

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



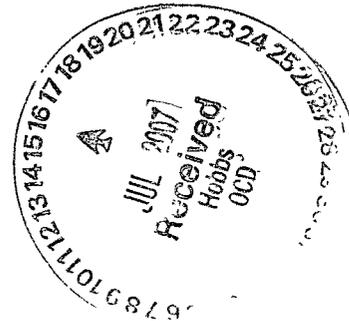
105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S.P. YATES
CHAIRMAN EMERITUS
JOHN A. YATES
CHAIRMAN OF THE BOARD
PEYTON YATES
PRESIDENT
FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT
JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

Mr. Chris Williams
NMOCD-District 1
1625 N French Drive
Hobbs, NM 88240

July 12, 2007

RE: Sanmal Queen Unit #8
Unit O, Section 1, T17S, R33E
Lea County, New Mexico



Dear Mr. Williams,

Yates Petroleum Corporation (Yates) is the operator of the Sanmal Queen Unit #8 well (30-025-29818). On March 12, 2007, Yates submitted an Initial Report C141 reporting a release of 5 barrels produced water affecting an area approximately 10 feet by 20 feet. A vacuum truck recovered 4 barrels produced water. The affected area was excavated to a depth of approximately 3.5 feet to access the leaking valve body. The excavated soils were hauled to a disposal facility and repairs were made.

On June 26, 2007 a confirmation soil sample was obtained. The sample was collected at approximately 4 feet below grade. The hand auger was cleaned with Alconox® using a hand scrub brush, rinsed with de-ionized water, and allowed to air dry before beginning the boring. The soil sample was collected directly from the hand auger bucket, placed into a clean sample jar provided by the analytical laboratory, placed on ice, and sent to the laboratory for analysis.

According to New Mexico Office of the State Engineer's database, depth to water in this area is greater than 100 feet. No water wells or surface waters are located within 1,000 feet of this site. Using the NMOCD ranking criteria, site investigation and data provided, this site has a Ranking Score of 0. The soil action levels for a site with this score are as follows:

RANDY G. PATTERSON
VICE PRESIDENT

DAVID L. LANNING
ASSISTANT VICE PRESIDENT

DENNIS G. KINSEY
TREASURER

- Benzene 10 ppm
- BTEX 50 ppm
- TPH 5000 ppm

The confirmation soil analyses do not exceed these criteria. Chloride results are provided for reference. A sample point diagram and analyses table is provided for a quick review. The analytical report with detailed information from Environmental Lab of Texas is also included.

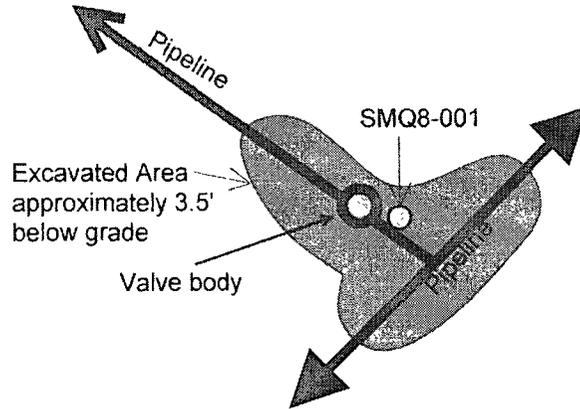
Given the analyses information and site ranking, there appears to be no risk to human health or the environment. In light of this evaluation, Yates Petroleum Corporation requests to backfill the excavation and requests NMOCD to grant closure to the incident. Please find attached the Final Report C-141.

Sincerely,



Sherry Bonham
Environmental Regulatory Agent

cc: Mr. Mark Whitaker
NMOCD



Sanmal Queen Unit 8 

ROAD

ROAD

ANALYSES TABLE

| Sample ID | Sample Date | Sample Type | Depth | Chlorides | BTEX | TPH (GRO) | TPH (DRO) | TPH (TOTAL) |
|-----------|-------------|-------------|---------------------------------|-----------|------------|------------|-----------|-------------|
| SMQ8-001 | 6/26/2007 | Grab | 6" Below bottom hole excavation | 2070 | Non-Detect | Non-Detect | 18.4 | 18.4 |

Site Ranking is Zero (0). Depth to Ground Water > 100'

Analytical testing performed at Environmental Lab of Texas. All results are ppm



Sanmal Queen Unit 8

Sec. 1 T17S R33E

Lea County, NM

**SAMPLE POINT DIAGRAM
JUNE 26, 2007**

(Not to Scale)

Analytical Report 285368

for

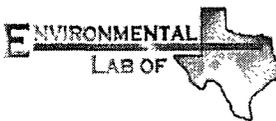
Yates Petroleum Corporation

Project Manager: Sherry Bonham

Sanmal Queen Unit # 8

30-025-29818

09-JUL-07



12600 West I-20 East Odessa, Texas 79765

A Xenco Laboratories Company

NELAC certification numbers:

Houston, TX E871002 - Miami, FL E86678 - Tampa, FL E86675

Houston - Dallas - San Antonio - Austin - Tampa - Miami - Latin America



09-JUL-07

Project Manager: **Sherry Bonham**
Yates Petroleum Corporation
105 South Fourth St.
Artesia, NM 88210

Reference: XENCO Report No: **285368**
Sanmal Queen Unit # 8
Project Address: 1-175-33E

Sherry Bonham:

We are reporting to you the results of the analyses performed on the samples received under the project name referenced above and identified with the XENCO Report Number 285368. All results being reported under this Report Number apply to the samples analyzed and properly identified with a Laboratory ID number. Subcontracted analyses are identified in this report with either the NELAC certification number of the subcontract lab in the analyst ID field, or the complete subcontracted report attached to this report.

Unless otherwise noted in a Case Narrative, all data reported in this Analytical Report are in compliance with NELAC standards. Estimation of data uncertainty for this report is found in the quality control section of this report unless otherwise noted. Should insufficient sample be provided to the laboratory to meet the method and NELAC Matrix Duplicate and Matrix Spike requirements, then the data will be analyzed, evaluated and reported using all other available quality control measures.

The validity and integrity of this report will remain intact as long as it is accompanied by this letter and reproduced in full, unless written approval is granted by XENCO Laboratories. This report will be filed for at least 5 years in our archives after which time it will be destroyed without further notice, unless otherwise arranged with you. The samples received, and described as recorded in Report No. 285368 will be filed for 60 days, and after that time they will be properly disposed without further notice, unless otherwise arranged with you. We reserve the right to return to you any unused samples, extracts or solutions related to them if we consider so necessary (e.g., samples identified as hazardous waste, sample sizes exceeding analytical standard practices, controlled substances under regulated protocols, etc).

We thank you for selecting XENCO Laboratories to serve your analytical needs. If you have any questions concerning this report, please feel free to contact us at any time.

Respectfully,

Brent Barron

Odessa Laboratory Director

Recipient of the Prestigious Small Business Administration Award of Excellence in 1994.

Certified and approved by numerous States and Agencies.

A Small Business and Minority Status Company that delivers SERVICE and QUALITY

Houston - Dallas - San Antonio - Austin - Tampa - Miami - Latin America



Sample Cross Reference 285368



Yates Petroleum Corporation, Artesia, NM

Sanmal Queen Unit # 8

| Sample Id | Matrix | Date Collected | Sample Depth | Lab Sample Id |
|------------------|---------------|-----------------------|---------------------|----------------------|
| SMQ8-001 | S | Jun-26-07 17:18 | 6 In | 285368-001 |



Certificate of Analysis Summary 285368

Yates Petroleum Corporation, Artesia, NM

Project Name: Sanmal Queen Unit # 8



Project Id: 30-025-29818

Contact: Sherry Bonham

Project Location: 1-175-33E

Date Received in Lab: Tue Jul-03-07 10.15 am

Report Date: 09-JUL-07

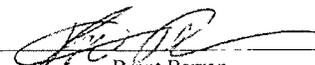
Project Manager: Brent Barron, II

| | | | | | | |
|------------------------------------|-----------------------------------|----|------|----|--|--|
| Analysis Requested | Lab Id: 285368-001 | | | | | |
| | Field Id: SMQ8-001 | | | | | |
| | Depth: 6 In | | | | | |
| | Matrix: SOIL | | | | | |
| | Sampled: Jun-26-07 17 18 | | | | | |
| BTEX by EPA 8021B | Extracted: Jul-06-07 16 00 | | | | | |
| | Analyzed: Jul-06-07 21 15 | | | | | |
| | Units/RL: mg/kg RL | | | | | |
| Benzene | ND | 0 | 0022 | | | |
| Toluene | ND | 0 | 0022 | | | |
| Ethylbenzene | ND | 0 | 0022 | | | |
| m,p-Xylene | ND | 0 | 0045 | | | |
| o-Xylene | ND | 0 | 0022 | | | |
| Total Xylenes | ND | | | | | |
| Total BTEX | ND | | | | | |
| Inorganic Anions by EPA 300 | Extracted: Jul-06-07 12 03 | | | | | |
| | Analyzed: Jul-06-07 12 03 | | | | | |
| | Units/RL: mg/kg RL | | | | | |
| Chloride | 2070 | 55 | 9 | | | |
| Percent Moisture | Extracted: Jul-05-07 15 32 | | | | | |
| | Analyzed: Jul-05-07 15 32 | | | | | |
| | Units/RL: % RL | | | | | |
| Percent Moisture | 10 | 6 | 1 | 00 | | |
| TPH by SW 8015B | Extracted: Jul-03-07 17 11 | | | | | |
| | Analyzed: Jul-04-07 03 59 | | | | | |
| | Units/RL: mg/kg RL | | | | | |
| C6-C10 Gasoline Range Hydrocarbons | ND | 11 | 2 | | | |
| C10-C28 Diesel Range Hydrocarbons | 18 | 4 | 11 | 2 | | |

This analytic report, and the entire data package it represents, has been made for your exclusive and confidential use. The interpretations and results expressed throughout this analytical report represent the best judgment of XENCO Laboratories. XENCO Laboratories assumes no responsibility and makes no warranty to the end user of the data hereby presented. Our liability is limited to the amount invoiced for this work order unless otherwise agreed to in writing.

Since 1990 Houston - Dallas - San Antonio - Austin - Tampa - Miami - Latin America

Version: 1/07


Brent Barron
Odessa Laboratory Director



Flagging Criteria

- X** In our quality control review of the data a QC deficiency was observed and flagged as noted. MS/MSD recoveries were found to be outside of the laboratory control limits due to possible matrix /chemical interference, or a concentration of target analyte high enough to effect the recovery of the spike concentration. This condition could also effect the relative percent difference in the MS/MSD.
- B** A target analyte or common laboratory contaminant was identified in the method blank. Its presence indicates possible field or laboratory contamination.
- D** The sample(s) were diluted due to targets detected over the highest point of the calibration curve, or due to matrix interference. Dilution factors are included in the final results. The result is from a diluted sample.
- E** The data exceeds the upper calibration limit; therefore, the concentration is reported as estimated.
- F** RPD exceeded lab control limits.
- J** The target analyte was positively identified below the MQL and above the SQL.
- U** Analyte was not detected.
- L** The LCS data for this analytical batch was reported below the laboratory control limits for this analyte. The department supervisor and QA Director reviewed data. The samples were either reanalyzed or flagged as estimated concentrations.
- H** The LCS data for this analytical batch was reported above the laboratory control limits. Supporting QC Data were reviewed by the Department Supervisor and QA Director. Data were determined to be valid for reporting.
- K** Sample analyzed outside of recommended hold time.

Recipient of the Prestigious Small Business Administration Award of Excellence in 1994.

Certified and approved by numerous States and Agencies.

A Small Business and Minority Status Company that delivers SERVICE and QUALITY

Houston - Dallas - San Antonio - Austin - Tampa - Miami - Latin America

11381 Meadowglen Lane Suite L Houston, Tx 77082-2647
9701 Harry Hines Blvd , Dallas, TX 75220
5332 Blackberry Drive, Suite 104, San Antonio, TX 78238
2505 N Falkenburg Rd., Tampa, FL 33619
5757 NW 158th St. Miami Lakes, FL 33014

| Phone | Fax |
|----------------|----------------|
| (281) 589-0692 | (281) 589-0695 |
| (214) 902 0300 | (214) 351-9139 |
| (210) 509-3334 | (201) 509-3335 |
| (813) 620-2000 | (813) 620-2033 |
| (305) 823-8500 | (305) 823-8555 |



Form 2 - Surrogate Recoveries



Project Name: Sanmal Queen Unit # 8

Work Order #: 285368

Project ID: 30-025-29818

Lab Batch #: 699920

Sample: 285368-001 / SMP

Batch: 1 Matrix: Soil

Units: mg/kg

| SURROGATE RECOVERY STUDY | | | | | |
|--------------------------|------------------|-----------------|-----------------|-------------------|-------|
| BTEX by EPA 8021B | Amount Found [A] | True Amount [B] | Recovery %R [D] | Control Limits %R | Flags |
| Analytes | | | | | |
| 4-Bromofluorobenzene | 0.0374 | 0.0500 | 75 | 80-120 | ** |

Lab Batch #: 699920

Sample: 285368-001 S / MS

Batch: 1 Matrix: Soil

Units: mg/kg

| SURROGATE RECOVERY STUDY | | | | | |
|--------------------------|------------------|-----------------|-----------------|-------------------|-------|
| BTEX by EPA 8021B | Amount Found [A] | True Amount [B] | Recovery %R [D] | Control Limits %R | Flags |
| Analytes | | | | | |
| 4-Bromofluorobenzene | 0.0452 | 0.0500 | 90 | 80-120 | |

Lab Batch #: 699920

Sample: 285368-001 SD / MSD

Batch: 1 Matrix: Soil

Units: mg/kg

| SURROGATE RECOVERY STUDY | | | | | |
|--------------------------|------------------|-----------------|-----------------|-------------------|-------|
| BTEX by EPA 8021B | Amount Found [A] | True Amount [B] | Recovery %R [D] | Control Limits %R | Flags |
| Analytes | | | | | |
| 4-Bromofluorobenzene | 0.0426 | 0.0500 | 85 | 80-120 | |

Lab Batch #: 699920

Sample: 496926-1-BKS / BKS

Batch: 1 Matrix: Solid

Units: mg/kg

| SURROGATE RECOVERY STUDY | | | | | |
|--------------------------|------------------|-----------------|-----------------|-------------------|-------|
| BTEX by EPA 8021B | Amount Found [A] | True Amount [B] | Recovery %R [D] | Control Limits %R | Flags |
| Analytes | | | | | |
| 4-Bromofluorobenzene | 0.0473 | 0.0500 | 95 | 80-120 | |

Lab Batch #: 699920

Sample: 496926-1-BLK / BLK

Batch: 1 Matrix: Solid

Units: mg/kg

| SURROGATE RECOVERY STUDY | | | | | |
|--------------------------|------------------|-----------------|-----------------|-------------------|-------|
| BTEX by EPA 8021B | Amount Found [A] | True Amount [B] | Recovery %R [D] | Control Limits %R | Flags |
| Analytes | | | | | |
| 4-Bromofluorobenzene | 0.0422 | 0.0500 | 84 | 80-120 | |

** Surrogates outside limits, data and surrogates confirmed by reanalysis

*** Poor recoveries due to dilution

Surrogate Recovery [D] = 100 * A / B

All results are based on MDL and validated for QC purposes



Form 2 - Surrogate Recoveries



Project Name: Sanmal Queen Unit # 8

Work Order #: 285368

Project ID: 30-025-29818

Lab Batch #: 699784

Sample: 285368-001 / SMP

Batch: 1 Matrix: Soil

Units: mg/kg

| SURROGATE RECOVERY STUDY | | | | | |
|--------------------------|------------------|-----------------|-----------------|-------------------|-------|
| TPH by SW 8015B | Amount Found [A] | True Amount [B] | Recovery %R [D] | Control Limits %R | Flags |
| Analytes | | | | | |
| 1-Chlorooctadecane | 44.5 | 50.0 | 89 | 70-135 | |
| 1-Chlorooctane | 44.4 | 50.0 | 89 | 70-135 | |

Lab Batch #: 699784

Sample: 285370-001 S / MS

Batch: 1 Matrix: Soil

Units: mg/kg

| SURROGATE RECOVERY STUDY | | | | | |
|--------------------------|------------------|-----------------|-----------------|-------------------|-------|
| TPH by SW 8015B | Amount Found [A] | True Amount [B] | Recovery %R [D] | Control Limits %R | Flags |
| Analytes | | | | | |
| 1-Chlorooctadecane | 41.8 | 50.0 | 84 | 70-135 | |
| 1-Chlorooctane | 59.0 | 50.0 | 118 | 70-135 | |

Lab Batch #: 699784

Sample: 285370-001 SD / MSD

Batch: 1 Matrix: Soil

Units: mg/kg

| SURROGATE RECOVERY STUDY | | | | | |
|--------------------------|------------------|-----------------|-----------------|-------------------|-------|
| TPH by SW 8015B | Amount Found [A] | True Amount [B] | Recovery %R [D] | Control Limits %R | Flags |
| Analytes | | | | | |
| 1-Chlorooctadecane | 42.1 | 50.0 | 84 | 70-135 | |
| 1-Chlorooctane | 62.0 | 50.0 | 124 | 70-135 | |

Lab Batch #: 699784

Sample: 496793-1-BKS / BKS

Batch: 1 Matrix: Solid

Units: mg/kg

| SURROGATE RECOVERY STUDY | | | | | |
|--------------------------|------------------|-----------------|-----------------|-------------------|-------|
| TPH by SW 8015B | Amount Found [A] | True Amount [B] | Recovery %R [D] | Control Limits %R | Flags |
| Analytes | | | | | |
| 1-Chlorooctadecane | 56.3 | 50.0 | 113 | 70-135 | |
| 1-Chlorooctane | 62.7 | 50.0 | 125 | 70-135 | |

** Surrogates outside limits; data and surrogates confirmed by reanalysis

*** Poor recoveries due to dilution

Surrogate Recovery [D] = 100 * A / B

All results are based on MDL and validated for QC purposes



Form 2 - Surrogate Recoveries



Project Name: Sanmal Queen Unit # 8

Work Order #: 285368

Project ID: 30-025-29818

Lab Batch #: 699784

Sample: 496793-1-BLK / BLK

Batch: 1 Matrix: Solid

Units: mg/kg

| TPH by SW 8015B Analytes | SURROGATE RECOVERY STUDY | | | | |
|---------------------------------|--------------------------|-----------------|-----------------|-------------------|-------|
| | Amount Found [A] | True Amount [B] | Recovery %R [D] | Control Limits %R | Flags |
| 1-Chlorooctadecane | 52.9 | 50.0 | 106 | 70-135 | |
| 1-Chlorooctane | 51.5 | 50.0 | 103 | 70-135 | |
| o-Terphenyl | ND | ND | | 70-135 | *U |

** Surrogates outside limits; data and surrogates confirmed by reanalysis

*** Poor recoveries due to dilution

Surrogate Recovery [D] = 100 * A / B

All results are based on MDL and validated for QC purposes.



Blank Spike Recovery



Project Name: Sanmal Queen Unit # 8

Work Order #: 285368

Project ID:

30-025-29818

Lab Batch #: 699920

Sample: 496926-1-BKS

Matrix: Solid

Date Analyzed: 07/06/2007

Date Prepared: 07/06/2007

Analyst: CELKEE

Reporting Units: mg/kg

Batch #: 1

BLANK /BLANK SPIKE RECOVERY STUDY

| BTEX by EPA 8021B Analytes | Blank Result [A] | Spike Added [B] | Blank Spike Result [C] | Blank Spike %R [D] | Control Limits %R | Flags |
|-----------------------------------|------------------|-----------------|------------------------|--------------------|-------------------|-------|
| Benzene | ND | 0.0500 | 0.0462 | 92 | 70-130 | |
| Toluene | ND | 0.0500 | 0.0474 | 95 | 70-130 | |
| Ethylbenzene | ND | 0.0500 | 0.0519 | 104 | 71-129 | |
| m,p-Xylene | ND | 0.1000 | 0.0925 | 93 | 70-135 | |
| o-Xylene | ND | 0.0500 | 0.0500 | 100 | 71-133 | |

Lab Batch #: 699848

Sample: 699848-1-BKS

Matrix: Solid

Date Analyzed: 07/06/2007

Date Prepared: 07/06/2007

Analyst: LATCOR

Reporting Units: mg/kg

Batch #: 1

BLANK /BLANK SPIKE RECOVERY STUDY

| Inorganic Anions by EPA 300 Analytes | Blank Result [A] | Spike Added [B] | Blank Spike Result [C] | Blank Spike %R [D] | Control Limits %R | Flags |
|---|------------------|-----------------|------------------------|--------------------|-------------------|-------|
| Chloride | ND | 10.0 | 10.1 | 101 | 75-125 | |

Lab Batch #: 699784

Sample: 496793-1-BKS

Matrix: Solid

Date Analyzed: 07/04/2007

Date Prepared: 07/03/2007

Analyst: SHE

Reporting Units: mg/kg

Batch #: 1

BLANK /BLANK SPIKE RECOVERY STUDY

| TPH by SW 8015B Analytes | Blank Result [A] | Spike Added [B] | Blank Spike Result [C] | Blank Spike %R [D] | Control Limits %R | Flags |
|------------------------------------|------------------|-----------------|------------------------|--------------------|-------------------|-------|
| C6-C10 Gasoline Range Hydrocarbons | ND | 500 | 593 | 119 | 70-135 | |
| C10-C28 Diesel Range Hydrocarbons | ND | 500 | 542 | 108 | 70-135 | |

Blank Spike Recovery [D] = 100*[C]/[B]

All results are based on MDI, and validated for QC purposes



Form 3 - MS Recoveries



Project Name: Sanmal Queen Unit # 8

Work Order #: 285368

Lab Batch #: 699848

Date Analyzed: 07/06/2007

QC- Sample ID: 285357-001 S

Reporting Units: mg/kg

Date Prepared: 07/06/2007

Batch #: 1

Project ID: 30-025-29818

Analyst: LATCOR

Matrix: Soil

| MATRIX / MATRIX SPIKE RECOVERY STUDY | | | | | | |
|--------------------------------------|--------------------------|-----------------|--------------------------|--------|-------------------|------|
| Inorganic Anions by EPA 300 | Parent Sample Result [A] | Spike Added [B] | Spiked Sample Result [C] | %R [D] | Control Limits %R | Flag |
| Analytes | | | | | | |
| Chloride | 2090 | 2170 | 4420 | 107 | 75-125 | |

Matrix Spike Percent Recovery [D] = 100*(C-A)/B
 Relative Percent Difference [E] = 200*(C-A)/(C+B)
 All Results are based on MDL and Validated for QC Purposes



Form 3 - MS / MSD Recoveries



Project Name: Sanmal Queen Unit # 8

Work Order #: 285368

Project ID: 30-025-29818

Lab Batch ID: 699920

QC- Sample ID: 285368-001 S

Batch #: 1 Matrix: Soil

Date Analyzed: 07/09/2007

Date Prepared: 07/06/2007

Analyst: CELKEE

Reporting Units: mg/kg

| MATRIX SPIKE / MATRIX SPIKE DUPLICATE RECOVERY STUDY | | | | | | | | | | | |
|--|--------------------------|-----------------|--------------------------|----------------------|-----------------|------------------------------------|--------------------|-------|-------------------|---------------------|------|
| BTEX by EPA 8021B Analytes | Parent Sample Result [A] | Spike Added [B] | Spiked Sample Result [C] | Spiked Sample %R [D] | Spike Added [E] | Duplicate Spiked Sample Result [F] | Spiked Dup. %R [G] | RPD % | Control Limits %R | Control Limits %RPD | Flag |
| Benzene | ND | 0.1119 | 0.0951 | 85 | 0.1119 | 0.0910 | 81 | 5 | 70-130 | 35 | |
| Toluene | ND | 0.1119 | 0.0998 | 89 | 0.1119 | 0.0955 | 85 | 5 | 70-130 | 35 | |
| Ethylbenzene | ND | 0.1119 | 0.1098 | 98 | 0.1119 | 0.1044 | 93 | 5 | 71-129 | 35 | |
| m,p-Xylene | ND | 0.2238 | 0.1982 | 89 | 0.2238 | 0.1878 | 84 | 6 | 70-135 | 35 | |
| o-Xylene | ND | 0.1119 | 0.1064 | 95 | 0.1119 | 0.0999 | 89 | 7 | 71-133 | 35 | |

Lab Batch ID: 699784

QC- Sample ID: 285370-001 S

Batch #: 1 Matrix: Soil

Date Analyzed: 07/04/2007

Date Prepared: 07/03/2007

Analyst: SHE

Reporting Units: mg/kg

| MATRIX SPIKE / MATRIX SPIKE DUPLICATE RECOVERY STUDY | | | | | | | | | | | |
|--|--------------------------|-----------------|--------------------------|----------------------|-----------------|------------------------------------|--------------------|-------|-------------------|---------------------|------|
| TPH by SW 8015B Analytes | Parent Sample Result [A] | Spike Added [B] | Spiked Sample Result [C] | Spiked Sample %R [D] | Spike Added [E] | Duplicate Spiked Sample Result [F] | Spiked Dup. %R [G] | RPD % | Control Limits %R | Control Limits %RPD | Flag |
| C6-C10 Gasoline Range Hydrocarbons | 612 | 553 | 1330 | 130 | 553 | 1490 | 159 | 20 | 70-135 | 35 | X |
| C10-C28 Diesel Range Hydrocarbons | 2700 | 553 | 3370 | 121 | 553 | 3860 | 210 | 54 | 70-135 | 35 | XF |

Matrix Spike Percent Recovery [D] = 100*(C-A)/B
Relative Percent Difference RPD = 200*(D-G)/(D+G)

Matrix Spike Duplicate Percent Recovery [G] = 100*(F-A)/E

ND = Not Detected, J = Present Below Reporting Limit, B = Present in Blank, NR = Not Requested, I = Interference, NA = Not Applicable, N = See Narrative, EQL = Estimated Quantitation Limit



Sample Duplicate Recovery



Project Name: Sanmal Queen Unit # 8

Work Order #: 285368

Lab Batch #: 699848
Date Analyzed: 07/06/2007
QC- Sample ID: 285357-001 D
Reporting Units: mg/kg

Date Prepared: 07/06/2007
Batch #: 1

Project ID: 30-025-29818
Analyst: LATCOR
Matrix: Soil

| SAMPLE / SAMPLE DUPLICATE RECOVERY | | | | | |
|------------------------------------|--------------------------|-----------------------------|-----|---------------------|------|
| Inorganic Anions by EPA 300 | Parent Sample Result [A] | Sample Duplicate Result [B] | RPD | Control Limits %RPD | Flag |
| Analyte | | | | | |
| Chloride | 2090 | 2110 | 1 | 20 | |

Lab Batch #: 699786
Date Analyzed: 07/05/2007
QC- Sample ID: 285357-001 D
Reporting Units: %

Date Prepared: 07/05/2007
Batch #: 1

Analyst: WRU
Matrix: Soil

| SAMPLE / SAMPLE DUPLICATE RECOVERY | | | | | |
|------------------------------------|--------------------------|-----------------------------|-----|---------------------|------|
| Percent Moisture | Parent Sample Result [A] | Sample Duplicate Result [B] | RPD | Control Limits %RPD | Flag |
| Analyte | | | | | |
| Percent Moisture | 8.00 | 8.05 | 1 | 20 | |

Spike Relative Difference RPD 200 * | (B-A)/(B+A) |
 All Results are based on MDL and validated for QC purposes.

Environmental Lab of Texas
Variance/ Corrective Action Report- Sample Log-In

Client: Yates
 Date/ Time: 7/3/07 10:15
 Lab ID #: 2885-268
 Lab: GL

Sample Receipt Checklist

| | | | Client Initials |
|-----|---|---------------|--------------------------|
| #1 | Temperature of container/ cooler? | <u>Yes</u> No | <u>TS</u> °C |
| #2 | Shipping container in good condition? | <u>Yes</u> No | |
| #3 | Custody Seals intact on shipping container/ cooler? | <u>Yes</u> No | Not Present |
| #4 | Custody Seals intact on sample bottles/ container? | <u>Yes</u> No | Not Present |
| #5 | Chain of Custody present? | <u>Yes</u> No | |
| #6 | Sample instructions complete of Chain of Custody? | <u>Yes</u> No | |
| #7 | Chain of Custody signed when relinquished/ received? | <u>Yes</u> No | |
| #8 | Chain of Custody agrees with sample label(s)? | <u>Yes</u> No | ID written on Cart / Lid |
| #9 | Container label(s) legible and intact? | <u>Yes</u> No | Not Applicable |
| #10 | Sample matrix properties agree with Chain of Custody? | <u>Yes</u> No | |
| #11 | Containers supplied by ELOT? | <u>Yes</u> No | |
| #12 | Samples in proper container/ bottle? | <u>Yes</u> No | See Below |
| #13 | Samples properly preserved? | <u>Yes</u> No | See Below |
| #14 | Sample bottles intact? | <u>Yes</u> No | |
| #15 | Preservations documented on Chain of Custody? | <u>Yes</u> No | |
| #16 | Containers documented on Chain of Custody? | <u>Yes</u> No | |
| #17 | Sufficient sample amount for indicated test(s)? | <u>Yes</u> No | See Below |
| #18 | All samples received within sufficient hold time? | <u>Yes</u> No | See Below |
| #19 | Subcontract of sample(s)? | <u>Yes</u> No | Not Applicable |
| #20 | VOC samples have zero headspace? | <u>Yes</u> No | Not Applicable |

Variance Documentation

Contact _____ Contacted by _____ Date/ Time _____

Regarding _____

Corrective Action Taken _____

- Check all that Apply
- See attached e-mail/ fax
 - Client understands and would like to proceed with analysis
 - Cooling process had begun shortly after sampling event

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 October 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 PETROLEUM CORPORATION | OGRID Number 25575 | Contact SHERRY BONHAM |
| Address 105 S 4 TH STREET | Facility Name SANMAL QUEEN UNIT #8 | Telephone No 505 748.1471 |
| API Number 30-025-29818 | Facility Type WELL | |
| Surface Owner STATE | Mineral Owner STATE | Lease No. LG-3345 |

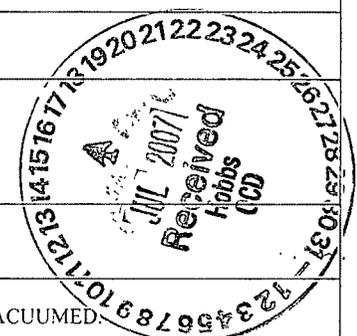
LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| O | 1 | 17S | 33E | 990 | SOUTH | 2310 | EAST | LEA |

Latitude 32 85920 Longitude 103.61507

NATURE OF RELEASE

| | | |
|---|---|--|
| Type of Release PRODUCED WATER | Volume of Release 5 B/PW | Volume Recovered 4 B/PW |
| Source of Release VALVE BOX | Date and Hour of Occurrence 3/5/07 PM | Date and Hour of Discovery 3/5/07 2:00 PM |
| Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required | If YES, To Whom? N/A | |
| By Whom? N/A | Date and Hour N/A | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse N/A | |
| If a Watercourse was Impacted, Describe Fully.* N/A | | |
| Describe Cause of Problem and Remedial Action Taken.* VALVE LEAKING WITHIN VALVE BOX. VALVE BOX OVERFLOWED. VALVE TO BE REPAIRED. | | |
| Describe Area Affected and Cleanup Action Taken.* AN APPROXIMATE 10' X 20' AREA IMPACTED. STANDING FLUIDS AND FLUIDS FROM VALVE BOX WERE VACUUMED. EXCAVATED AND HAULED IMPACTED MATERIALS TO DISPOSAL FACILITY. ANALYTICALS WITHIN RRALS (SEE SUPPORTING DOCUMENTATION). REQUESTING CLOSURE TO INCIDENT. FINAL REPORT. | | |
| SITE RANKING <u>0</u> | | |



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: <i>[Signature]</i> | OIL CONSERVATION DIVISION | |
| Printed Name: Sherry Bonham | Approved by District Supervisor: <i>Chris Williams</i> | |
| Title: Environmental Regulatory Agent | Approval Date: <u>7/16/07</u> | Expiration Date: <u>7/16/07</u> |
| E-mail Address: sherryb@ypcnm.com | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: July 13, 2007 | Phone: 505.748.1471 | |

* Attach Additional Sheets If Necessary

RP# 1234