

New Mexico Energy, Minerals and Natural Resources Department

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Oil Conservation Division



April 1, 2008

Yates Petroleum Corporation
Attn: Robert Asher
105 S 4th Street
Artesia, NM 88210

Reference: Saguaro Water Transfer F-23-20S-24E Eddy County, New Mexico
2RP-148

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a work plan proposal (plan) for remediation of a release of produced fluids occurring at the above referenced facility on March 3, 2008. The work plan indicates the impacted area is located on the south side of the battery inside the berm.

The plan is accepted with the following stipulations:

- Contaminated soils shall be remediated so that residual contaminant concentrations are below the recommended soil remediation action levels. Confirmation soil samples reflecting TPH, BTEX, and chloride constituents will be required.
- Notify the OCD 48 hours prior to obtaining samples where analyses are to be submitted to the OCD.
- Remediation requirements may be subject to change as site conditions warrant.
- Results of analytical data obtained through sampling shall be forwarded to OCD for approval **prior** to any backfilling activities.
- Upon completion of remedial activities, a final report summarizing all actions taken (including the watering, tilling, monitoring activities proposed in the work plan) to mitigate environmental damage related to the release is to be provided to OCD.
- A final Report C-141 is to be submitted to the OCD upon satisfactory completion of remediation project.
- Remediation to be completed on or before October 1, 2008.

Please be advised that NMOCD acceptance of this plan 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 this plan does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

Respectfully,

A handwritten signature in black ink, appearing to read "SB", is written over a horizontal line.

Sherry Bonham
NMOCD District 2
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Artesia, NM 88210
575.748.1283 ext. 109
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MARTIN YATES, III
1912-1985

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March 19, 2008

MAR 19 2008
OCD-ARTESIA

Mr. Mike Bratcher
NMOCD District II
1301 West Grand
Artesia, NM 88210

Re: Saguaro Water Transfer
30-015-20396
Section 23, T20S-R24E
Eddy County, New Mexico

Dear Mr. Bratcher:

Yates Petroleum Corporation would like to submit for your consideration the enclosed work plan for the above captioned well. The plan is being submitted in response to the C-141 dated March 3, 2008. Scope of work described in the plan will be conducted as soon as the work plan is approved. Yates would like to request approval of the October 17, 2007 work plan submitted for the above location so work can be conducted at the same time.

If you have any questions call me at (505) 748-4217

Thank you.

YATES PETROLEUM CORPROATION

Robert Asher
Environmental Regulatory Agent

Enclosure(s)

Yates Petroleum Corporation

Saguaro Water Transfer Work Plan

Section 23, T20S-R24E

Eddy County, New Mexico

March 19, 2008

JRP-148

I. Location

The well is located approximately 27 miles south-southwest of Artesia, NM, approximately 6/10 of a mile west of Sawbuck Road, as represented by the attached Foster Ranch, NM, USGS Quadrangle Map.

II. Background

On March 3, 2008, Yates submitted to the NMOCD District II office a Form C-141 for a release of 125 barrels of produced water from a water tank (winter storm caused a power failure at the location, which allowed water to over run the tank). The affected area is approximately 75 feet by 15 feet, all inside the bermed area (south side of the battery). Approximately 120 barrels were recovered; power was restored to the location.

III. Surface and Ground Water

Area surface geology is Paleozoic. The nearest groundwater of record is listed on the ChevronTexaco, Eddy County Depth to Groundwater Water Well Facilities Trend Map dated 2/9/2005 shows the depth to groundwater is approximately 250 feet (Unit Letter F, Section 23, T20S-R24E) making the site ranking for this site a zero (0). Any watercourses in the area are dry except for infrequent flows in response to major precipitation events.

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 soils that are clay and rock, interspersed with caliche 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 will sample to determine vertical and horizontal delineation, these samples will be sent to a certified lab and analyzed for BTEX and TPH, chlorides will be tested for reference. Based on the Total Ranking Score of zero (0), RRAL's for BTEX is 50 ppm and TPH is 5000 ppm. If results are above OCD guidelines, then further remediation will be implemented to attain the acceptable limits. Remediation will consist of having a contractor remove contaminated soils and place on plastic. Nitrogen fertilizer and water will be applied to soils and rototill every thirty (30) days for three (3) months. Yates will sample within ninety (90) days of application, these samples will be sent to a certified lab and analyzed for BTEX and TPH. If lab analysis reflects closure levels then Yates will submit a C-141, Final Report to the Oil Conservation Division. Upon final OCD approval, remediated and clean soils will be used to backfill excavation area(s).

Mimosa #4 SWD to Mimosa #1 SWD

Draw

Donahue Federal SWD #1

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Judith AIJ Federal #1

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Sagauro Water Transfer

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State D SWD #1

21 Foster Ranch

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Prong

Swampy
Flats

Conoco AGK Feder