

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



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ARTESIA, NEW MEXICO 88210-2118
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August 24, 2006



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

Re: Foster AN Battery
30-015-26914
Section 1, T20S-R24E
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 your letter dated August 17, 2006. Scope of work described in the plan will be conducted for Initial Report Form C-141's dated June 11, 2006 and December 21, 2005, as soon as the work plan is approved.

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

Thank you.

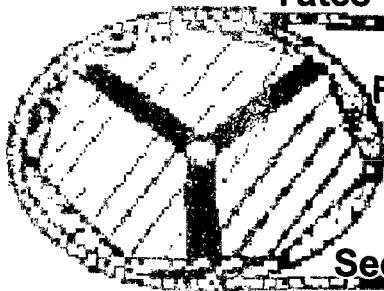
YATES PETROLEUM CORPORATION

Robert Asher
Environmental Regulatory Agent

Enclosure(s)



Yates Petroleum Corporation



Foster AN Battery

Work Plan

Section 1, T20S, R24E

August 24, 2006

I. Location

The well is located approximately 23 miles south-southwest of Artesia, NM east of Rock Daisy Road, as represented by the attached Foster Ranch, NM, USGS Quadrangle Map.

II. Background

On June 11, 2006, Yates submitted to the NMOCD District II office a C-141 report reflecting a release of 260 barrels of produced water from a water pump failure causing tanks to over flow, all produced water stayed within the bermed area (south side and southeast corner of berm). Approximately 250 barrels of fluid were recovered from the area. The affected area was approximately 30 feet by 10 feet. On December 21, 2005, Yates submitted to the NMOCD District II office a C-141 report reflecting a release of 30 barrels of produced water from a heater treater malfunction causing release, all produced water stayed within the bermed area (south side and southeast corner of berm, same area as 6/11/2006 release). Approximately 20 barrels of fluid were recovered from the area; visible contaminated soils were excavated and hauled to an OCD approved landfarm. Yates records indicate that work on the 12/2005 release was not completed due to the contractor leaving the state. Yates would like to conduct remediation work for both releases at this time.

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 shows depth to groundwater approximately 132 feet making the site ranking for this site a zero (0). Watercourses in the area are dry except for infrequent flows in response to major precipitation events; approximately 1,150' to the north of the location is an intermittent perennial arroyo.

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 caliche and interspersed with clay seams providing a low permeability barrier to retard vertical percolation of contaminants into the subsurface.

V. Scope of Work

Yates Petroleum Corporation will take soil samples within the effected area as a measure of delineation. 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 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.

5049 II NE
(PARISH RANCH)

PARISH RANCH 4 MI.

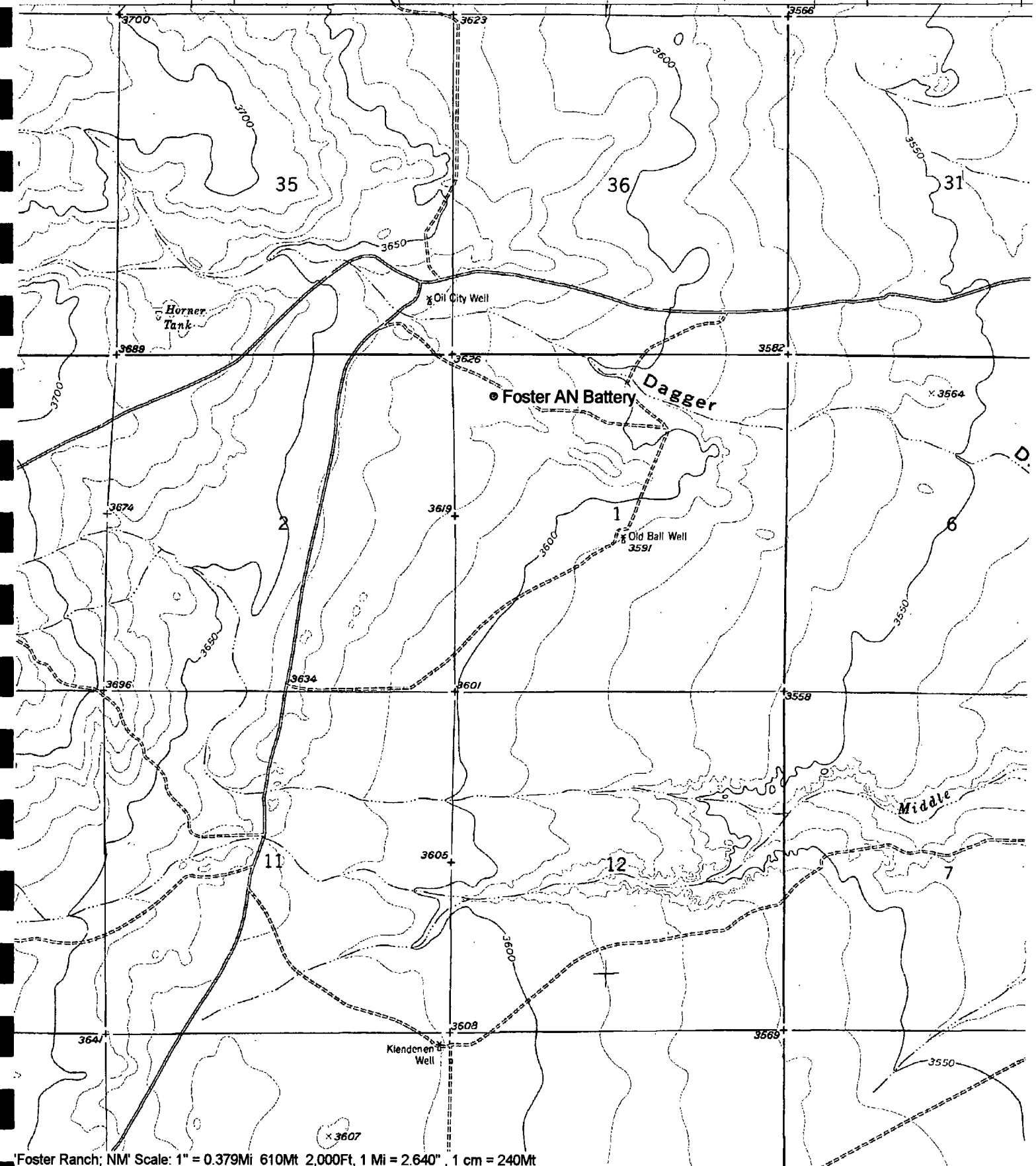
32°30'

R. 24 E.

R. 25 E.

440 000 FEET

5



Foster Ranch; NM Scale: 1" = 0.379Mi 610Mt 2,000Ft, 1 Mi = 2.640", 1 cm = 240Mt