



O'Briant and Associates, Inc. dba
SPORT ENVIRONMENTAL SERVICES
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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,



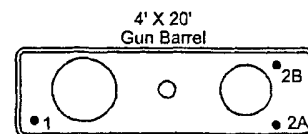
Debi S. Smith, M.E., R.E.P.A.
Environmental Engineer
Registered Environmental Property Assessor

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'