



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Yates Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210
ATTN: Environmental Department

May 30, 2006

Reference: Pennzoil MZ Federal 002 C-11-18s-30e API: 30-015-27591

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a remediation work plan proposal for remediation activities at the above referenced well site. The work plan outlines methods discussed during an onsite meeting with Yates, Bureau of Land Management (BLM), and OCD representatives on May 9, 2006. The work plan is accepted as presented. Please notify the OCD 24 hours prior to commencement of activities and 24 hours prior to obtaining samples where analyses of samples are to be submitted to the OCD.

Please be advised that OCD acceptance of this work 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 OCD acceptance of this work plan does not relieve the operator 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

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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May 30, 2006

RECEIVED
MAY 30 2006
OCD-ARTESIA

Mike Bratcher
NMOCD District 2
1301 West Grand
Artesia, NM 88210

Re: Pennzoil "MZ" Federal #2

Mr. Bratcher:

Yates Petroleum Corporation would like to submit for your consideration the enclosed work plan for the **Pennzoil "MZ" Federal #2**. The plan is being submitted in response to the **Letter of Violation** dated February 13, 2006. Scope of work described in the plan was developed from conversations during the site visit on May 9, 2006 by yourself and BLM personnel Mr. Paul Evans and Duncan Whitlock, Yates Petroleum Corporation personnel Mike Stubblefield and me.

If you have any questions or concerns pertaining to this work plan please feel free to give me a call at my office (505) 748-4195

Sincerely,

Jerry Fanning, Jr.
Environmental Coordinator
Yates Petroleum Corporation

Enclosure (1)

Yates Petroleum Corporation

Penzoil "MZ" Federal #2

Work Plan

Section 11, Township 18S, Range 30E

May 30, 2006

I. Background

On January, 30, 2002, Yates submitted to the OCD District 2 office a C-141 report reflecting a release of 8 barrels of oil from a malfunctioning back pressure valve. A vacuum truck was called and 6 barrels of oil was recovered from the area. The report reflected that one area of approximately 20 feet by 60 feet was affected as well as another adjacent area measuring approximately 15 feet by 20 feet by the fine spray of oil coming from the back pressure valve. This area remains unremediated as reflected in the **Letter of Violation** dated February 13, 2006.

II. Surface and Ground Water

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 depth to groundwater approximately 250 feet making the site ranking for this site a zero (0).

III. Soils

The surface soils in the area are predominantly sandy.

IV. Scope of Work

Yates Petroleum Corporation proposes to have contractors remove a production heater treater, separator, and associated piping from area contacted by release to allow equipment to work safely in the area of the release. Once the production equipment is removed, sand from the adjacent area will be blended with the affected sands to bring area into an OCD RRAL field soil vapor headspace of 100ppm.

Contaminated material from around the area of the wellhead will be removed and taken to an OCD approved land farm. A field soil vapor headspace measurement will be taken before soils are replaced at the wellhead to insure the RRAL of 100ppm is met.

If you have questions or need additional information, please feel free to contact me at 505-748-4195

Jerry D. Fanning, Jr.
Environmental Coordinator