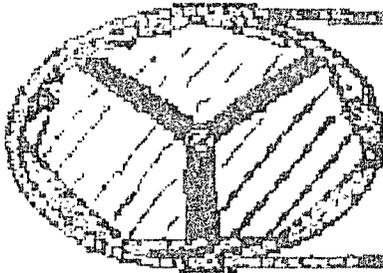


MAY 28 2008
OCD-ARTESIA



**Yates Petroleum Corporation
SRC "KZ" State Battery
Remediation Workplan
Sec. 1-19s-24e
Eddy County, N.M.**

May 14, 2008

2RP-159

5/14/2008

Spill Summary and Work Plan

Incident Date: 4/4/2008

Location: SRC "KZ" State Battery
Unit G Section 1 T19S R24E
Eddy County, New Mexico

The well is located 18 miles south west of Artesia, as depicted on the attached Dayton USGS Quadrangle Map. This site lies on the edge of a westward sloping plain cut by dry drainage channels.

Watercourses in the area are dry except for infrequent flows in response to major precipitation events. Area surface geology includes Quaternary Pleistocene conglomerate. The area, dry at the time of the spill, consists of soil that is fine grained, 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 >100 feet.

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'

Incident Description:

Full tank of Oil was turned in to be sold. The stock tank lost bottom sometimes during the night. Impacted area was the area surrounding the stock tank and the lease road located in front of the tank battery. A vacuum truck was called to the facility. 100 bbls of oil pooling in the lease road were recovered.

Action Taken:

The leaking stock tank was taken out of service. A new tank battery was reconstructed to the west of the old tank battery site. New stock tanks were brought to the location and set in a lined berm area. The impacted area was the lease road and the area around the stock tank. The impacted area on the lease road was 25' wide x 180' long. The impacted area behind the stock tanks was est. to be 10' x 30'. Equipment was immediately brought to the site. The front section of the lease road was excavated to a depth of 18" BGS. Verbal permission was obtained from NMOCD/Mike Bratcher to excavate the visibly impacted soil from the lease road, take a soil sample from the excavated area for lab analysis, then backfill the excavated lease road back to grade to allow access to the location. The analytical results labeled LR1 from the soil samples taken on 4/4/08 were for the initial excavated lease road area. Excavation was then continued in the impacted area of the tank battery and on the lease road in front of the tank battery leading

out to the main entry road. 4/11/2008 soil samples were taken for analytical from the excavated areas in the tank battery and the lease road. See analytical results for soil samples taken on 4/11/2008. Area Labeled BA1 was over the RRAL for the site. Area labeled BA2 was reported by analytical results to be under the RRAL for the site. The lease road was then excavated to depth of 2'-5' BGS. Soil samples were taken from the excavated area of the lease road on 4/24/2008. The analytical results for the soil samples taken on 4/24/2008 reported the areas labeled LR2 and LR3 to be under the RRAL for the site. The lease road was then backfilled with clean caliches back to grade. The tank battery was then moved to the west and constructed over the lease road. The new tank battery site was constructed with berms and lined with a 20 mil. Liner. New Stock tanks have been set into the new tank battery site. All excavated soil was hauled to Lea Land Inc. for disposal.

Closure Plan:

The impacted soil above the RRAL for the site in the area labeled BA1 will be excavated and hauled, when the stock tank is removed from the former tank battery area. The excavated soils will be hauled to Lea Land Inc. Soil samples will be from the excavated area of the battery for analytical.

The soil samples will be submitted to a second party lab. Analysis will be ran for TPH using EPA Method 8015M, B-TEX using EPA Method 8021. When final analytical results report the TPH & B-TEX to be under the RRAL for the site. The excavated area will be backfilled back to grade with clean top soil and like material. A final C-141 form with attached analytical results will then be submitted to NMOCD requesting closure for the release that occurred on 4/4/2008.

If you have questions or need additional information, please contact me at 505-748-4500.
Or E-mail me at mikes@ypcnm.com.

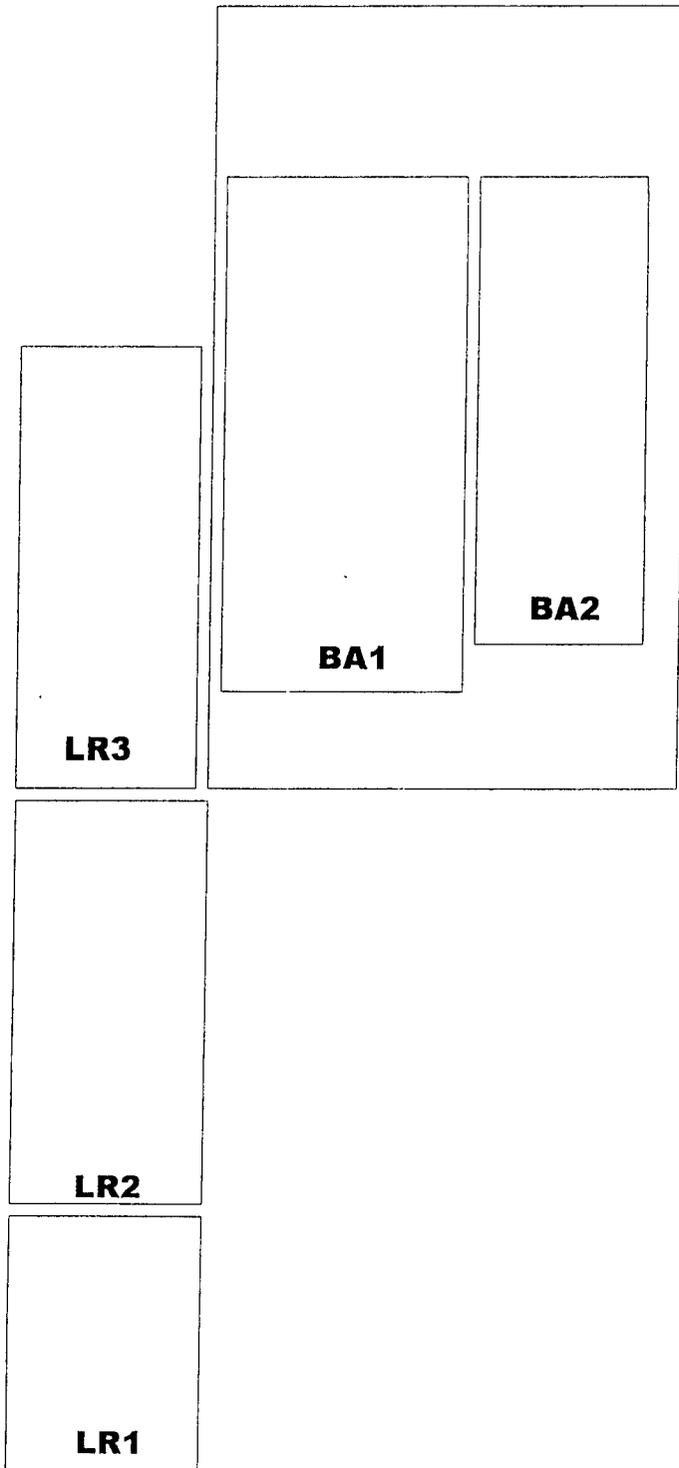
Sincerely,



Mike Stubblefield
Yates Petroleum Corporation
Environmental Regulatory Agent

SRC "KZ" Battery

N



E

S



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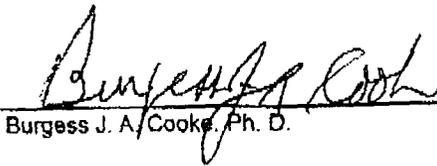
ANALYTICAL RESULTS FOR
 YATES PETROLEUM CORP
 ATTN: MIKE STUBBLEFIELD
 105 SOUTH 4th STREET
 ARTESIA, NM 88210
 FAX TO: (575) 748-4635

Receiving Date: 04/14/08
 Reporting Date: 04/15/08
 Project Number: NOT GIVEN
 Project Name: SRC K2 STATE BATTERY
 Project Location: SEC. 1-19S-24E

Sampling Date: 04/04/08
 Sample Type: SOIL
 Sample Condition: INTACT
 Sample Received By: ML
 Analyzed By: BC

LAB NO.	SAMPLE ID	GRO (C ₈ -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:		04/14/08	04/14/08	04/14/08	04/14/08	04/14/08	04/14/08
H14633-1	LR #1 IMPACTED AREA ON LEASE ROAD 18" DEPTH	<10.0	168	<0.002	0.007	0.006	0.012
Quality Control		1090	1050	0.117	0.115	0.104	0.299
True Value QC		1000	1000	0.100	0.100	0.100	0.300
% Recovery		109	105	117	115	104	99.7
Relative Percent Difference		0.9	4.4	1.4	5.2	6.6	2.1

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


 Burgess J. A. Cooke, Ph. D.

4/15/08
 Date

H14633 YATES

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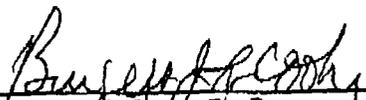
ANALYTICAL RESULTS FOR
 YATES PETROLEUM CORP.
 ATTN: MIKE STUBBLEFIELD
 105 SOUTH 4th STREET
 ARTESIA, NM 88210
 FAX TO: (575) 748-4635

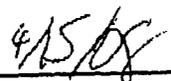
Receiving Date: 04/14/08
 Reporting Date: 04/15/08
 Project Number: NOT GIVEN
 Project Name: SRC STATE "K2" BATTERY
 Project Location: SEC. 1-19S-24E

Sampling Date: 04/11/08
 Sample Type: SOIL
 Sample Condition: INTACT
 Sample Received By: ML
 Analyzed By: BC

LAB NO.	SAMPLE ID	GRO (C ₈ -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:	04/14/08	04/14/08	04/14/08	04/14/08	04/14/08	04/14/08
H14636-1	LR2 EXCAVATED AREA ON LEASE ROAD 1' DEPTH	884	11,200	0.071	6.52	12.8	24.1
H14636-2	LR3 EXCAVATED AREA ON LEASE ROAD 4' DEPTH	1,120	8,560	0.225	14.7	24.4	45.6
H14636-3	BA1 EXCAVATED AREA IN BATTERY 4' DEPTH	4,310	20,900	10.6	113	103	193
H14636-4	BA2 EXCAVATED AREA IN BATTERY 1' DEPTH	292	2,300	0.075	1.06	4.60	11.1
	Quality Control	1090	1050	0.117	0.115	0.104	0.299
	True Value QC	1000	1000	0.100	0.100	0.100	0.300
	% Recovery	109	105	117	115	104	99.7
	Relative Percent Difference	0.9	4.4	1.4	5.2	6.6	2.1

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


 Burgess J.A. Cooke, Ph. D.


 Date

H14636 YATES

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CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page of

Company Name: <u>Vales Petroleum Corporation</u>	Project Manager: <u>Mike Stubblefield</u>	Address: <u>105 South 4th Street</u>	City: <u>Artesia</u>	State: <u>N.M.</u>	Zip: <u>88210</u>	Phone #: <u>505-748-4335</u>	Fax #: <u>505-748-4735</u>	Project Name: <u>SRC State "K2" Battery</u>	Project Location: <u>sec. 1-19s-24e</u>	Sampler Name: <u>Mike Stubblefield</u>
ANALYSIS REQUEST						P.O. #:				
BILL TO:						Company: <u>Vales Pet Co</u>				
Company: <u>Vales Pet Co</u>						Attn: <u>Mike Stubblefield</u>				
Address: <u>105 South 4th Street</u>						City: <u>Artesia</u>				
State: <u>N.M.</u>						Zip: <u>88210</u>				
Phone #: <u>505-748-4500</u>						Fax #: <u>505-748-4635</u>				

Lab I.D.	Sample I.D.	# GRAB OR (COMP. CONTAINERS)	MATRIX								DATE	TIME	TPH	ROIS	A-TEX
			GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE	ICE / COOL					
H1410310-1	LB2 Excavated area on lease road 1' depth	C			✓					✓	4/11/08	10:00 AM	✓	✓	
-2	LB3 Excavated area on lease road 4' depth	C			✓					✓	4/11/08	10:15 AM	✓	✓	
-3	BA1 Excavated area in Battery 4' depth.	C			✓					✓	4/11/08	10:30 AM	✓	✓	
-4	BA2 Excavated area in Battery 1' depth.	C			✓					✓	4/11/08	11:00 AM	✓	✓	

NOTE: Quality and Quantity Control's ability and card's chain custody is only as good as the data provided in contract of lab. shall be held to the amount paid by the client. No other. All data including those for analysis and any other data submitted by the client shall be held to the amount paid by the client. No other. All data including those for analysis and any other data submitted by the client shall be held to the amount paid by the client. No other. All data including those for analysis and any other data submitted by the client shall be held to the amount paid by the client. No other.

Turn and Condition: Results will be changed on all requests more than 30 days past due at the rate of 24% per annum from the original date of invoice, and a cost of collection, including attorney's fees.

Supplier Requisitioned: <u>Mike Stubblefield</u> Requisitioned By: <u>Mike Stubblefield</u> Collected By: (Circle One) <u>Mike Stubblefield</u> Inhibitor - <u>DPS</u> - <u>Bas</u> - Other:	Date: <u>4/11/2008</u> Time: <u>11:30 AM</u> Date: <u>4/11/2008</u> Time: <u>11:30 AM</u>	Received By: Received By: (Lab Staff) <u>4/14/08</u> <u>Marty LeBut</u> <u>10:45a</u> Sample Condition Temp: <u> </u> °C Intact? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Checked by: <u>(initials)</u> <u>MCLB</u>	Phone Result: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Fax Result: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No REMARKS:
--	--	---	--

† Cardinal cannot accept verbal changes, please fax written changes to (325) 673-7020.



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ANALYTICAL RESULTS FOR
 YATES PETROLEUM CORPORATION
 ATTN: MIKE STUBBLEFIELD
 105 SOUTH 4TH STREET
 ARTESIA, NM 88210
 FAX TO: (575) 748-4835

Receiving Date: 04/28/08
 Reporting Date: 05/02/08
 Project Number: NOT GIVEN
 Project Name: SRC STATE "K2" BATTERY
 Project Location: SEC. 1-19S-24E

Sampling Date: 04/24/08
 Sample Type: SOIL
 Sample Condition: INTACT
 Sample Received By: ML
 Analyzed By: CK/BC

LAB NO.	SAMPLE ID	GRO (C ₈ -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:		04/28/08	04/28/08	04/29/08	04/29/08	04/29/08	04/29/08
H14720-1	LR2 EXCAVATED AREA ON LEASE ROAD 2' DEPTH BOTTOM	<10.0	1,780	<0.002	<0.002	0.003	0.012
H14720-2	LR2 EXCAVATED AREA ON LEASE ROAD EAST SIDE BANK	<10.0	1,770	<0.002	0.010	0.016	0.034
H14720-3	LR2 EXCAVATED AREA ON LEASE ROAD WEST SIDE BANK	<10.0	151	0.004	0.031	0.042	0.074
H14720-4	LR2 EXCAVATED AREA ON LEASE ROAD SOUTH SIDE BANK	22.7	163	0.155	0.903*	0.336	0.392
H14720-5	LR3 EXCAVATED AREA ON LEASE ROAD 5' DEPTH BOTTOM	<10.0	82.3	0.004	0.029	0.012	0.018
H14720-6	LR3 EXCAVATED AREA ON LEASE ROAD EAST SIDE BANK	<10.0	2,120	<0.002	0.008	0.012	0.029
H14720-7	LR3 EXCAVATED AREA ON LEASE ROAD WEST SIDE BANK	44.0	2,790	<0.010	0.023	0.130	0.312
H14720-8	LR3 EXCAVATED AREA ON LEASE ROAD NORTH SIDE BANK	<10.0	1,130	<0.002	0.015	0.022	0.045
Quality Control		441	541	0.100	0.110	0.103	0.299
True Value QC		500	500	0.100	0.100	0.100	0.300
% Recovery		88.2	108	100	110	103	89.7
Relative Percent Difference		18.3	2.3	5.3	5.0	3.2	1.7

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B.

*Note: Value above linear calibration range. Value should be considered an approximation

Clayd Keene
 Chemist

05/02/08
 Date

H14720BT2 YATES

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CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page 1 of 2

Company Name: <u>Vulco Petroleum Corporation</u>	PROJECT TO:	ANALYSIS REQUEST
Project Manager: <u>Mike Stubblefield</u>	P.O. #:	
Address: <u>105 South 4th Street</u>	Company: <u>Vulco Petrol Corp</u>	
City: <u>Artesia</u> State: <u>N.M.</u> Zip: <u>88210</u>	Attn: <u>Mike Stubblefield</u>	
Phone #: <u>505-513-1012</u> Fax #: <u>505-748-4335</u>	Address: <u>105 South 4th Street</u>	
Project Owner: <u>Mike Stubblefield</u>	City: <u>Artesia</u>	
Project Name: <u>SRC State "K2" Battery</u>	State: <u>N.M.</u> Zip: <u>88210</u>	
Project Location: <u>Sec. 1-19s-24e</u>	Phone #: <u>505-748-4500</u>	
Sampler Name: <u>Mike Stubblefield</u>	Fax #: <u>505-748-4635</u>	

Lab I.D.	Sample I.D.	G/RAB OR (O)GRP. # CONTAINERS	MATRIX						PRESERV.		SAMPLING		TPH	G-TEX
			GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE	ICE / COOL	OTHER:	DATE		
H14720-1	L.R. 2 Excavated Area on lease road 2' depth bottom.	C		✓					✓		4/24/08	9:00 AM	✓	✓
-2	L.R. 2 Excavated Area on lease road east side bank.	C		✓					✓		4/24/08	9:25 AM	✓	✓
-3	L.R. 2 Excavated Area on lease road West side bank	C		✓					✓		4/24/08	9:30 AM	✓	✓
-4	L.R. 2 Excavated Area on lease road South side bank.	C		✓					✓		4/24/08	10:00 AM	✓	✓
-5	L.R. 3 Excavated Area on lease road 5' depth bottom	C		✓					✓		4/24/08	10:15 AM	✓	✓

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Lead and Cadmium levels will be reported as 16 hours after the 30 day part due (the rate of 21% per month from the original date of sample, not a copy of certificate, including client's fee).

Sampler Relinquished By: <u>Mike Stubblefield</u>	Date: <u>4/25/08</u> Time: <u>2:30 PM</u>	Received By:	Phone Results: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Relinquished By: <u>Mike Stubblefield</u>	Date: <u>4/25/08</u> Time: <u>2:30 PM</u>	Received By: (Lab Staff) <u>4/20/08</u> <u>3:25P</u>	File Return: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Delivered By: (Circle One) <input checked="" type="checkbox"/> UPS <input type="checkbox"/> Bus <input type="checkbox"/> Other:	Temp. °C: <input type="checkbox"/> Yes <input type="checkbox"/> No	Intact? <input type="checkbox"/> Yes <input type="checkbox"/> No	Checked By: (Initials) <u>MCAB</u>

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CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page 2 of 2

Company Name: <u>Vales Petroleum Corporation</u>	BILL TO	ANALYSIS REQUEST
Project Manager: <u>Mike Stubblefield</u>	P.O. #:	
Address: <u>105 South 4th Street</u>	Company: <u>Vales Pet Co.</u>	
City: <u>Artesia</u> State: <u>N.M.</u> Zip: <u>88210</u>	Attn: <u>Mike Stubblefield</u>	
Phone #: <u>505-513-1212</u> Fax #: <u>505-948-4335</u>	Address: <u>105 South 4th Street</u>	
Project Owner: <u>Mike Stubblefield</u>	City: <u>Artesia</u>	
Client Name: <u>SRC State "K2" Battery</u>	State: <u>N.M.</u> Zip: <u>88210</u>	
Project Location: <u>Sec. 1-14c. 24c</u>	Phone #: <u>505-948-4500</u>	
Sampler Name: <u>Mike Stubblefield</u>	Fax #: <u>505-948-4635</u>	

Lab I.D.	Sample I.D.	GIRAB OR (COMP. # CONTAINERS	MATRIX						PRESERV.		SAMPLING		TPH	D-TEL
			GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE	ICE / COOL	OTHER:	DATE		
<u>AM720-6</u>	<u>L.R.3 Excavated area on lease road east side bank.</u>	<u>C</u>			<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		<u>4/24/08</u>	<u>10:30 AM</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<u>-7</u>	<u>L.R.3 Excavated area on lease road West side bank.</u>	<u>C</u>			<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		<u>4/24/08</u>	<u>11:00 AM</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<u>-8</u>	<u>L.R.3 Excavated area on lease road North side bank.</u>	<u>C</u>			<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		<u>4/24/08</u>	<u>11:30 AM</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

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Sampler Requisitioned By: <u>Mike Stubblefield</u>	Date: <u>4/25/08</u> Time: <u>3:30 PM</u>	Received By:	Phone Result: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Delivered By: (Circle One) <u>Mike Stubblefield</u>	Date: <u>4/28/08</u> Time: <u>3:30 PM</u>	Received By: (Lab Staff) <u>Mike Stubblefield</u>	Fax Result: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Sampler: UPS - <u>(Bus)</u> Other:	Sample Condition Temp: °C	Intact? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Checked By: (Initials) <u>MSB</u>

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New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 11, 2008

Yates Petroleum Corporation
Attn: Mr. Mike Stubblefield
105 S 4th Street
Artesia, NM 88210

Reference: SRC 'KZ' State Battery G-1-19S-24E Eddy County, New Mexico
2RP-159

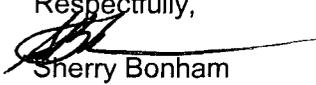
Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a remediation work plan (plan) regarding above referenced facility. The plan is approved with the following stipulations:

- Notify the OCD 48 hours prior to obtaining samples where analyses are to be submitted to the OCD.
- Results of analytical data obtained through sampling shall be forwarded to OCD for approval **prior** to any backfilling activities
- A final Report C-141 is to be submitted to the OCD upon satisfactory completion of remediation project.
- Remediation requirements may be subject to change as site conditions warrant.
- Remediation activities to be completed on or before **August 11, 2008**.

Please be advised that NMOCD acceptance of a C-141 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 plan does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

Respectfully,


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