

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
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FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT
JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

OCT 03 2007
OCD-ARTESIA

October 3, 2007

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

RE: Jacque AQJ State #1
30-015-30080
Section 34, T21S-R31E
Eddy County, New Mexico

Dear Mr. Bratcher,

Enclosed please find a Form C-141, Final Report for the above captioned site regarding the release of March 7, 2007. Some of the contaminated soils were excavated and removed to an OCD approved land facility; the remaining soils were spread out within the bermed battery and treated in place by NeoKos (per our May 7, 2007 work plan). Treatment of the in place materials was conducted from April 26, 2007 until August 6, 2007. Samples were taken during that time period and sent to an approved laboratory (results are listed on enclosed sample diagram). A sampling event was requested and samples were taken on September 18, 2007. Samples were sent to an OCD approved laboratory for analysis. Based on the analytical reports no further remediation will be conducted at this site. Yates Petroleum Corporation requests closure of the site.

Thank you.

YATES PETROLEUM CORPORATION

Robert Asher
Environmental Regulatory Agent

Enclosure(s)
/rca

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

OCT 03 2007
OCD-ARTESIA

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

NMUB0713437653

OPERATOR

Initial Report Final Report

Name of Company Yates Petroleum Corporation	OGRID Number 25575	Contact Robert Asher
Address 105 South 4th Street, Artesia, NM 88210	Telephone No. 505-748-1471	
Facility Name Jacque AQJ State #1	API Number 30-015-30080	Facility Type Battery

Surface Owner State	Mineral Owner State	Lease No. V-4100
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LOCATION OF RELEASE

Unit Letter M	Section 34	Township 21S	Range 31E	Feet from the 330	North/South Line South	Feet from the 330	East/West Line West	County Eddy
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Latitude 32.42844 Longitude 103.77275

NATURE OF RELEASE

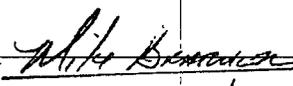
Type of Release Crude Oil	Volume of Release 95 B/O	Volume Recovered 90 B/O
Source of Release Production Tank	Date and Hour of Occurrence 4/7/2007 AM	Date and Hour of Discovery 4/7/2007 AM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher/OCD	
By Whom? Jerry Fanning/Yates Petroleum Corporation	Date and Hour 4/7/2007; 10:55 AM	
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 on full tank of produced oil left open, EQ and circulating lines closed, valve for empty production tank not opened, all production went into full tank causing it to overflow. Switched tanks, called for vacuum truck and excavation crew.

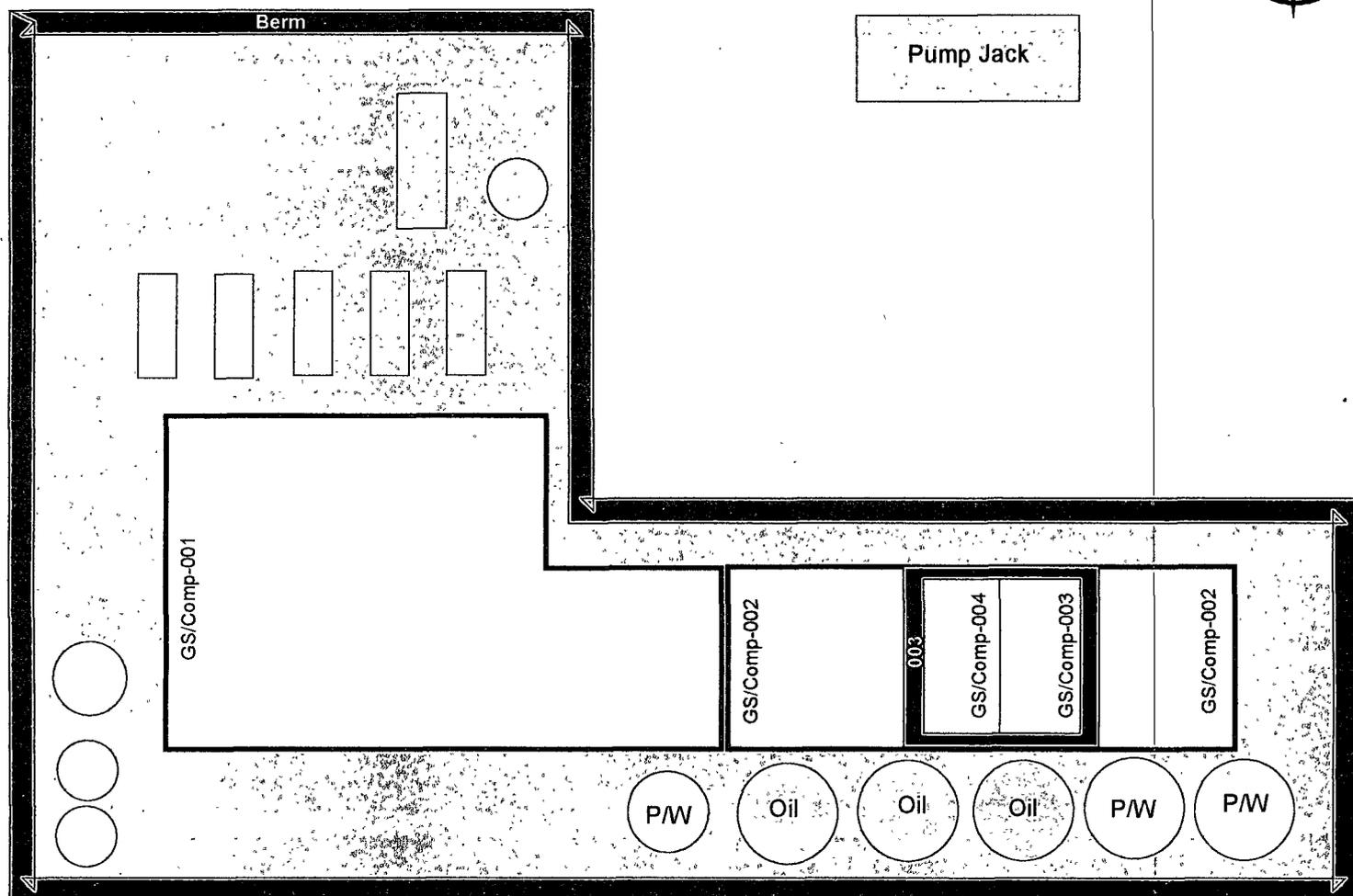
Describe Area Affected and Cleanup Action Taken.*
Area approximately 142' X 12' most contained inside berm (small amount outside of west side of berm, sampled and within OCD Guidelines), vacuum truck picked up free fluid, and a steamer truck cleaned tanks. Contaminated soils were excavated and hauled to an OCD approved land disposal facility, vertical and horizontal delineation was made and corrective action taken (in place remediation completed, final samples taken). **Depth to Ground Water: >100', Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 0. With enclosed information, Yates Petroleum Corporation requests closure.**

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: 	TIM GUM by MB OIL CONSERVATION DIVISION	
Printed Name: Robert Asher	Approved by District Supervisor:	
Title: Environmental Regulatory Agent	Approval Date: MAY 29 2008	Signed By:  Expiration Date: <i>N/A</i>
E-mail Address: boba@ypcnm.com	Conditions of Approval: <i>N/A</i>	Attached <input type="checkbox"/>
Date: Wednesday, October 03, 2007	Phone: 505-748-4217	

* Attach Additional Sheets If Necessary

2 RP-60



Sample ID	Sample Date	Sample Type	Depth	BTEX	TPH (GRO)	TPH (DRO)	TPH (TOTAL)
GS/Comp-001	4/26/2007	Grab	6" - 12"	1.17	186	5980	6170
Sec. I	5/30/2007	Grab	6" - 12"				4730
OO1	6/18/2007	Grab	6" - 12"	ND	ND	5060	5060
GS/Comp-001	8/6/2007	Grab	4"-6"	ND	14.2	1460	1474.2
GS/Comp-001	9/18/2007	Grab	4"	ND	ND	2820	2820.0
GS/Comp-002	4/26/2007	Grab	6" - 12"	34.84	1820	13300	15100
Sec. II	5/30/2007	Grab	6" - 12"				12000
OO2	6/18/2007	Grab	6" - 12"	0.353	ND	10600	10600
GS/Comp-002	8/6/2007	Grab	4"-6"	ND	16.7	3390	3406.7
GS/Comp-002	9/18/2007	Grab	4"	ND	64.3	3410	3474.30
OO3	6/18/2007	Grab	6" - 12"	0.029	ND	11100	11100
GS/Comp-003	8/6/2007	Grab	4"-6"	ND	35.9	3900	3935.9
GS/Comp-003	9/18/2007	Grab	4"	ND	ND	3520	3520
GS/Comp-004	8/6/2007	Grab	4"-6"	ND	84.9	4430	4514.9
GS/Comp-004	9/18/2007	Grab	4"	ND	ND	2200	2200

Site Ranking is Zero (0). Depth to Ground Water >100' (approx. 125'). All results are ppm.
 Sample OO3 (6/18/2007), red outline on diagram was an area divided into two separate plots and treated individually.



Jacque AQJ State #1
 Section 34, T21S-R31E
 Eddy County, NM

EXHIBIT
 Sample Diagram (Not to Scale)
 Prepared by Robert Asher
 Environmental Regulatory Agent
 October 3, 2007

Analytical Report 289860

for

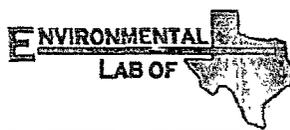
Yates Petroleum Corporation

Project Manager: Robert Asher

Jacque AQJ State # 1

30-015-30080

28-SEP-07



12600 West I-20 East Odessa, Texas 79765

A Xenco Laboratories Company

Texas certification numbers:
Houston, TX T104704215

Florida certification numbers:
Houston, TX E871002 - Miami, FL E86678 - Tampa, FL E86675

Houston - Dallas - San Antonio - Austin - Tampa - Miami - Latin America
Midland - Corpus Christi - Atlanta



Sample Pictures. WO# 289860

Yates Petroleum Corporation, Artesia, NM

Jacque AQJ State # 1



28-SEP-07

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

Reference: XENCO Report No: **289860**
Jacque AQJ State # 1
Project Address: Eddy County

Robert Asher:

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 289860. 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. 289860 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.

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Sample Cross Reference 289860

Yates Petroleum Corporation, Artesia, NM
Jacque AQJ State # 1

Sample Id	Matrix	Date Collected	Sample Depth	Lab Sample Id
GS/Comp-001	S	Sep-18-07 10:31	4 - 4 In	289860-001
GS/Comp-002	S	Sep-18-07 10:43	4 - 4 In	289860-002
GS/Comp-003	S	Sep-18-07 10:52	4 - 4 In	289860-003
GS/Comp-004	S	Sep-18-07 11:01	4 - 4 In	289860-004



Certificate of Analysis Summary 289860

Yates Petroleum Corporation, Artesia, NM

Project Name: Jacque AQJ State # 1

Project Id: 30-015-30080

Contact: Robert Asher

Project Location: Eddy County

Date Received in Lab: Wed Sep-19-07 10:30 am

Report Date: 28-SEP-07

Project Manager: Brent Barron, II

Analysis Requested	Lab Id:	289860-001	289860-002	289860-003	289860-004		
	Field Id:	GS/Comp-001	GS/Comp-002	GS/Comp-003	GS/Comp-004		
	Depth:	4-4 In	4-4 In	4-4 In	4-4 In		
	Matrix:	SOIL	SOIL	SOIL	SOIL		
	Sampled:	Sep-18-07 10:31	Sep-18-07 10:43	Sep-18-07 10:52	Sep-18-07 11:01		
BTEX by EPA 8021B	Extracted:	Sep-27-07 16:00	Sep-25-07 14:40	Sep-27-07 16:00	Sep-27-07 16:00		
	Analyzed:	Sep-27-07 18:52	Sep-25-07 17:46	Sep-27-07 19:09	Sep-27-07 19:26		
	Units/RL:	mg/kg RL	mg/kg RL	mg/kg RL	mg/kg RL		
Benzene		ND 0.0011	ND 0.0011	ND 0.0011	ND 0.0012		
Toluene		ND 0.0011	ND 0.0011	ND 0.0011	ND 0.0012		
Ethylbenzene		ND 0.0011	ND 0.0011	ND 0.0011	ND 0.0012		
m,p-Xylene		ND 0.0021	ND 0.0023	ND 0.0022	ND 0.0024		
o-Xylene		ND 0.0011	ND 0.0011	ND 0.0011	ND 0.0012		
Total Xylenes		ND	ND	ND	ND		
Total BTEX		ND	ND	ND	ND		
Percent Moisture	Extracted:	Sep-19-07 11:20	Sep-19-07 11:20	Sep-19-07 11:20	Sep-19-07 11:20		
	Analyzed:	Sep-19-07 11:20	Sep-19-07 11:20	Sep-19-07 11:20	Sep-19-07 11:20		
	Units/RL:	% RL	% RL	% RL	% RL		
Percent Moisture		5.43 1.00	13.0 1.00	9.43 1.00	16.8 1.00		
TPH by SW 8015B	Extracted:	Sep-21-07 10:30	Sep-21-07 10:30	Sep-21-07 10:30	Sep-21-07 10:30		
	Analyzed:	Sep-21-07 20:45	Sep-21-07 21:13	Sep-21-07 21:41	Sep-21-07 22:08		
	Units/RL:	mg/kg RL	mg/kg RL	mg/kg RL	mg/kg RL		
C6-C10 Gasoline Range Hydrocarbons		ND 52.9	64.3 57.4	ND 55.2	ND 60.1		
C10-C28 Diesel Range Hydrocarbons		2820 52.9	3410 57.4	3520 55.2	2200 60.1		
Total TPH		2820	3474.3	3520	2200		

This analytical 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 use 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


 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.
- * Outside XENCO'S scope of NELAC Accreditation

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 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

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

Client: Yates
 Date/ Time: 9-19-07 10:30
 Lab ID #: 289860
 Initials: AL

Sample Receipt Checklist

				Client initials
#1	Temperature of container/ cooler?	<input checked="" type="checkbox"/> Yes	No	1.0 °C
#2	Shipping container in good condition?	<input checked="" type="checkbox"/> Yes	No	
#3	Custody Seals intact on shipping container/ cooler?	<input checked="" type="checkbox"/> Yes	No	Not Present
#4	Custody Seals intact on sample bottles/ container?	<input checked="" type="checkbox"/> Yes	No	Not Present
#5	Chain of Custody present?	<input checked="" type="checkbox"/> Yes	No	
#6	Sample instructions complete of Chain of Custody?	<input checked="" type="checkbox"/> Yes	No	
#7	Chain of Custody signed when relinquished/ received?	<input checked="" type="checkbox"/> Yes	No	
#8	Chain of Custody agrees with sample label(s)?	<input checked="" type="checkbox"/> Yes	No	ID written on Cont./ Lid
#9	Container label(s) legible and intact?	<input checked="" type="checkbox"/> Yes	No	Not Applicable
#10	Sample matrix/ properties agree with Chain of Custody?	<input checked="" type="checkbox"/> Yes	No	
#11	Containers supplied by ELOT?	<input checked="" type="checkbox"/> Yes	No	
#12	Samples in proper container/ bottle?	<input checked="" type="checkbox"/> Yes	No	See Below
#13	Samples properly preserved?	<input checked="" type="checkbox"/> Yes	No	See Below
#14	Sample bottles intact?	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
#15	Preservations documented on Chain of Custody?	<input checked="" type="checkbox"/> Yes	No	
#16	Containers documented on Chain of Custody?	<input checked="" type="checkbox"/> Yes	No	
#17	Sufficient sample amount for indicated test(s)?	<input checked="" type="checkbox"/> Yes	No	See Below
#18	All samples received within sufficient hold time?	<input checked="" type="checkbox"/> Yes	No	See Below
#19	Subcontract of sample(s)?	<input checked="" type="checkbox"/> Yes	No	Not Applicable
#20	VOC samples have zero headspace?	<input checked="" type="checkbox"/> Yes	No	Not Applicable

Variance Documentation

Contact: _____ Contacted by: _____ Date/ Time: _____

Regarding: #14, sample GS/ce.np-002 broken

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

Bratcher, Mike, EMNRD

From: Bob Asher [boba@YPCNM.COM]

Sent: Monday, July 16, 2007 4:08 PM

To: Bratcher, Mike, EMNRD

Subject: Jacque AQJ State #1

Mike,

Just to update, we are still working on above location, should only be a few more weeks to finish.

Robert Asher
Yates Petroleum Corporation
505-748-4217 (Office)
505-748-4662 (Fax)
505-365-4021 (Cell)

This inbound email has been scanned by the MessageLabs Email Security System.

7/19/2007

Bratcher, Mike, EMNRD

From: Bob Asher [boba@YPCNM.COM]
Sent: Tuesday, July 31, 2007 8:12 AM
To: Bratcher, Mike, EMNRD
Subject: ~~Jacque-AQJ-State-#1~~

Mike,

The following is for your records. NeoKos made two (2) applications for remediation work at the above location this past week, July 26, 2007 and July 30, 2007. I will sample next week to see where TPH levels are at, if results are within OCD guidelines I will request a final sampling event.

Thank you and my apologies for not e-mailing you sooner.

Robert Asher
Yates Petroleum Corporation
505-748-4217 (Office)
505-748-4662 (Fax)
505-365-4021 (Cell)

This inbound email has been scanned by the MessageLabs Email Security System.

8/6/2007

Bratcher, Mike, EMNRD

From: Bratcher, Mike, EMNRD
Sent: Monday, September 17, 2007 9:09 AM
To: 'Bob Asher'
Subject: RE: Sampling Event

Bob,

This sampling event is scheduled as requested. In the event an OCD representative is unavailable to witness, please proceed with obtaining samples.

Thank you,

Mike Bratcher
NMOCD District 2

From: Bob Asher [mailto:boba@YPCNM.COM]
Sent: Monday, September 17, 2007 8:36 AM
To: Bratcher, Mike, EMNRD
Subject: Sampling Event

Mike,

I would like to request a sampling event at the following location for 10:00 AM on September 18, 2007.

Jacque.AQJ-State-#1
30-015-30080
Section 34, T21S-R31E
Eddy County, New Mexico

Thank you.

Robert Asher
Yates Petroleum Corporation
Artesia, New Mexico
505-748-4217 (Office)
505-748-4662 (Fax)
505-365-4021 (Cell)

This inbound email has been scanned by the MessageLabs Email Security System.

9/17/2007

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

30-015-30080

Release Notification and Corrective Action

nmlb0713437653

OPERATOR

Initial Report Final Report

Name of Company Yates Petroleum Corporation	OGRID Number 25575	Contact Robert Asher
Address 105 South 4th Street, Artesia, NM 88210	Facility Name Jacque AQJ State #1	Telephone No. 505-748-1471
Facility Name Jacque AQJ State #1	API Number 30-015-30080	Facility Type Battery
Surface Owner State	Mineral Owner State	Lease No. V-4100

LOCATION OF RELEASE

Unit Letter M	Section 34	Township 21S	Range 31E	Feet from the 330	North/South Line South	Feet from the 330	East/West Line West	County Eddy
------------------	---------------	-----------------	--------------	----------------------	---------------------------	----------------------	------------------------	----------------

Latitude 32.42844 Longitude 103.77275

NATURE OF RELEASE

Type of Release Crude Oil	Volume of Release 95 B/O	Volume Recovered 90 B/O
Source of Release Production Tank	Date and Hour of Occurrence 4/7/2007 AM	Date and Hour of Discovery 4/7/2007 AM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher/OCD	
By Whom? Jerry Fanning/Yates Petroleum Corporation	Date and Hour 4/7/2007; 10:55 AM	
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 on full tank of produced oil left open, BQ and circulating lines closed, valve for empty production tank not opened, all production went into full tank causing it to overflow. Switched tanks, called for vacuum truck and excavation crew.		

Describe Area Affected and Cleanup Action Taken.*
Area approximately 142' X 12' most contained inside berm (small amount outside of west side of berm), vacuum truck picked up free fluid, steamer truck cleaned tanks. Contaminated soils being excavated and hauled to an OCD approved land disposal facility, vertical and horizontal delineation will be made and corrective action taken. **Depth to Ground Water: >100', Wellhead Protection Area: No, Distance to Surface Water Body: >1000', SITE RANKING IS 0.**

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOC'D 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 NMOC'D 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, NMOC'D 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: Robert Asher	TIM GUM	
Title: Environmental Regulatory Agent	Approved by District Supervisor: by MB	
E-mail Address: bobai@ypenm.com	Approval Date: 5/14/07	Expiration Date:
Date: Tuesday, April 10, 2007 Phone: 505-748-4217	Conditions of Approval: REMEDIATION PER APPROVED WORK PLAN	Attached <input type="checkbox"/>

* Attach Additional Sheets If Necessary

7

Robert,

The proposal to remediate contaminated materials in-situ at this site is approved as presented. Please notify the NMOCD District 2 office 24 hours prior to product application and 24 hours prior to obtaining samples where analyses of samples obtained are to be submitted to the NMOCD. As a condition of approval, NMOCD may require additional sampling as deemed necessary to insure proper remediation has been obtained at this site.

Be advised that approval of this remediation proposal does not relieve Yates Petroleum 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, this approval does not relieve Yates Petroleum of responsibility for compliance with any other federal, state, local laws and/or regulations.

Sincerely,

Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210
505-748-1283 Ext. 108
505-626-0857
mike.bratcher@state.nm.us

From: Bob Asher [mailto:boba@YPCNM.COM]
Sent: Tuesday, May 08, 2007 11:50 AM
To: Bratcher, Mike, EMNRD
Subject: Jacque AQJ State #1

Mike,

Per our meeting this morning, Yates Petroleum Corporation is requesting approval of the work plan, dated May 7, 2007.

Thank you for your time this morning and consideration with the remediation of this project.

Robert Asher
Yates Petroleum Corporation
505-748-4217 (Office)
505-365-4021 (Cell)
505-748-4662 (Fax)

This inbound email has been scanned by the MessageLabs Email Security System.

5/14/2007

①

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

May 7, 2007

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

Re: Jacque AQJ State #1
30-015-30080
Section 34, T21S-R31E
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 April 10, 2007. Scope of work described in the plan will be conducted as soon as the work plan is approved and the contractor is scheduled

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

Thank you

YATES PETROLEUM CORPORATION

Robert Asher
Environmental Regulatory Agent

Enclosure(s)

RANDY G. PATTERSON
VICE PRESIDENT

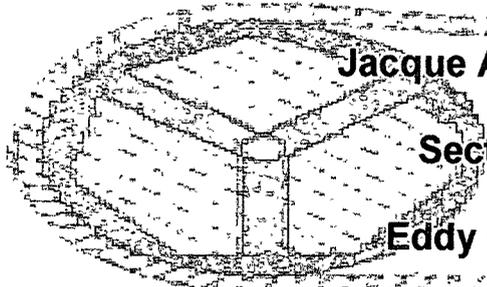
DAVID L. LANNING
ASSISTANT VICE PRESIDENT

DENNIS G. KINSEY
TREASURER

①

Month - Year
MAY 8 2007
OCD - ARTESIA, NM

Yates Petroleum Corporation



Jacque AQJ State #1 Work Plan

Section 34, T21S-R31E

Eddy County, New Mexico

May 7, 2007

(I)

I. Location

The well is located approximately 33 miles east of Carlsbad, NM, west of Louis Whitlock Road (Wipp Site Road), as represented by the attached Livingston Ridge, NM, USGS Quadrangle Map

II. Background

On April 10, 2007, Yates submitted to the NMOCD District II office a C-141 report reflecting a release of 95 barrels of crude oil from a production tank. There were 90 barrels of oil to recover, contaminated soils were excavated and stockpiled on the battery inside the berm. The contaminated soils have now been spread out at an approximate depth of 12" to be tested and treated in place. The affected area is approximately 142 feet by 12 feet

III. Surface and Ground Water

Area surface geology is Cenozoic. The nearest groundwater of record is listed on the ChevronTexaco, Eddy County Depth to Groundwater Water Well Facilities Trend Map dated 2/9/2005. This map shows the depth to groundwater is approximately 125 feet (Unit Letter M, Section 34, T21S-R31E) 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'

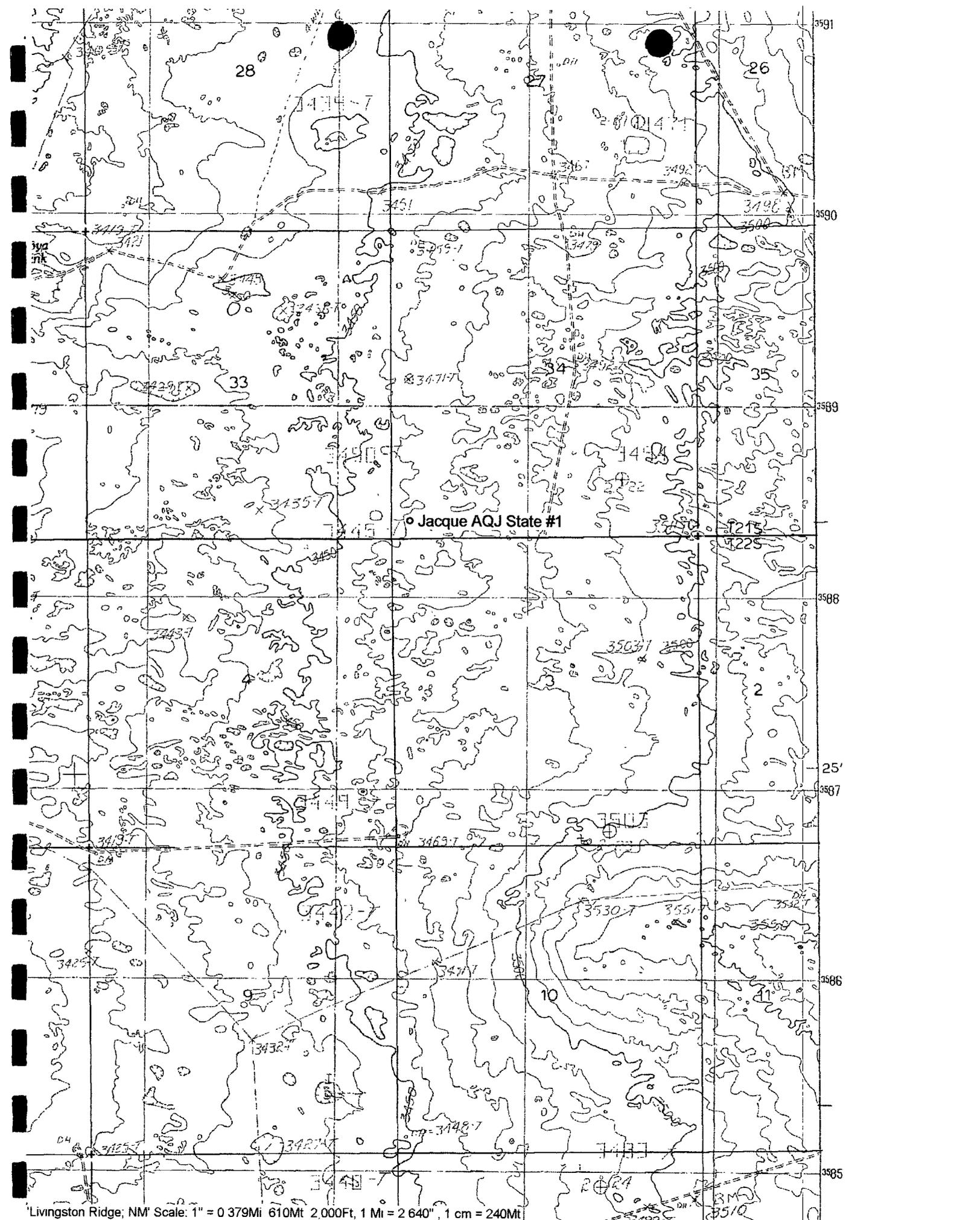
IV. Soils

The area consists of soils that are sand and interspersed with caliche and clay 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 and Ken Lunde of NeoKos would like to treat the site in-situ for a period of 35 days. The NeoKos process consists of six proprietary biological components which are all introduced into the contaminated area during the initial application process. One of the components is then applied to the soil on a bi-weekly and /or weekly basis until the site is remediated to regulatory standards

Yates will re-sample, and these samples will be sent to a certified lab and analyzed for BTEX and TPH. 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 as described above will be implemented to attain the acceptable limits. If lab analysis reflects closure levels then Yates will contact the Oil Conservation Division to give opportunity to witness a final sampling event.



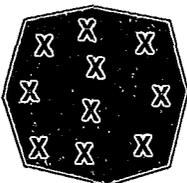
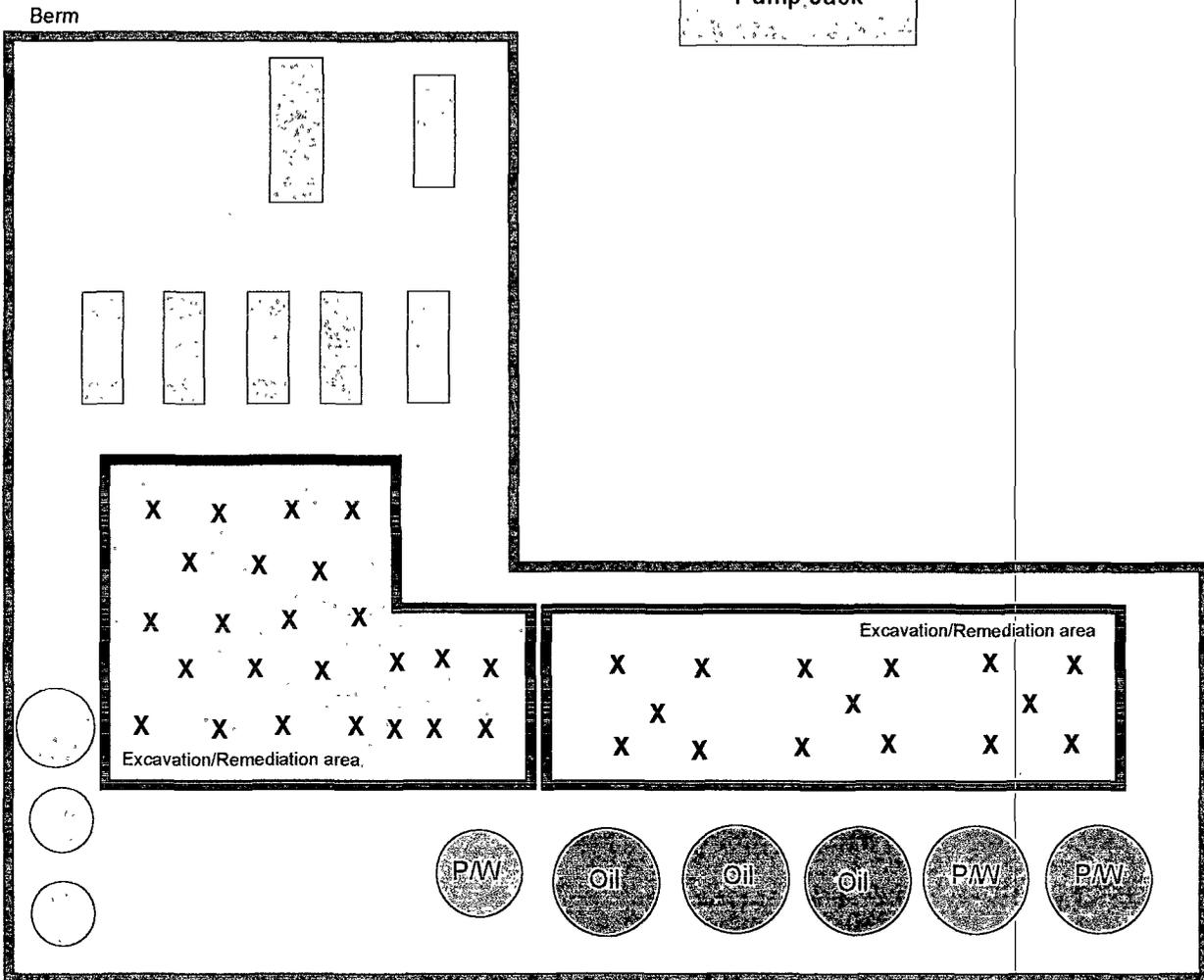
Livingston Ridge, NM Scale: 1" = 0.379Mi 610Mt 2,000Ft, 1 Mi = 2,640", 1 cm = 240Mt

o Jacque AQJ State #1

(1)



Pump Jack



Excavation area

Sample ID	Sample Date	Sample Type	Depth	BTEX	TPH (GRO)	TPH (DRO)	TPH (TOTAL)
GS/Comp-001	4/26/2007	Grab	4"	1.17	186	5980	6170
GS/Comp-002	4/26/2007	Grab	6"	34.84	1820	13300	15100
GS/Comp-003	4/26/2007	Grab	6"	ND	ND	349	349

Site Ranking is Zero (0). Depth to Ground Water > 100' (approx. 125')

All results are ppm.

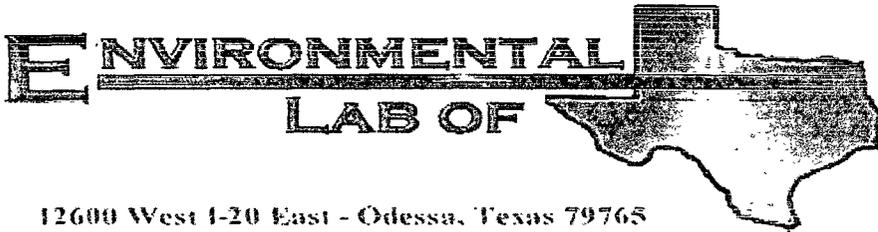
Analytical testing performed at Environmental Lab of Texas.

X - Denotes sample point taken.



Jacque AQJ State #1
 Section 34, T21S-R31E
 Eddy County, NM

EXHIBIT
 Sample Diagram (Not to Scale)
 Prepared by Robert Asher
 Environmental Regulatory Agent
 May 7, 2007



12600 West I-20 East - Odessa, Texas 79765

A Xenco Laboratories Company

Analytical Report

Prepared for:

Robert Asher

Yates Petroleum Corp.

105 S. Fourth St.

Artesia, NM 88210

Project: Jacque AQJ State # 1

Project Number: 30-015-30080

Location: Eddy County

Lab Order Number: 7D26005

Report Date: 05/02/07

Yates Petroleum Corp. 105 S. Fourth St. Artesia NM, 88210	Project. Jacque AQJ State # 1 Project Number. 30-015-30080 Project Manager. Robert Asher	Fax (505) 748-4662
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ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
GS/Comp - 001	7D26005-01	Soil	04/26/07 09:43	04-26-2007 15:55
GS/Comp - 002	7D26005-02	Soil	04/26/07 10:18	04-26-2007 15:55
GS/Comp - 003	7D26005-03	Soil	04/26/07 10:46	04-26-2007 15:55

Yates Petroleum Corp.
105 S. Fourth St
Artesia NM, 88210

Project: Jacque AQJ State # 1
Project Number: 30-015-30080
Project Manager: Robert Asher

Fax: (505) 748-4662

Organics by GC
Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
GS/Comp - 001 (7D26005-01) Soil									
Benzene	ND	0.0250	mg/kg dry	25	ED73006	04/30/07	05/02/07	EPA 8021B	
Toluene	0.104	0.0250	"	"	"	"	"	"	
Ethylbenzene	0.167	0.0250	"	"	"	"	"	"	
Xylene (p/m)	0.580	0.0250	"	"	"	"	"	"	
Xylene (o)	0.316	0.0250	"	"	"	"	"	"	
Surrogate: a,a,a-Trifluorotoluene		90.4 %		75-125	"	"	"	"	
Surrogate: 4-Bromofluorobenzene		93.6 %		75-125	"	"	"	"	
Carbon Ranges C6-C10	186	50.0	mg/kg dry	5	ED72701	04/27/07	05/01/07	EPA 8015B	
Carbon Ranges >C10-C28	5980	50.0	"	"	"	"	"	"	
Total Carbon Range C6-C28	6170	50.0	"	"	"	"	"	"	
Surrogate: 1-Chlorooctane		13.3 %		70-130	"	"	"	"	S-06
Surrogate: 1-Chlorooctadecane		28.8 %		70-130	"	"	"	"	S-06
GS/Comp - 002 (7D26005-02) Soil									
Benzene	0.479	0.100	mg/kg dry	100	ED73006	04/30/07	04/30/07	EPA 8021B	
Toluene	5.68	0.100	"	"	"	"	"	"	
Ethylbenzene	5.38	0.100	"	"	"	"	"	"	
Xylene (p/m)	15.9	0.100	"	"	"	"	"	"	
Xylene (o)	7.40	0.100	"	"	"	"	"	"	
Surrogate: a,a,a-Trifluorotoluene		130 %		75-125	"	"	"	"	S-04
Surrogate: 4-Bromofluorobenzene		139 %		75-125	"	"	"	"	S-04
Carbon Ranges C6-C10	1820	50.0	mg/kg dry	5	ED72701	04/27/07	05/01/07	EPA 8015B	
Carbon Ranges >C10-C28	13300	50.0	"	"	"	"	"	"	
Total Carbon Range C6-C28	15100	50.0	"	"	"	"	"	"	
Surrogate: 1-Chlorooctane		49.0 %		70-130	"	"	"	"	S-06
Surrogate: 1-Chlorooctadecane		50.0 %		70-130	"	"	"	"	S-06
GS/Comp - 003 (7D26005-03) Soil									
Benzene	ND	0.00200	mg/kg dry	2	ED73006	04/30/07	04/30/07	EPA 8021B	
Toluene	ND	0.00200	"	"	"	"	"	"	
Ethylbenzene	ND	0.00200	"	"	"	"	"	"	
Xylene (p/m)	ND	0.00200	"	"	"	"	"	"	
Xylene (o)	ND	0.00200	"	"	"	"	"	"	
Surrogate: a,a,a-Trifluorotoluene		87.0 %		75-125	"	"	"	"	
Surrogate: 4-Bromofluorobenzene		85.4 %		75-125	"	"	"	"	
Carbon Ranges C6-C10	ND	10.0	mg/kg dry	1	ED72701	04/27/07	05/01/07	EPA 8015B	
Carbon Ranges >C10-C28	349	10.0	"	"	"	"	"	"	
Total Carbon Range C6-C28	349	10.0	"	"	"	"	"	"	

Environmental Lab of Texas

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The results in this report apply to the samples analyzed in accordance with the samples received in the laboratory. This analytical report must be reproduced in its entirety, with written approval of Environmental Lab of Texas.

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