

Leking, Geoffrey R, EMNRD

From: Jeremy Haass [Jhaass@yatespetroleum.com]
Sent: Thursday, June 14, 2012 4:47 PM
To: Leking, Geoffrey R, EMNRD
Cc: Gonzales, Elidio L, EMNRD; Jerry Fanning; Lisa Norton
Subject: Corrected Final C-141 and meeting over view
Attachments: Red Hate State SWD #1 (8-29-2011 Final).doc

HOBBS OCD

JUN 14 2012

Mr. Leking

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First off I want to thank you for taking time this afternoon to explain to me in person the way OCD District 1 Office would like Yates Petroleum Corporation to fully delineate and remediate the rock layer that is present on the Red Hat State SWD #1 for Chlorides. I just want to summarize what you told me during our meeting today so that I understand fully and so there is no misunderstanding. Could you please respond and let me know if the following is correct so we are on the same page.

First, you want me to drill into the rock barrier in the area of release and take those rock shavings to test for Chloride levels so we may determine the vertical delineation of Chlorides in the rock.

Second, if I breach the rock barrier you want me to sample the area below the rock to further determine the vertical delineation of Chlorides.

Third, if I penetrate the rock barrier you want me to backfill the conduit that was drilled thru the rock layer with Bentonite.

Lastly after our meeting I was looking over my copy of the Final C-141 that was submitted to the Hobbs office on 9/1/11 and noticed it had a typo. I had the fluid type wrong, it should not have been 10 bbls of Oil released and 3 bbls of Oil recovered instead it should have read 10 bbls of Produced Water released and 3 bbls of Produced Water recovered (I have attached the corrected C-141). The Initial C-141 that was received by your office on 7/12/11 was correct.

Jeremy Haass

Environmental Regulatory Agent
Yates Petroleum Corporation
Office: (575) 748-4311
Fax: (575) 748-4131
Cell: (575) 513-9235

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