

Yates Petroleum Corporation

Santa Fe Land SWD #1

Section 17, T19S-R26E

Eddy County, New Mexico

September 12, 2012

V. Scope of Work (previously approved 8/14/12)

Upon approval of this work plan and based on the enclosed analytical results, Yates Petroleum Corp. will have a contractor excavate 5' from sample area S1 and 2' from sample area S2 of impacted soil. Impacted soils will be taken to an NMOCD approved facility for disposal. The S1 area has a solid natural rock layer at approximately 5' which impeded the movement of chlorides any further down. All impacted material will be removed above the rock layer and hauled to an NMOCD approved facility for disposal and will be backfilled with like material. Finally a liner will be placed over both S1 and S2 areas to protect against future releases.

Addendum to Scope of Work

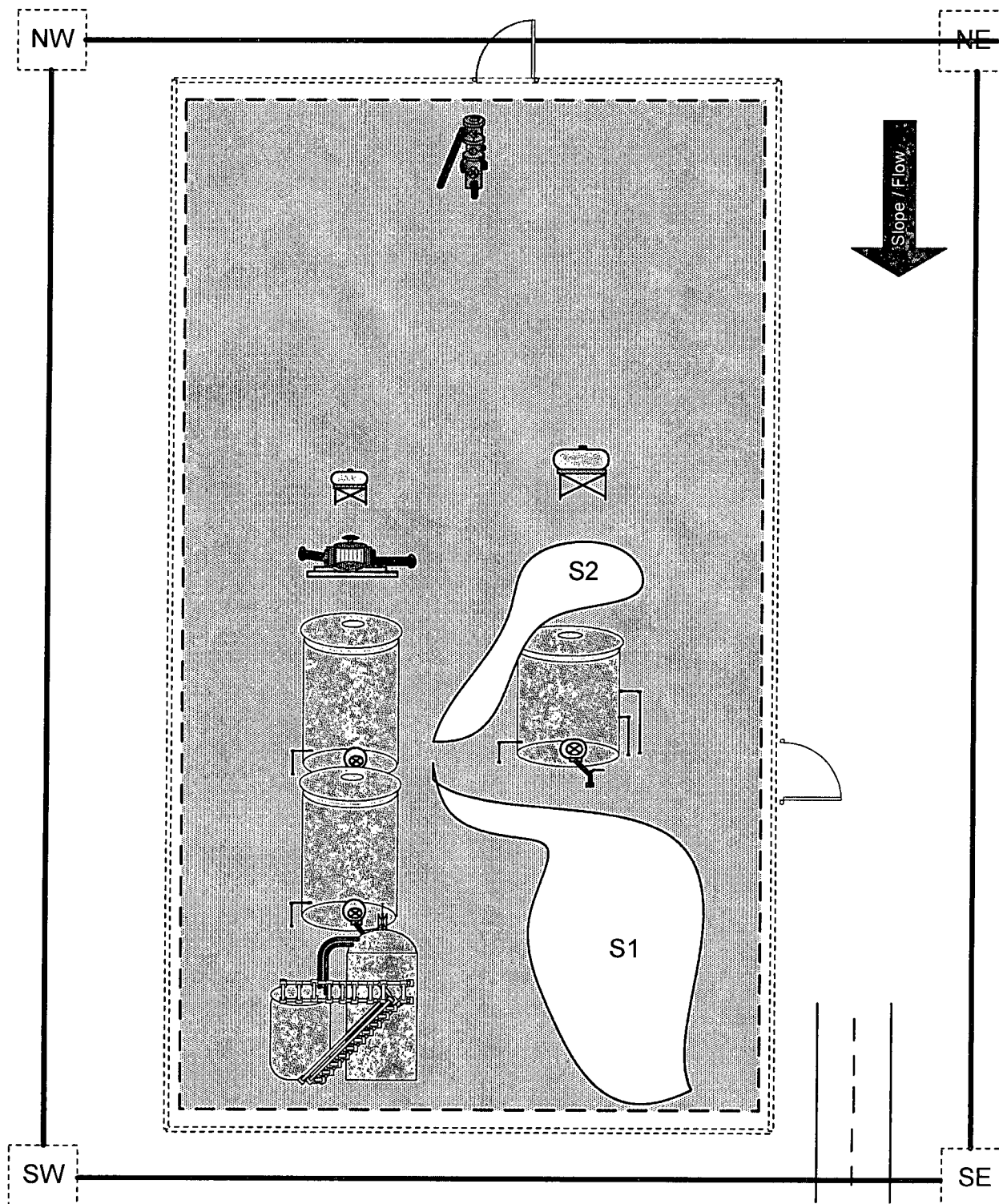
Since the above Work Plan was written a second spill has occurred (8/24/12). 180bbls were released and 160bbls were recovered. The release happened on top of the current area (S1 and S2). Yates Petroleum Corp. had commenced with the backfill in the S1 area when the spill occurred, so all the impacted backfill material was removed and hauled off to a NMOCD approved facility for disposal. After the S1 area was cleaned up to the natural rock barrier and the area was backfill.

When the spill occurred the S2 area had been dug down 2' to remove the initially impacted area. S2 was then delineated from 4' to 14' (results included in closure packet). It is Yates Petroleum Corp. feeling that the 6' sample was compromised since the rest of the sample data showed fairly uniform levels. During the sampling process we found the same natural rock barrier at 14' that the S1 area has at 5'. With the natural barrier at 14' and the liner that will be placed over the surface the Chlorides in place will be immobilized so Yates Petroleum Corp. will replace the top 2' of soil and proceed with the laying of the liner.

YATES PETROLEUM CORPORATION

8/14/2012

Santa Fe Land Improvement SWD #1
API # 30-015-20501



Analytical Report: H202139, H202182	Sample Date	Depth	BTEX	GRO	DRO	TOTAL	Chlorides
S2 4'	9/6/2012	4'	-	-	-	-	2640
S2 6'	9/6/2012	6'	-	-	-	-	9200
S2 8'	9/6/2012	8'	-	-	-	-	2600
S2 10'	9/10/2012	10'	-	-	-	-	1180
S2 12'	9/10/2012	12'	-	-	-	-	2160
S2 14'	9/10/2012	14'	-	-	-	-	2160

Site Ranking is Zero (0). Depth to Ground Water >100' (approx. 116', per Trend Map).

All results are ppm.Chlorides for documentation.

Released: 180 B/PW; Recovered: 160 B/PW. Release Date: 8/24/2012