bbl.  
Steel  
Oil Tank  
12' Dia.

Soil Sample Locations / Results

YSL 001 (grab surface sample)	72,609 ppm
YSL 002 (Composite 2A-2B Surface Sample)	44,348 ppm

YATES ENERGY CORPORATION  
SITE PLAN  
YATES STATE LEASE BATTERY

Scale: 1" = 40'



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Oil Conservation Division

June 14, 2007

JUN 27 2007

OCD-ARTESIA

Fairway Resources Operating, LLC  
Attn: Kenneth Pearce  
538 Silicon Drive, Suite 101  
Southlake, TX 76092

30-015 -

**Administrative Order NSL-5645**

**Re: Midnight Matador Well No. 9  
C-35-17S-27E  
Eddy County**

Dear Mr. Pearce:

Reference is made to the following:

(a) your application (**administrative application reference No. pDKB07-16229852**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 23, 2007, and

(b) the Division's records pertinent to this request.

Fairway Resources Operating LLC (Fairway) has requested to drill its Midnight Matador Well No. 9 at an unorthodox oil well location, 330 feet from the North line and 1500 feet from the West line (Unit C) of Section 35, Township 17 South, Range 27 East, N.M.P.M., in Eddy County, New Mexico. The NE/4 NW/4 of Section 35 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Red Lake-Queen/Grayburg/San Andres Pool (51300). This pool is governed by statewide Rule 104.B, which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary. This location is approximately 180 feet from the western unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).