

Spill Summary and Work Plan

Incident Date: September 13, 2006

Location: Hornbaker BA 1 Battery
API 30-015-20015

The battery is located in Unit G, Section 25, T18S, R25E of Eddy County as depicted on the attached Dayton; NM USGS Quadrangle Map.

Watercourses in the area are dry except for infrequent flows in response to major precipitation events. The area, dry, clear, and calm at the time of the spill, consists of soil that is caliche, loamy, and interspersed with clay seams providing a low permeability barrier to retard vertical percolation of contaminants into the subsurface. Groundwater in the area is estimated to be at a depth of greater than 100 feet according to the ChevronTexaco Eddy County Depth to Ground Water trend map.

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

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

Distance to down < 1000 ft !!

For sites with a Total Ranking Score of ~~0~~, the Recommended Remedial Action Levels are:

- Benzene 10
- BTEX 50
- TPH 5000

10

Incident Description:

The area is the site of a tank battery. A spill of ten barrels of oil and five barrels of produced water was the result of a hole in the bottom of a steel tank. The affected area was approximately twenty feet wide by thirty feet long.

Action Taken:

Immediately upon discovery, a vacuum truck was called in. The tank was emptied. The vacuum truck also removed standing fluids. Approximately five barrels of oil and one barrel of produced water was recovered.

Closure Plan:

The visual contaminants of the impacted area are to be removed to an approved NMOCD commercial disposal site. Once visually impacted soils have been removed, confirmation soil samples will be obtained to submit to a third party laboratory to be analyzed for BTEX and TPH. For documentation purposes, the samples will also be analyzed for chlorides. A 24 hour advance notice will be given OCD to allow opportunity of witnessing the sample collection. If analyses exceed Recommended Remedial Action Levels (RRALs), further remedial actions will be required.

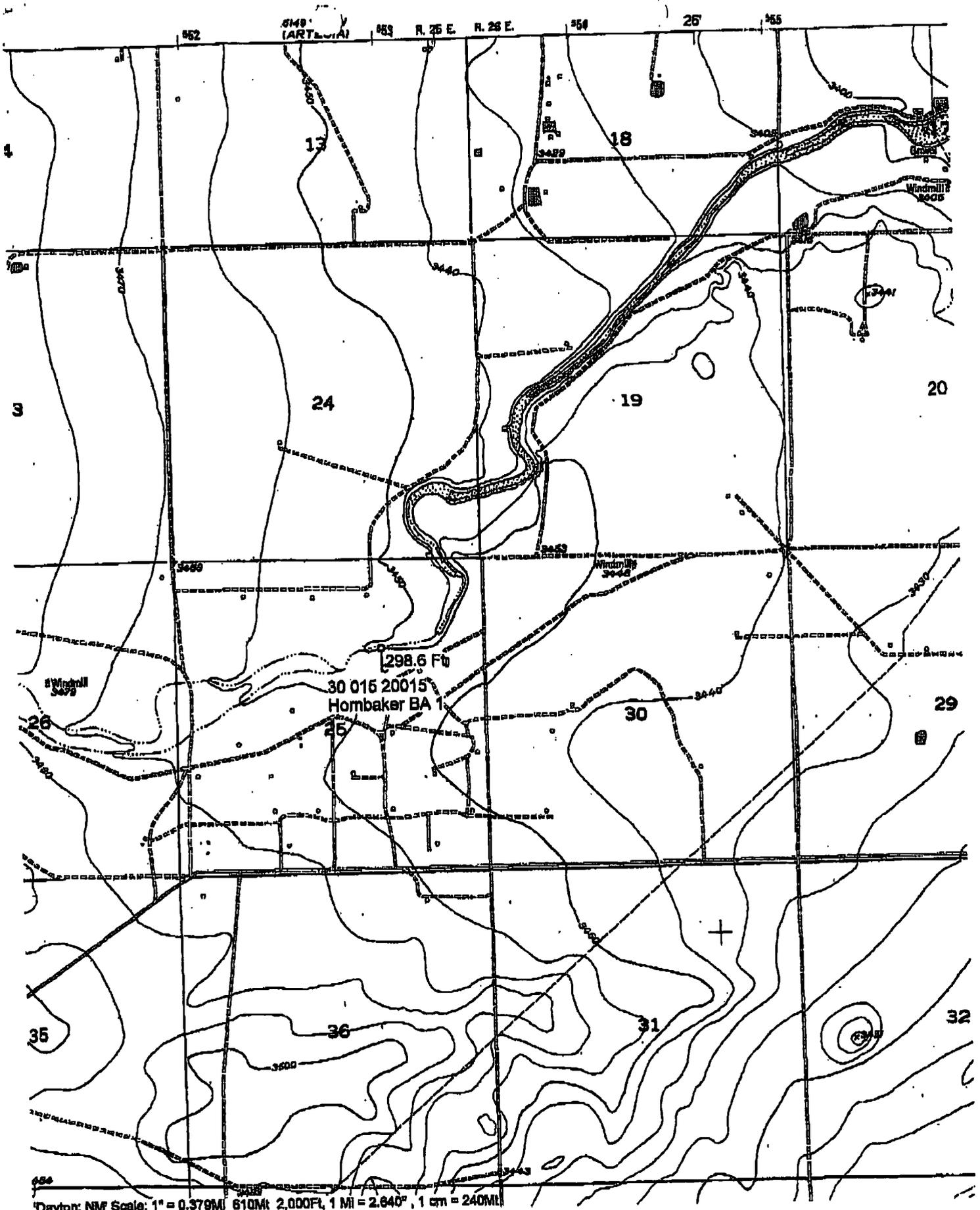
If, however, analyses are within the RRALs, the excavated area will be backfilled with clean soil and Yates Petroleum Corporation will request closure approval from OCD per section IX of the Guidelines.

Thank you for your consideration to this work plan. And should you have questions or need additional information, please contact me at 505-748-4162 or sherryb@ypcnm.com.

Respectfully,



Sherry Bonham
Environmental Regulatory Agent



Dayton, NM Scale: 1" = 0.379MI 610Mt 2,000Ft, 1 Mi = 2,640' , 1 cm = 240Mt

FAX COVER SHEET

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

Date: September 19, 2006
RE: HORNBAKER BA 1 BATTERY
30 015 20015

To: Mr. Mike Bratcher
New Mexico Oil Conservation Division

From: Sherry Bonham
Yates Petroleum Corporation

Fax #: 505-748-9720

Number of Pages 5
(Including Cover Sheet)

If you do not receive all of this transmission, Please call me at 505-748-4162

Notes:

Mike,

Please find attached a C-141 and work plan for the Hornbaker BA 1 Battery. Should you have any questions, please don't hesitate to contact me.

Thank you,
Sherry Bonham