

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Director
Oil Conservation Division

Yates Petroleum Corporation 105 S. 4th Street Artesia, NM 88210 Attn: Dan Dolan January 3, 2006

Reference: Compromise SWD 001

H-30-18s-27e

API: 30-015-25665

Operator,

The New Mexico Oil Conservation Division District II office (OCD) received an Initial Report C-141 on November 2, 2005 reporting a release of produced fluids that occurred at or near the above referenced location. The release reportedly occurred on October 24, 2005 with the reported release being 1500 bbls of produced water. Reported recovery volume was 1300 bbls. A remediation work plan request letter was sent dated November 4, 2005. The work plan was due in the District II office no later than December 2, 2005. On December 2, 2005, a brief work plan was submitted.

The C-141 that was submitted on November 2, 2005 ranked the site at 20 points (less than 50' to ground water). The work plan submitted on December 2, 2005 ranked the site at 0 points. New Mexico State Engineer Web Site and USGS information indicate this area to be a potentially shallow depth to ground water area. The work plan proposes to monitor the site for 6 months "to track the natural process." Samples were obtained at the site at some point in time and showed chloride levels to be 1310 ppm. The area and depth samples were obtained from are unknown to the OCD, as notification was not provided to witness sampling.

At this time, the OCD is denying the work plan as submitted. The site is to be delineated vertically and horizontally for contaminants. A remediation work plan proposal is to be submitted based on delineation results and a site ranking of 20 points (less than 50' to ground water). This work plan proposal, along with documented delineation results, is to be submitted to the OCD District II office no later than January 17, 2006.

As you are aware, the OCD is to be notified 24 hours prior to any remediation/delineation work being done and 24 hours prior to obtaining samples where analysis of such samples are to be submitted to the OCD. Sample analysis will not be accepted without this notification.

In the event ground water is encountered at any time during the delineation or remediation process, the OCD is to be notified immediately.

Sincerely.

Mike Bratcher NMOCD District II 1301 W. Grand Ave.

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12-02-05 Mike Bratcher NM Oil Conservation Division 1300 W. Grand Artesia Nm 88210

RE: Compromise SWD #1, API# 30-015-25665

Mr. Bratcher;

The leak reported at this location was repaired the same day as the initial report, all free water was recovered, and the area was left to dry out.

There was no Hydrocarbon release in this case, and due to the sensitive area where this leak was located, Digging or tilling of the soil would do more damage then good. An initial soil sample was taken and sent to Assagia Labs in Albuquerque, and a copy is attached, as you can see, there is no TPH, A PID test was run, which showed 0ppm BTEX, and the chlorides were 1310ppm. I think that in this case because of the location, periodic testing for a period of 6 months to track the natural process would be better for this release then excavation.

The ranking for this location is Depth to ground water-0, wellhead protection area-0, distance to surface water-0, this information was taken fro the State Engineers Water Site.

Please Contact me with any questions at 748-4181.

Dan Dolan
Environmental Regulatory Agent

DENIED