

Yates Petroleum Corporation

Lovelady SWD #1

Work Plan

Section 31, T8S- R33E

August 22, 2006

RP# 1004

Application - PPA0622747055

I. Location

The well is located approximately 85 miles northeast of Artesia, NM west of Tobac Road, as represented by the attached Flying M Ranch, NM, USGS Quadrangle Map.

II. Background

On July 31, 2006, Yates submitted to the NMOCD District I office a C-141 report reflecting a release of 8 barrels of crude oil with 5 barrels recovered. The affected area is approximately 3 feet by 50 feet, all within the bermed area. The cause of the release was from pump failure due to electrical problems which caused a tank to run over. Standing fluids were picked up by a vacuum truck and contaminated soils have been excavated. Samples were collected and field soil vapor headspace measurements were above OCD Guideline limits of 100 ppm.

III. Surface and Ground Water

Area surface geology is Cenozoic. The nearest groundwater of record listed on the Chaves County Depth to Water Trend Map shows depth to groundwater approximately 220 feet making the site ranking a zero (0).

The ranking for this site is zero (0) based on the as following:

Depth to ground water	> 100'
Wellhead Protection Area	> 1000'
Distance to surface water body	> 1000'

IV. Soils

The area consists of clay, interspersed with caliche and clay seams providing a low permeability barrier to retard vertical percolation of contaminants into the subsurface.

V. Scope of Work

Upon approval of this work plan, Yates Petroleum Corporation would like to conduct insitu soil treatment of the site for a period of ninety (90) days by a initial application of fertilizers, tilling of affected area and apply water, then every thirty (30) days for three (3) months, the affected area will be tilled and watered. Yates will take soil samples within the effected area for delineation. These samples will be sent to a certified lab and analyzed for BTEX and TPH. Based on the Total Ranking Score of zero (0), RRAL's for BTEX is 50 ppm and TPH is 1000 ppm. If results are above OCD guidelines, then further remediation will be implemented to attain the acceptable limits. If lab analysis reflects closure levels then Yates will contact the Oil Conservation Division to give opportunity to witness a final sampling event.

