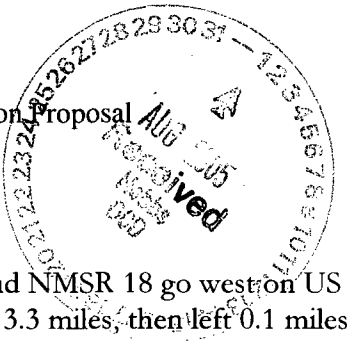
July 21, 2005

Mr. Paul Sheeley
Environmental Engineer
New Mexico Oil Conservation Division
1625 North French
Hobbs, New Mexico 88240



Re: Yates Energy Corporation Delineation Report and Remediation Proposal
Reddy Gulf Tank Battery (C-141 submitted 7-20-04)
UL-C, NE¼ of the NW¼ of Section 18 T19S R35E
Latitude 32 39' 57.145"N and Longitude 103 29' 53.87"W

Driving Directions: From the intersection of US62/180 and NMSR 18 go west on US 62/180 for 20.3 miles, then right on Pearl Valley Road for 3.3 miles, then left 0.1 miles to the work location; Reddy Gulf #2 Tank Battery.

Dear Mr. Sheeley,

Environmental Plus, Inc. (EPI), on behalf of Mr. Keith Spradlin, Yates Energy Corporation (Yates), submits this delineation report and remediation proposal for the above referenced leak site located approximately 24 miles west of Hobbs, New Mexico on land owned by the State of New Mexico and leased by Snyder Ranch. According to the New Mexico Office of the State Engineer Website Database, the average depth to groundwater in the area is 54.5 feet below ground surface ('bgs). The attached site information and metrics form ranks the site in accordance with the New Mexico Oil Conservation Division (NMOCD) Guidelines for Remediation of Leaks, Spills and Releases (August 13, 1993).

This letter report documents successful implementation of the Yates Reddy Gulf Tank Battery Delineation Plan approved by the NMOCD in February 2005, presents the information collected and proposes a remediation alternative. This report documents the vertical and horizontal extents of contamination of the Constituents of Concern (CoCs), i.e., chloride using EPA method 4500 Cl^-, total petroleum hydrocarbon using EPA method 8015m (TPH^{8015m}), benzene, and BTEX, i.e., the mass sum of benzene, toluene, ethylbenzene, and xylenes using EPA method 8021B. The contaminated soil is exempted from RCRA 40 CFR Part 261.

Mitigation Activities and Preliminary Delineation Information

On July 14, 2004, at the request of Yates Energy Corporation, EPI excavated and disposed of the upper 1-foot of impacted soil west of the tank battery and the visibly impacted soil around the Reddy Gulf Well #2 wellhead. The well and battery are located on the same caliche pad. EPI also replaced the leaking flowline and tank valves. The initial investigation in July 2004 consisted of collecting samples from a trench excavated in the central portion of the spill/pooling area down to 9'bgs and a 7-point composite sample from the bottom of the 1-foot excavation and submitting the samples to the laboratory for CoC analyses. The laboratory results indicated chloride residuals persisted above a level considered protective of the local groundwater. The trench data suggested a decreasing gradient, i.e., 11,596 mg/Kg at 6" to 8,717 mg/Kg at 9'bgs, but did not adequately delineate the vertical extent of chloride impact. The excavation bottom sample at 1'bgs was 18,934 mg/Kg chloride. Laboratory TPH^{8015m} results from the excavation bottom sample at 1'bgs showed a concentration of 1,490 mg/Kg. The BTEX compounds were not detected above the NMOCD remedial goals. Because the organic vapor headspace survey

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concentrations of the trench samples were nominal and well below the NMOCD remedial goal of 100 ppm, i.e., 2'bgs = 5.8 ppm, 3'bgs = 3.5 ppm, 5'bgs = 19.3 ppm, and 9'bgs = 4.3, the samples were not analyzed in the laboratory for the petroleum CoCs. The initial delineation activities concluded that chloride contamination persisted below the 9'bgs interval and that petroleum hydrocarbon in the near surface slightly exceeded the remedial goal. In February 2005, the NMOCD approved the Yates Energy delineation proposal to determine the vertical extent of chloride impact at the site.

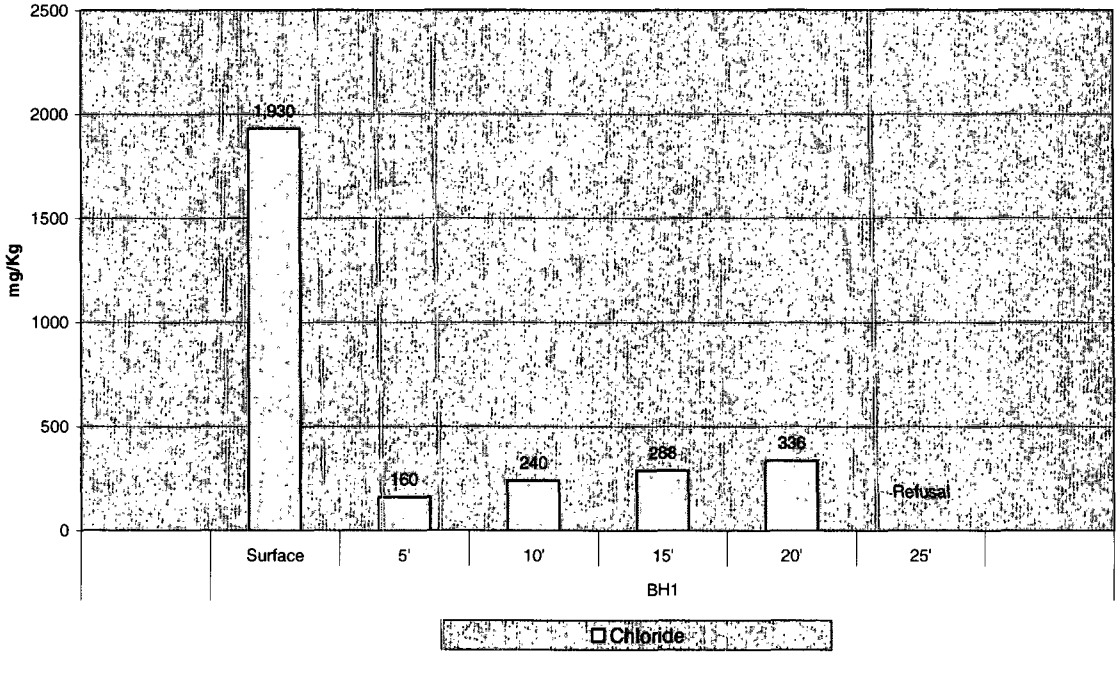
February 2005 Delineation Results

On February 11, 2005, EPI advanced and sampled two soil borings at the locations described in the approved delineation proposal. Borehole 1 (BH1) was advanced and sampled to 25'bgs and Borehole 2 (BH2) to 10'bgs, but met refusal at 15'bgs due to the presence of indurated rock. On February 22, 2005, a larger drill rig was used to advance and sample BH2 beyond 10'bgs. The analytical results are discussed and illustrated below. A sample location map annotated with the data is attached along with a data summary and the laboratory reports.

BH1 Results

This borehole is located approximately 45-feet west of the tanks on the western edge of the pooling area. The VOC headspace concentrations for all samples were all non-detect, consistent with the initial investigation, negating the need for petroleum hydrocarbon laboratory analyses. Chloride concentrations decreased from 1,930 mg/Kg at the surface to 336 mg/Kg at 20'bgs.

Yates Energy Corporation
Reddy Gulf Tank Battery
Chloride Delineation - Borehole 1 (BH1)



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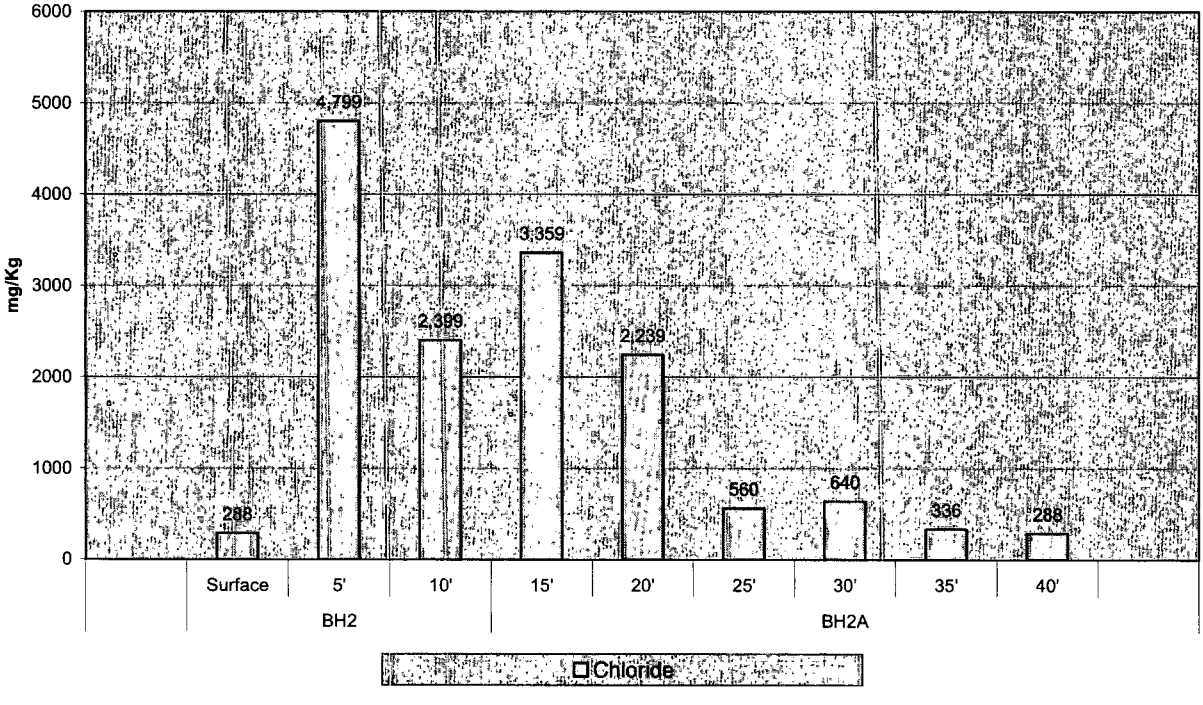
BH2 Results

This borehole is located approximately 15-feet west of the tanks in the center of the historical pooling area. The VOC headspace concentrations for all samples were all non-detect, consistent with the initial investigation, negating the need for petroleum hydrocarbon laboratory analyses. The chloride concentration gradient begins with a concentration of 288 mg/Kg at the surface, increases to 4,799 mg/Kg at 5'bgs, and decreases to 288 mg/Kg at 40'bgs.

Yates Energy Corporation
Reddy Gulf Tank Battery
Chloride Delineation - Borehole 2 (BH2)



Conclusions and Observations

The analytical results reasonably support the following conclusions:

- TPH^{8015m} concentrations at 1'bgs are slightly elevated above the remedial goal and nominal at the lower intervals,
- Benzene and BTEX concentrations are below the remedial goal at all intervals,
- Groundwater at the site has not been impacted above the New Mexico Water Quality Control Commission (WQCC) 250 mg/L chloride standard, and
- The vertical extent of residual chloride capable of impacting a measurable volume of groundwater above the WQCC chloride standard is approximately 30'bgs,

It should also be observed that Yates Energy initially disposed of the upper 1.5-feet of impacted soil from the release area, from around the tanks and the Reddy Gulf #2 Well wellhead and has rehabilitated the

tank battery and infrastructure to prevent recurring releases. The well is still in operation and the battery being used to manage the production fluids.

Remediation Proposal
Given that the location is an active tank battery, the location of the production well and the fact that the vertical extent of chloride impact has been delineated, Yates Energy proposes to isolate the chloride impacted soil situated to the west of the battery with an oversized 20 mil polyethylene liner installed at 1'bgs. Installation of the liner will interrupt the transport mechanism required to move the chloride source vertically toward the groundwater. To ensure that the impacted soil is adequately covered, the proposed liner dimensions are estimated be 100-feet by 100-feet, (i.e., the east perimeter will be approximately 5-feet from the slightly elevated tanks and run 50-feet north and south of the north/south center line of the tank battery and extend to the west 100-feet). Sand or a geotextile liner will be used to cushion the 20 mil liner from puncture during installation and over the long-term. A site map depicting the proposed liner installation and sample locations is attached for reference.

Process
The process will be as follows:

- Excavate 1-foot of clean caliche from the 100-foot by 100-foot area (reference the site map),
- Notify the NMOCD 48 hours in advance of sampling activities,
- Verify adequate clean buffer has been established, expanding the excavation if necessary,
  1. Collect 16 soil samples from the perimeter of the excavation, (i.e., 4 corner samples and 3 samples from each side with a spacing of 20-feet). The samples will be collected from the surface of the excavation down to a depth of 4-inches below the excavation surface,
  2. Analyze each sample in the field for organic vapors using a calibrated photoionization detector (PID) and chloride,
  3. Submit all samples to the laboratory for chloride analysis to verify a clean buffer perimeter,
  4. Submit samples with an organic vapor headspace concentration >50 ppm to the laboratory for TPH and BTEX analyses,
- Notify the NMOCD of the analytical results and intention to install the liner,
- Prepare excavation with a layer of sand or geotextile cushioning material,
- Install the liner,
- Cover the liner with a layer of sand or geotextile cushioning material and
- Backfill the excavated area with the stockpiled caliche and contour.

The analytical results, verifying a clean buffer perimeter, and documentation of proper installation of the liner will be formalized into a report and submitted to the NMOCD requesting "no further action" be required at the site.

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If there are any questions please call Mr. Cody Miller or myself at 505.394.3481 or Mr. Keith Spradlin at 817.573.4979. All official communication should be addressed to:

Mr. Keith Spradlin
Yates Energy Corporation
PO Box 2323
500 North Main Street
Roswell, New Mexico 88202
Email: KeithSprad@yahoo.com

Sincerely,

Pat McCasland
EPI Technical Services Manager
(ENVIPLUS1@AOL.COM)

cc: Yates Energy Corporation
Keith Spradlin, Yates Energy Corporation (KeithSprad@yahoo.com)
file

Enclosures:
Site Information and Metrics Form
Maps
Photographs
Analytical Result Summary
Laboratory Reports
C-141 (informational)

ENVIRONMENTAL PLUS, INC.

Yates Energy Corporation Site Information and Metrics	Incident Date: 7-14-04	NMOCD Notified:

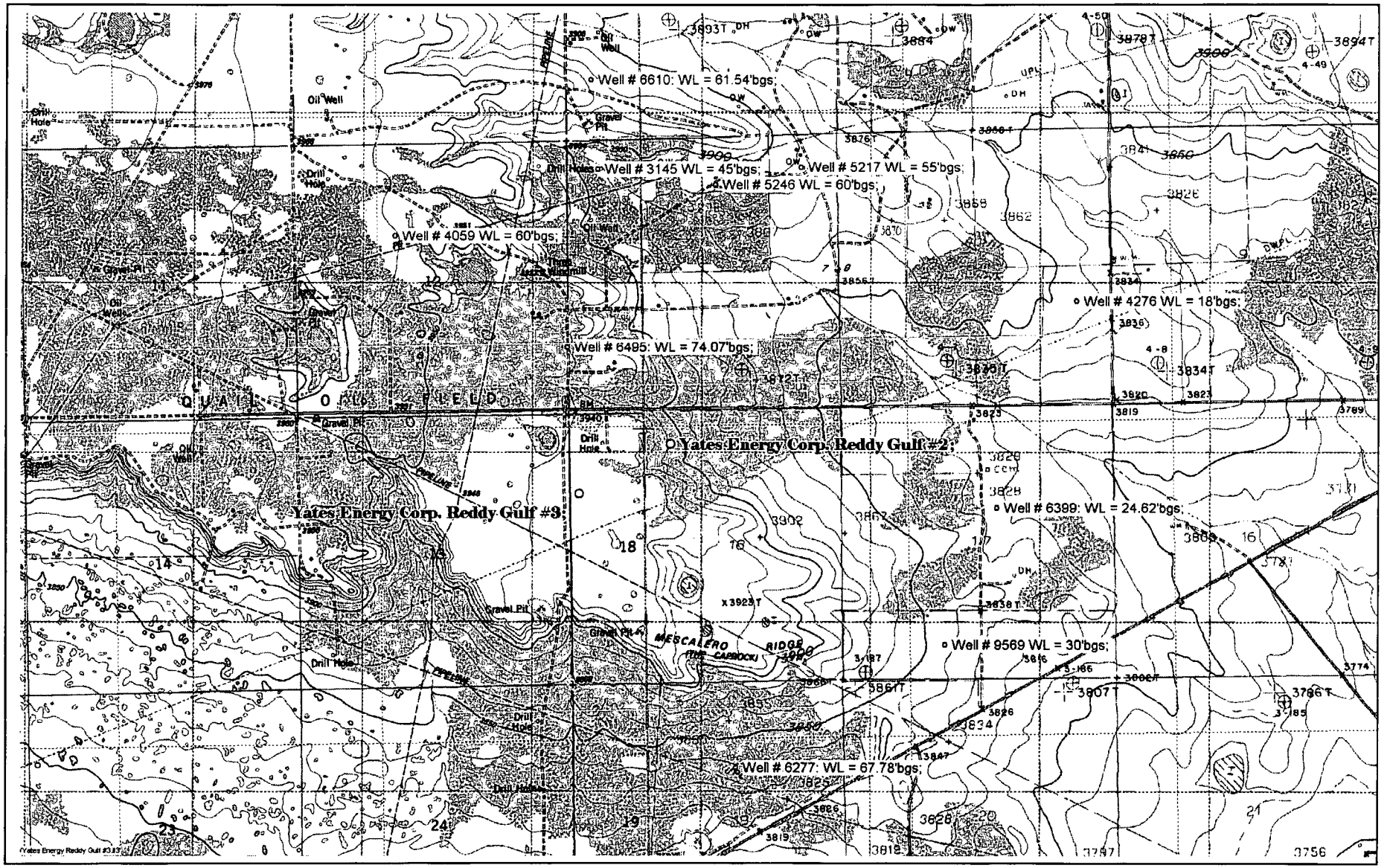
SITE: Reddy Gulf Tank Battery	Assigned Site Reference #:
Company: Yates Energy Corporation	
Street Address: PO Box 2323	
Mailing Address: 500 North Main Street	
City, State, Zip: Roswell, New Mexico 88202	
Representative: Keith Spradlin	
Representative Telephone: 817.573.4979	
Telephone:	
Fluid volume released (bbls): 15 bbls	Recovered (bbls): 0 bbls
>25 bbls: Notify NMOCD verbally within 24 hrs and submit form C-141 within 15 days. (Also applies to unauthorized releases >500 mcf Natural Gas)	
5-25 bbls: Submit form C-141 within 15 days (Also applies to unauthorized releases of 50-500 mcf Natural Gas)	
Leak, Spill, or Pit (LSP) Name: Reddy Gulf Tank Battery	
Source of contamination: Tank battery facility	
Land Owner, i.e., BLM, ST, Fee, Other: State of New Mexico leased by Snyder Ranch	
LSP Dimensions 90' x 40'	
LSP Area: 4437 sqft ft^2	
Location of Reference Point (RP)	
Location distance and direction from RP	
Latitude: 32 39' 57.145"N	
Longitude: 103 29' 53.87"W	
Elevation above mean sea level: 3,940'amsl	
Feet from South Section Line	
Feet from West Section Line	
Location- Unit or ¼¼: NE¼ of the NW¼	Unit Letter: C
Location- Section: 18	
Location- Township: T19S	
Location- Range: R35E	
Surface water body within 1000 ' radius of site: none	
Surface water body within 1000 ' radius of site:	
Domestic water wells within 1000' radius of site: none	
Domestic water wells within 1000' radius of site:	
Agricultural water wells within 1000' radius of site: none	
Agricultural water wells within 1000' radius of site:	
Public water supply wells within 1000' radius of site: none	
Depth from land surface to ground water (DG) 54.5'bgs	
Depth of contamination (DC) – TPH = 1'bgs BTEX and benzene = NA Chloride= 40'bgs	
Depth to ground water (DG – DC = DtGW) - 14.5-feet	

1. Ground Water	2. Wellhead Protection Area	3. Distance to Surface Water Body
If Depth to GW <50 feet: *20 points*	If <1000' from water source, or;<200' from private domestic water source: *20 points*	<200 horizontal feet: *20 points*
If Depth to GW 50 to 99 feet: *10 points*		200-100 horizontal feet: *10 points*
If Depth to GW >100 feet: *0 points*	If >1000' from water source, or; >200' from private domestic water source: *0 points*	>1000 horizontal feet: *0 points*
Ground water Score = 10	*Wellhead Protection Area Score= 0*	*Surface Water Score= 0*
Site Rank (1+2+3) = 10		

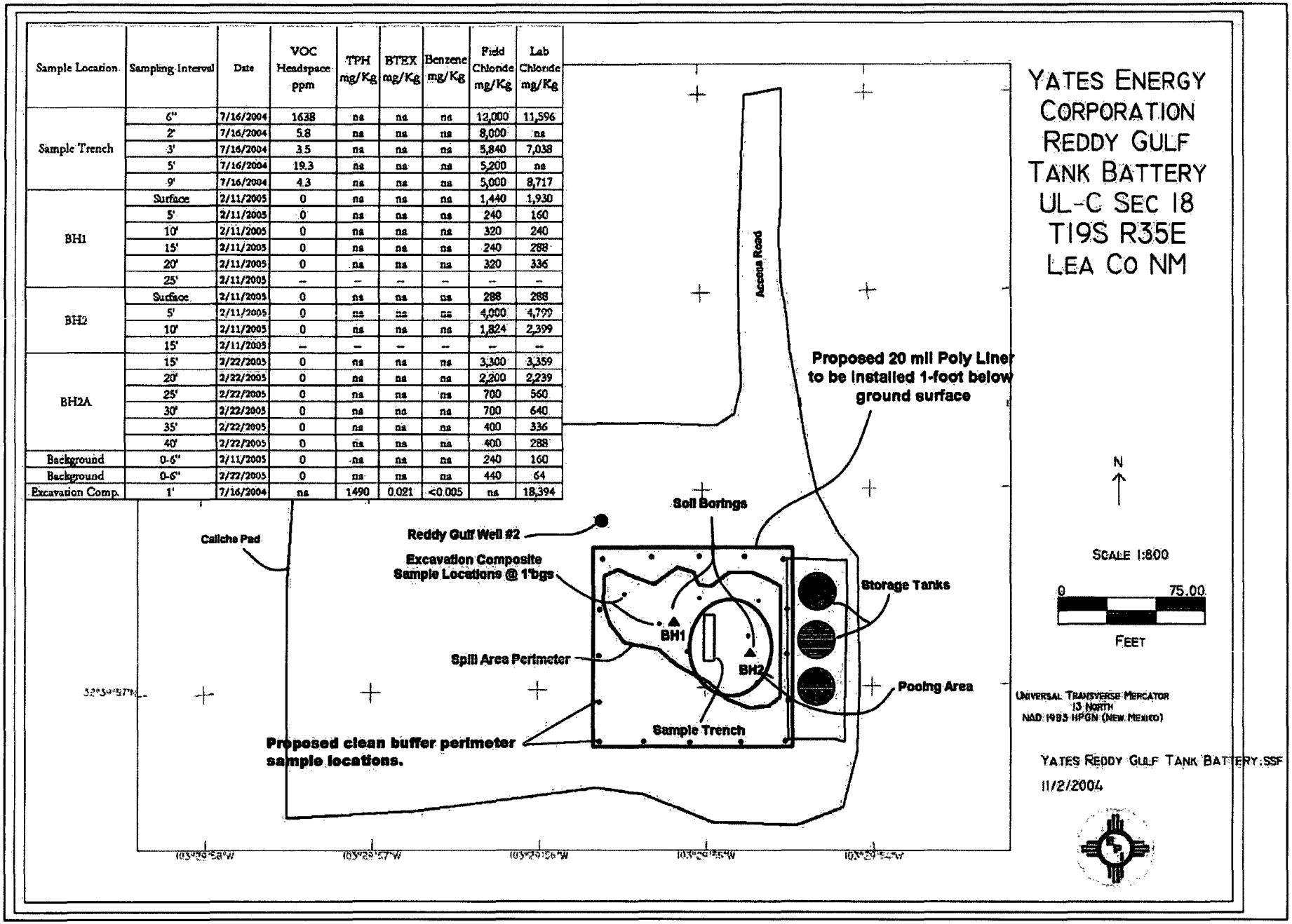
Total Site Ranking Score and Acceptable Concentrations

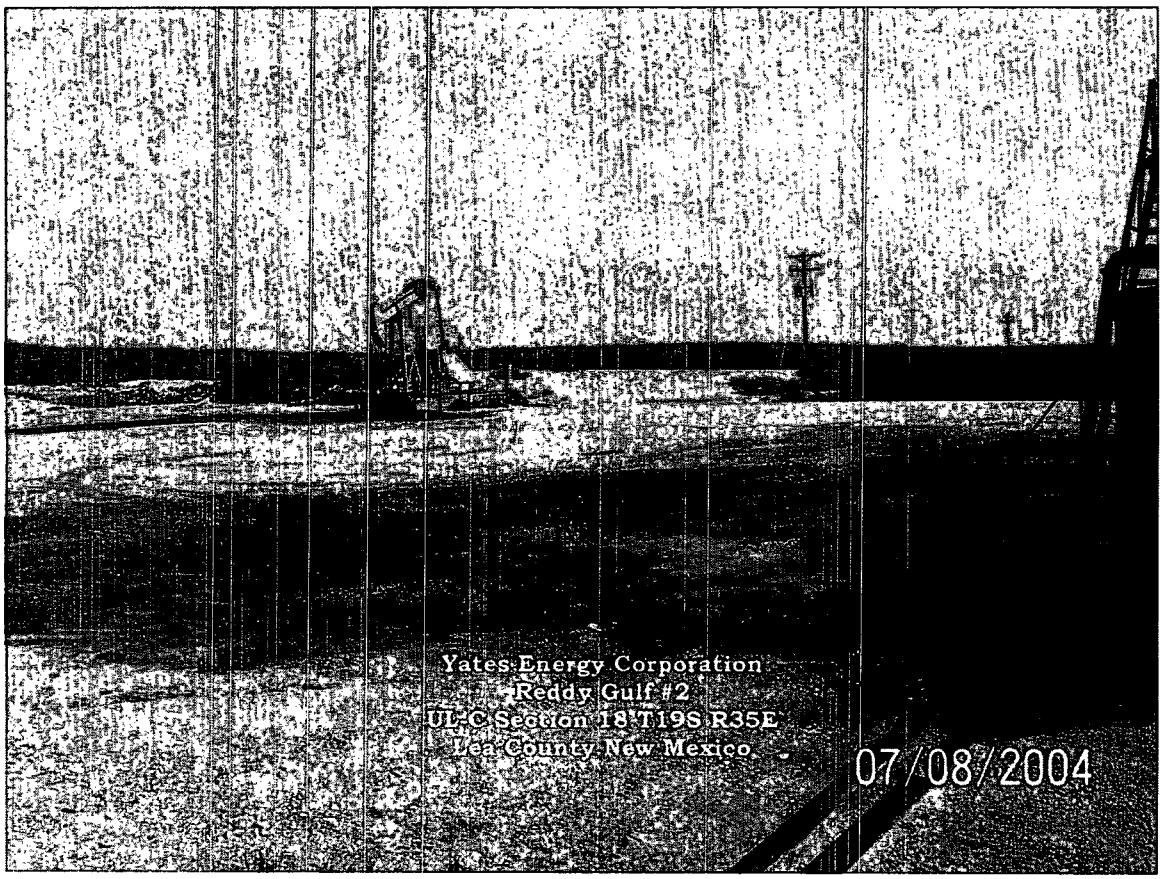
Parameter	>19	10-19	0-9
Benzene[1]	10 ppm	10 ppm	10 ppm
BTEX[1]	50 ppm	50 ppm	50 ppm
TPH	100 ppm	1000 ppm	5000 ppm

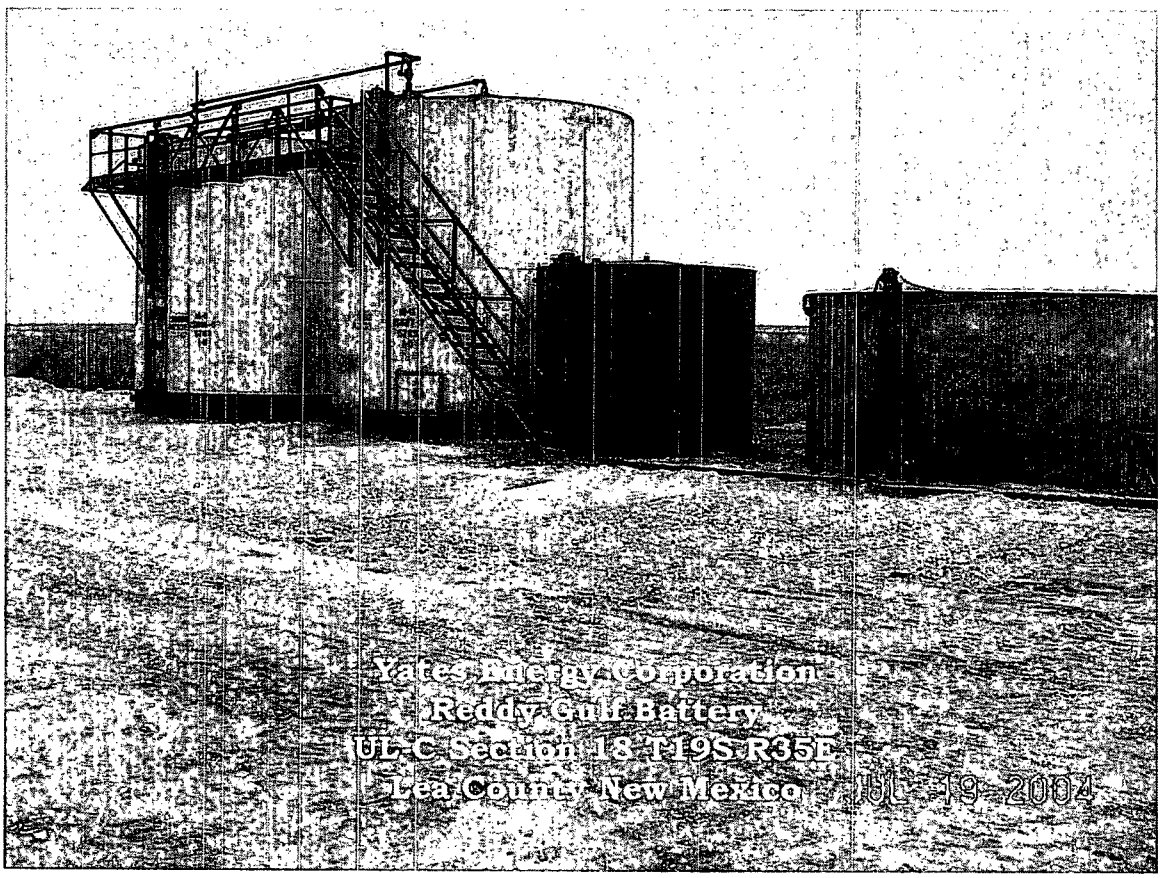
[1]100 ppm field VOC headspace measurement may be substituted for lab analysis


Well # 6610: WL = 61.54'bgs;
Well # 3145 WL = 45'bgs;
Well # 5217 WL = 55'bgs;
Well # 5246 WL = 60'bgs;
Well # 4059 WL = 60'bgs;
Well # 4276 WL = 18'bgs;
Well # 6495: WL = 74.07'bgs;
Yates Energy Corp. Reddy Gulf #2;
Yates Energy Corp. Reddy Gulf #3;
Well # 6399: WL = 24.62'bgs;
Well # 9569 WL = 30'bgs;
Well # 6277: WL = 67.78'bgs;
QUAIL
FIELD
MESCALERO RIDGE
Oil Well
Drill Hole
Gravel Pit
PIPELINE

Sample Location	Sampling Interval	Date	VOC Headspace ppm	TPH mg/Kg	BTEX mg/Kg	Benzene mg/Kg	Field Chloride mg/Kg	Lab Chloride mg/Kg
Sample Trench	6"	7/16/2004	1638	na	na	na	12,000	11,596
	2'	7/16/2004	5.8	na	na	na	8,000	na
	3'	7/16/2004	3.5	na	na	na	5,840	7,038
	5'	7/16/2004	19.3	na	na	na	5,200	na
	9'	7/16/2004	4.3	na	na	na	5,000	8,717
BH1	Surface	2/11/2005	0	na	na	na	1,440	1,930
	5'	2/11/2005	0	na	na	na	240	160
	10'	2/11/2005	0	na	na	na	320	240
	15'	2/11/2005	0	na	na	na	240	288
	20'	2/11/2005	0	na	na	na	320	336
	25'	2/11/2005	--	--	--	--	--	--
BH2	Surface	2/11/2005	0	na	na	na	288	288
	5'	2/11/2005	0	na	na	na	4,000	4,799
	10'	2/11/2005	0	na	na	na	1,824	2,399
	15'	2/11/2005	--	--	--	--	--	--
BH2A	15'	2/22/2005	0	na	na	na	3,300	3,359
	20'	2/22/2005	0	na	na	na	2,200	2,239
	25'	2/22/2005	0	na	na	na	700	560
	30'	2/22/2005	0	na	na	na	700	640
	35'	2/22/2005	0	na	na	na	400	336
	40'	2/22/2005	0	na	na	na	400	288
Background	0-6"	2/11/2005	0	na	na	na	240	160
Background	0-6"	2/22/2005	0	na	na	na	440	64
Excavation Comp.	1'	7/16/2004	na	1490	0.021	<0.005	na	18,394




Yates Energy Corporation
Reddy Gulf #2
UL-C Section 18 T19S R35E
Lea County New Mexico
07/08/2004


Yates Energy Corporation
Reddy Gulf Battery
UL-C Section 18 T19S R35E
Lea County New Mexico
JUL 19 2004

Yates Energy Corporation Reddy Gulf Tank Battery

Delineation Data

Sample Location	Sampling Interval (FT. BGS[1])	SAMPLE ID#	Date	Lithology	VOC Headspace ppm	GRO[3] mg/Kg	DRO[4] mg/Kg	TPH[5] mg/Kg	BTEX mg/Kg	Benzene mg/Kg	Toluene mg/Kg	Ethylbenzene mg/Kg	Xylenes mg/Kg	Field Chloride mg/Kg	Lab Chloride mg/Kg
Sample Trench	6"	SYERG71604ST-6"	7/16/2004	Caliche	1638	na	na	na	na	na	na	na	na	12,000	11,596
	2'	SYERG71604ST-2'	7/16/2004	Caliche	5.8	na	na	na	na	na	na	na	na	8,000	na
	3'	SYERG71604ST-3'	7/16/2004	Caliche	3.5	na	na	na	na	na	na	na	na	5,840	7,038
	5'	SYERG71604ST-5'	7/16/2004	Caliche	19.3	na	na	na	na	na	na	na	na	5,200	na
	9'	SYERG71604ST-9'	7/16/2004	Caliche	4.3	na	na	na	na	na	na	na	na	5,000	8,717
BH1	Surface	YEC021105BH1Topsoil	2/11/2005	Caliche	0	na	na	na	na	na	na	na	na	1,440	1,930
	5'	YEC021105BH1-5'	2/11/2005	Caliche	0	na	na	na	na	na	na	na	na	240	160
	10'	YEC021105BH1-10'	2/11/2005	Caliche	0	na	na	na	na	na	na	na	na	320	240
	15'	YEC021105BH1-15'	2/11/2005	Caliche	0	na	na	na	na	na	na	na	na	240	288
	20'	YEC021105BH1-20'	2/11/2005	Sand	0	na	na	na	na	na	na	na	na	320	336
	25'	Refusal	2/11/2005	Sand	--	--	--	--	--	--	--	--	--	--	--
BH2	Surface	YEC021105BH2-Topsoil	2/11/2005	Caliche	0	na	na	na	na	na	na	na	na	288	288
	5'	YEC021105BH2-5'	2/11/2005	Caliche	0	na	na	na	na	na	na	na	na	4,000	4,799
	10'	YEC021105BH2-10'	2/11/2005	Caliche	0	na	na	na	na	na	na	na	na	1,824	2,399
	15'	Refusal	2/11/2005	Caliche	--	--	--	--	--	--	--	--	--	--	--
BH2A	15'	YRG22205BH-15'	2/22/2005	Caliche	0	na	na	na	na	na	na	na	na	3,300	3,359
	20'	YRG22205BH-20'	2/22/2005	Sand	0	na	na	na	na	na	na	na	na	2,200	2,239
	25'	YRG22205BH-25'	2/22/2005	Sand	0	na	na	na	na	na	na	na	na	700	560
	30'	YRG22205BH-30'	2/22/2005	Sand	0	na	na	na	na	na	na	na	na	700	640
	35'	YRG22205BH-35'	2/22/2005	Sand	0	na	na	na	na	na	na	na	na	400	336
	40'	YRG22205BH-40'	2/22/2005	Sand	0	na	na	na	na	na	na	na	na	400	288
Background	0-6"	YEC021105BH1Background	2/11/2005	Sand	0	na	na	na	na	na	na	na	na	240	160
Background	0-6"	YRG22205BHBG	2/22/2005	Sand	0	na	na	na	na	na	na	na	na	440	64
Excavation Composite	1'	SYERG71604ExcComp-1'	7/16/2004	Caliche	na	<50	1490	1490	0.021	<0.005	<0.005	<0.005	0.021	na	18,394

[1]bgs – below ground surface

[3]GRO-Gasoline Range Organics C_6-C_{10}

[4]DRO-Diesel Range Organics C_{10}-C_{28}

[5]TPH-Total Petroleum Hydrocarbon = GRO+DRO. Method 8015m

[6]na - Not Analyzed

"--" indicates no sample collected

Reported detection limits are considered "de minimus" values and are included in the GRO/DRO summations.

CARDINAL LABORATORIES

PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603
PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
ENVIRONMENTAL PLUS, INC.
ATTN: PAT McCASLAND
P.O. BOX 1558
EUNICE, NM 88231
FAX TO: (505) 394-2601

Receiving Date: 07/19/04
Reporting Date: 07/21/04
Project Owner: YATES ENERGY CORP.
Project Name: READY GULF TANK BATTERY
Project Location: NOT GIVEN

Sampling Date: 07/16/04
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AH
Analyzed By: BC

LAB NO.	SAMPLE ID	GRO (C_6-C_{10}) (mg/Kg)	DRO (>C_{10}-C_{28}) (mg/Kg)	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE:		07/20/04	07/20/04	07/21/04	07/21/04	07/21/04	07/21/04
H8927-4	7 PT. COMP-12"	<10.0	1490	<0.005	<0.005	<0.005	0.021
Quality Control		744	768	0.096	0.093	0.090	0.271
True Value QC		800	800	0.100	0.100	0.100	0.300
% Recovery		93.1	96.1	96.3	93.1	89.8	90.4
Relative Percent Difference		5.1	0.4	6.8	1.8	0.4	1.0

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8260.

Burgess J. A. Cooke, Ph. D.

7/21/04
Date

H8927-4.XLS

CARDINAL LABORATORIES

PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603
PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
ENVIRONMENTAL PLUS, INC.
ATTN: PAT McCASLAND
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FAX TO: (505) 394-2601

Receiving Date: 07/19/04
Reporting Date: 07/22/04
Project Owner: YATES ENERGY CORP.
Project Name: READY GULF TANK BATTERY
Project Location: NOT GIVEN

Analysis Date: 07/20/04
Sampling Date: 07/16/04
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AH
Analyzed By: HM

LAB NUMBER	SAMPLE ID	Cl^- (mg/Kg)
H8927-1	6"	11596
H8927-2	3'	7038
H8927-3	9'	8717
H8927-4	7 PT. COMP-12"	18394
Quality Control		990
True Value QC		1000
% Recovery		99.0
Relative Percent Difference		1.0

METHOD: Standard Methods	4500-ClB

Note: Analyses performed on 1:4 w:v aqueous extracts.

Amy Hill
Chemist

7/22/04
Date

H8927

Cardinal Laboratories Inc.

101 East Marland, Hobbs, NM 88240
505-393-2326 Fax 505-393-2476

2111 Beechwood, Abilene, TX 79603
915-673-7001 Fax 915-673-7020

Company Name	Environmental Plus, Inc.
EPI Project Manager	Pat McCasland
Billing Address	P.O. BOX 1558
City, State, Zip	Eunice New Mexico 88231
EPI Phone#/Fax#	505-394-3481 / 505-394-2601
Client Company	Yates Energy Corp.
Facility Name	Reddy Gulf Tank Battery
Project Reference	
EPI Sampler Name	Cody Miller

BILL TO

ANALYSIS REQUEST

LAB I.D.	SAMPLE I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX: GROUND WATER	WASTEWATER	SOIL	CRUDE OIL	SLUDGE	OTHER:	PRESERV.: ACID/BASE	ICE/COOL	OTHER	SAMPLING: DATE	TIME	BTEX 8021B	TPH 8015M	CHLORIDES (Cl⁻)	SULFATES ($SO_4^{=}$)	pH	TCLP	OTHER >>>
H8927-1 1	0"	C	1			X					X		7/16/04	1:00			X				
-2 2	3'	C	1			X					X		7/16/04	1:30			X				
-3 3	9'	C	1			X					X		7/16/04	1:40			X				
-4 4	7PCOMP-12"	C	1			X					X		7/16/04	1150	X	X	X				
5																					
6																					
7																					
8																					
9																					
10																					

Sampler Relinquished: Cody Miller	Date 7/16/04 Time	Received By:	Fax Results To Pat McCasland 505-394-2601
Relinquished by:	Date 7/19/04 Time 13:45	Received By: (lab staff) Amy Hill	REMARKS: Date changed to reflect actual month. JL
Delivered by:	Sample Cool & Intact Yes / No	Checked By:	

CARDINAL LABORATORIES

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PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

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P.O. BOX 1558
EUNICE, NM 88231
FAX TO: (505) 394-2601

Receiving Date: 02/15/05
Reporting Date: 02/16/05
Project Owner: YATES PETROLEUM
Project Name: REDDY GULF TANK BATTERY
Project Location: NOT GIVEN

Analysis Date: 02/16/05
Sampling Date: 02/11/05
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: BC
Analyzed By: AH

LAB NUMBER	SAMPLE ID	Cl^- (mg/Kg)
H9553-1	YEC021105BH1BACKGROUND	160
H9553-2	YEC021105BH1TOPSOIL	1903
H9553-3	YEC021105BH1 5'	160
H9553-4	YEC021105BH1 10'	240
H9553-5	YEC021105BH1 15'	288
H9553-6	YEC021105BH1 20'	336
H9553-7	YEC021105BH2TOPSOIL	288
H9553-8	YEC021105BH2 5'	4799
H9553-9	YEC021105BH2 10'	2399
Quality Control		950
True Value QC		1000
% Recovery		95.0
Relative Percent Difference		1.0

METHOD: Standard Methods | 4500-ClB

Note: Analyses performed on 1:4 w:v aqueous extracts.

Amy Hill
Chemist

2/16/05

Cardinal Laboratories Inc.

2111 Beechwood, Abilene, TX 79603
915-673-7001 Fax 915-673-7020

101 East Marland, Hobbs, NM 88240
505-393-2326 Fax 505-393-2476

Yates	
Pat McCasland	
City, State, Zip	
Phone#/Fax#	
Project #/Owner	
Project Name	Reddy Gulf Tank Battery
Project Location	
Sampler Name	Manuel Gonzales

Bill To

ENVIRONMENTAL PLUS INC.

LAB I.D.	SAMPLE I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX: GROUND WATER	WASTEWATER	SOIL	CRUDE OIL	SLUDGE	OTHER:	PRESERV.: ACID/BASE	ICE/COOL	OTHER	SAMPLING: DATE	TIME	BTEX 8021B	TPH 8015Modified	Cl	SAR	EC	TDS	ANIONS	CATAIONS
H15531	YEC021105BH1Background	G	1			X					X		2/11	8:10			X					
-2	YEC021105BH1TopSoil	G	1			X					X		2/11	8:21			X					
-3	YEC021105BH1 5'	G	1			X					X		2/11	8:49			X					
-4	YEC021105BH1 10'	G	1			X					X		2/11	9:56			X					
-5	YEC021105BH1 15'	G	1			X					X		2/11	10:55			X					
-6	YEC021105BH1 20'	G	1			X					X		2/11	11:34			X					
-7	YEC021105BH2TopSoil	G	1			X					X		2/11	1:40			X					
-8	YEC021105BH2 5'	G	1			X					X		2/11	1:50			X					
-9	YEC021105BH2 10'	G	1			X					X		2/11	2:59			X					

Sampler Relinquished:	Date 2-15 0700	Received By:	Fax results to Pat McCasland 505-394-2601
Relinquished by:	Date 2/16 Time 7:50	Received By: (lab staff)	Remarks
Delivered by Sampler	Sample Cool & Intact Yes (No)	Checked By:	

CARDINAL LABORATORIES

PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603
PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
ENVIRONMENTAL PLUS, INC.
ATTN: PAT McCASLAND
P.O. BOX 1558
EUNICE, NM 88231
FAX TO: (505) 394-2601

Receiving Date: 02/23/05
Reporting Date: 02/24/05
Project Owner: YATES ENERGY CORP.
Project Name: REDDY GULF TANK BATTERY
Project Location: NOT GIVEN

Analysis Date: 02/24/05
Sampling Date: 02/22/05
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: AH

LAB NUMBER	SAMPLE ID	Cl^- (mg/Kg)
H9582-1	YRG22205SBHBG	64
H9582-2	YRG22205SBH15	3359
H9582-3	YRG22205SBH20	2239
H9582-4	YRG22205SBH25	560
H9582-5	YRG22205SBH30	640
H9582-6	YRG22205SBH35	336
H9582-7	YRG22205SBH40	288

Quality Control	900
True Value QC	1000
% Recovery	90.0
Relative Percent Difference	5.0

METHOD: Standard Methods | 4500-ClB

Note: Analyses performed on 1:4 w:v aqueous extracts.

Amy Hill
Chemist

2/24/05

H9582

Cardinal Laboratories Inc.

101 East Marland, Hobbs, NM 88240
505-393-2326 Fax 505-393-2476

2111 Beechwood, Abilene, TX 79603
915-673-7001 Fax 915-673-7020

Company Name	Environmental Plus, Inc.
EPI Project Manager	Pat McCasland
Billing Address	P.O. BOX 1558
City, State, Zip	Eunice New Mexico 88231
EPI Phone#/Fax#	505-394-3481 / 505-394-2601
Client Company	Yates Energy Corporation
Facility Name	Reddy Gulf Tank Battery
Project Reference	Reddy Gulf Tank Battery
EPI Sampler Name	Cody Fisher

Bill To

Yates Energy Corporation
PO Box 2323
Roswell, NM 88202
Att: Keith Spradlin

ANALYSIS REQUEST

LAB I.D.		SAMPLE I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX: GROUND WATER	WASTEWATER	SOIL	CRUDE OIL	SLUDGE	OTHER:	PRESERV.: ACID/BASE	ICE/COOL	OTHER	SAMPLING: DATE	TIME	BTEX 8021B	TPH 8015M	CHLORIDES (Cl^-)	SULFATES (SO_4^{2-})	pH	TCLP	OTHER >>
H9882-1	1	YRG22205SBHBG	X				X							2/22/05	1:30			X				
-2	2	YRG22205SBH15	X				X							2/22/05	2:45			X				
-3	3	YRG22205SBH20	X				X							2/22/05	3:00			X				
-4	4	YRG22205SBH25	X				X							2/22/05	3:15			X				
-5	5	YRG22205SBH30	X				X							2/22/05	3:30			X				
-6	6	YRG22205SBH35	X				X							2/22/05	3:45			X				
-7	7	YRG22205SBH40	X				X							2/22/05	4:00			X				
	8																					
	9																					
	10																					

Sampler Relinquished: Cody Fisher
Date 2-22-05
Time 8:00PM
Received By: [signature]

Relinquished by: [signature]
Date 02/22/2005
Time 9:10 PM
Received By: (lab staff) [signature]

Delivered by: [signature]
Sample Cool & Intact: Yes / No
Checked By:

Fax Results To Pat McCasland - EPI @ 505-394-2601

REMARKS: Chain of custody requested. Send original reports to Pat McCasland - EPI.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised June 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

OPERATOR ☐ Initial Report ☐ Final Report

Name of Company Yates Energy Corporation	Contact Keith Spradlin
Address PO Box 2323, 500 North Main Street, Roswell, New Mexico 88202	Telephone No. 817.573.4979
Facility Name Reddy Gulf Tank Battery	Facility Type Tank battery facility

Surface Owner State of New Mexico leased by Snyder Ranch	Mineral Owner	Lease No.

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
C	18	T19S	R35E					Lea

NATURE OF RELEASE

Type of Release Production Fluid	Volume of Release 15 bbls	Volume Recovered 0 bbls
Source of Release Tank battery facility	Date and Hour of Occurrence 7/14/2004	Date and Hour of Discovery 7/14/2004
Was Immediate Notice Given? ☐ Yes ☐ No ☐ Not Required	If YES, To Whom? NA	
By Whom?	Date and Hour	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
Fill line from treater to oil stock tank. The lines have been repaired.

Describe Area Affected and Cleanup Action Taken.*
4,437 sqft (90' x 40');. Remedial Goals: TPH 8015m = 1000 mg/Kg, Benzene = 10 mg/Kg, and BTEX, i.e., the mass sum of Benzene, Ethyl Benzene, Toluene, and Xylenes = 50 mg/Kg.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature:	**OIL CONSERVATION DIVISION**	
Printed Name: Keith Spradlin	Approved by District Supervisor:	
Title:	Approval Date:	Expiration Date:
E-mail Address:	Conditions of Approval:	Attached ☐
Date: Phone: 817.573.4979		

* Attach Additional Sheets If Necessary

Incident - nPAC0609734403