

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

S.P. YATES
CHAIRMAN EMERITUS

JOHN A. YATES
CHAIRMAN OF THE BOARD

FRANK YATES, JR.
PRESIDENT

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DIRECTOR

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DIRECTOR

JUL 10 2008
OCD-ARTESIA

July 11, 2008

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

Re: Smith Federal Gas Com. #2
30-015-26834
Section 12, T22S-R23E
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 report dated May 16, 2008. Scope of work described in the plan will be conducted 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

Smith Federal Gas Com. #2 Work Plan

Section 12, T22S-R23E

Eddy County, New Mexico

July 11, 2008

I. Location

The well is located approximately 40 miles south-southwest of Artesia, NM west of Highway 137, as represented by the attached Martha Creek, NM, USGS Quadrangle Map.

II. Background

On May 5, 2008, Yates submitted to the NMOC District II office a Form C-141 for releases of 30 barrels of produced water with 25 B/PW recovered. The total affected area is approximately 10 feet by 40 feet, contained inside the bermed area (north side of the battery). Vertical and horizontal delineation was conducted on June 23, 2008 and July 10, 2008 (enclosed diagram and results).

III. Surface and Ground Water

Area surface geology is Paleozoic. 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 the depth to groundwater is approximately 200 feet (Unit Letter D, Section 12, T22S-R23E) 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:

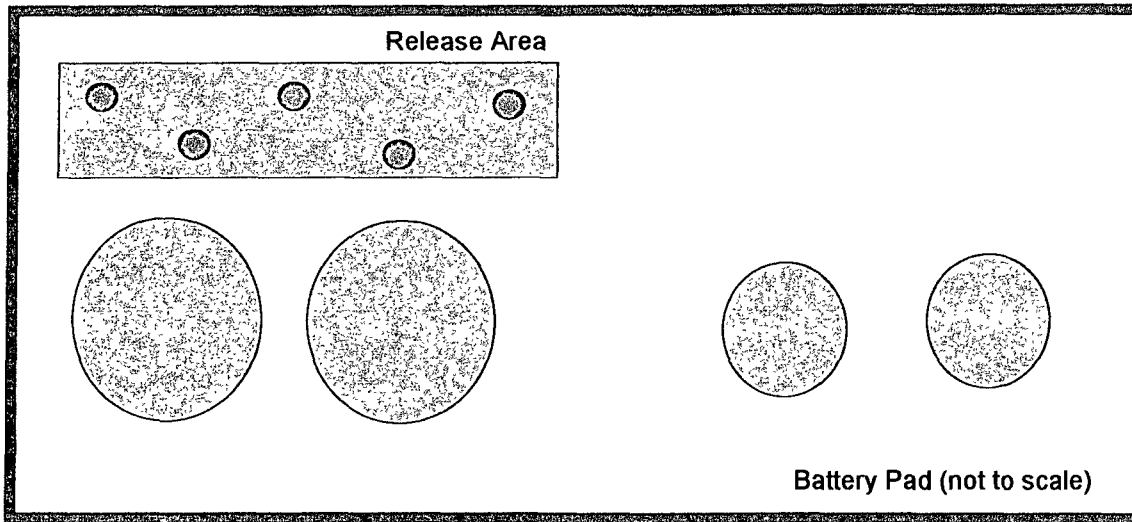
Depth to ground water	> 100'
Wellhead Protection Area	> 1000'
Distance to surface water body	> 1000'

IV. Soils

The area consists of soils that are clay, interspersed with caliche and clay seams (a rocky solid subsurface approximately three (3) feet below the surface is present) 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 will have a contractor remove contaminated soils to a depth of two (2) feet below the surface and be taken to a OCD approved facility. Based on the enclosed analytical results, results are within the RRAL's for BTEX (50 ppm) and TPH (5000 ppm) with the Total Ranking Score of zero (0), and the presence of a barrier three (3) feet below the surface no further remediation will be taken. All actions taken for remediation of the release area (excavation and disposal of soils) do not pose a threat to ground water, surface water, human health or the environment. Yates Petroleum Corporation requests closure of the site. Upon OCD approval the excavation area will be backfilled with clean, native soils to backfill excavation area.



Sample ID	Sample Date	Depth	BTEX	GRO	DRO	TPH TOTAL	Chlorides
GS/Comp-001	6/23/2008	1'	<0.04	<1.0	<50.0	<51.0	650
GS/Comp-002	6/23/2008	2'	<0.0538	1.08	<50.0	<51.08	1100
GS/Comp-001	7/10/2008	3'					170

Site Ranking is Zero (0). Depth to Ground Water: >100' (approx. 200'). Results are ppm.



Smith Federal Gas Com. #2

Section 12 T22S-R23E

Eddy County, NM

EXHIBIT
Sample Diagram (Not to Scale)

Prepared by Robert Asher
Environmental Regulatory Agent
June 11, 2008

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July 11, 2008

I certify that on 7/10/2008, tests were conducted on soil
samples from the following location:

Smith Federal Gas Com. #2

Following are the results of testing.

EPA Method 9253 GS/Comp-001 – 170 ppm

All testing was conducted at Yates Petroleum Corporation.

Thank you.

YATES PETROLEUM CORPORATION

Robert Asher
Environmental Regulatory Agent

Report Date: June 26, 2008
30-015-26834

Work Order: 8062410
Smith Federal Gas Com. #2

Page Number: 1 of 1
Eddy County, NM

Summary Report

Robert Asher
Yates Petroleum Corp.
105 South 4th South
Artesia, NM, 88210

Report Date: June 26, 2008

Work Order: 8062410



Project Location: Eddy County, NM
Project Name: Smith Federal Gas Com. #2
Project Number: 30-015-26834

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
164455	GS/Comp-001	soil	2008-06-23	09:54	2008-06-24
164456	GS/Comp-002	soil	2008-06-23	10:11	2008-06-24

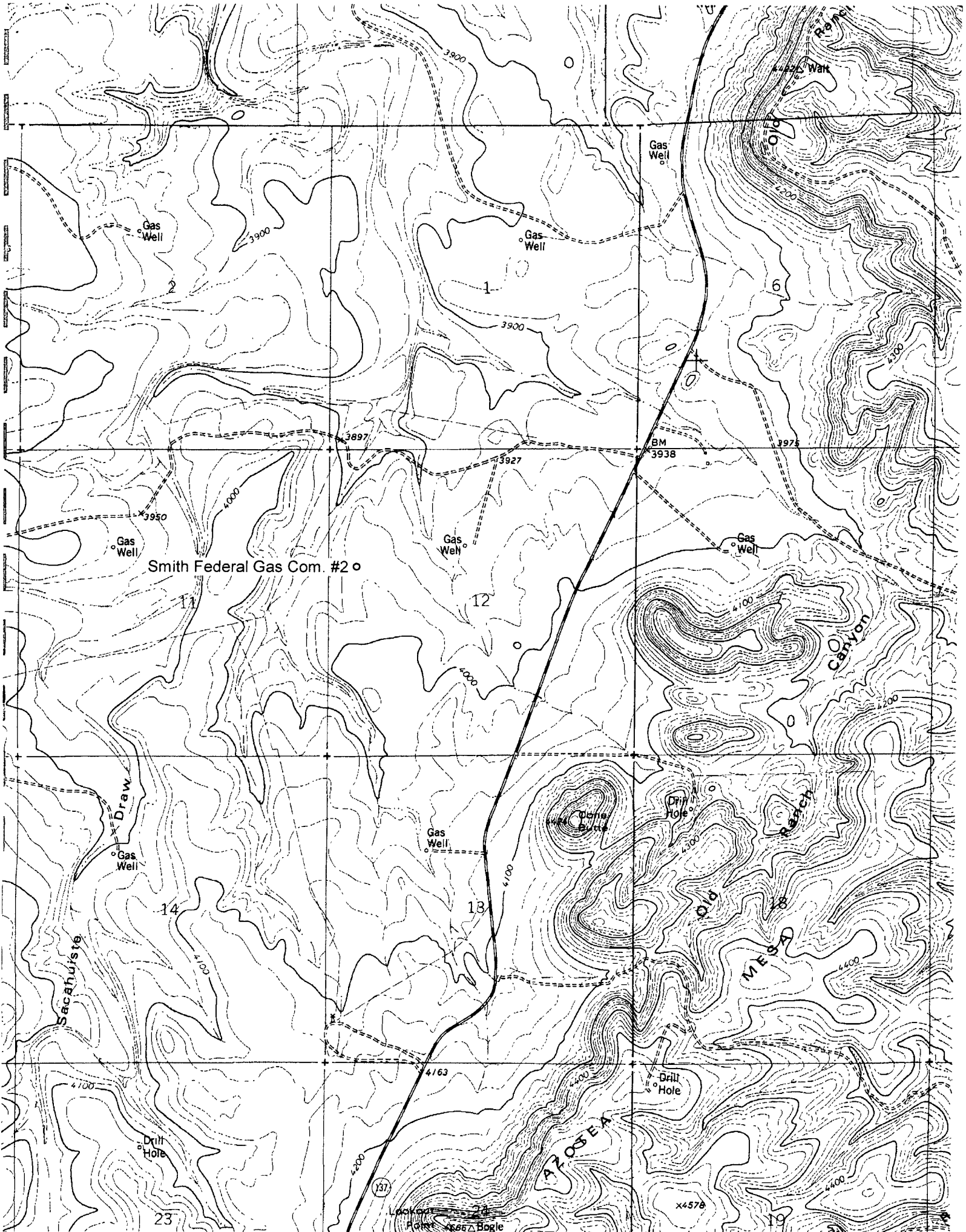
Sample - Field Code	BTX				TPH DRO	TPH GRO
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
164455 - GS/Comp-001	<0.0100	<0.0100	<0.0100	<0.0100	<50.0	<1.00
164456 - GS/Comp-002	<0.0100	<0.0100	0.0113	0.0225	<50.0	1.08

Sample: 164455 - GS/Comp-001

Param	Flag	Result	Units	RL
Chloride		650	mg/Kg	2.00

Sample: 164456 - GS/Comp-002

Param	Flag	Result	Units	RL
Chloride		1100	mg/Kg	2.00



Martha Creek; NM Scale: 1" = 0.379Mi 610Mt 2,000Ft. 1 Mi = 2,640" . 1 cm = 240Mt

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 28, 2008

Yates Petroleum Corporation
Attn: Robert Asher
105 S 4th Street
Artesia, NM 88210

Reference: Smith Federal Gas Com 002 E-12-22S-23E
30 015 26834 Eddy County, New Mexico
2RP-173

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a remediation work plan (plan) for a release of produced water and iron sludge occurring at the above referenced facility on May 5, 2008.

The plan to excavate and properly dispose contaminated soils is accepted with the following stipulations:

- Upon completion of the excavation processes, confirmation soil analytical data will be required.
- Notify the OCD 48 hours prior to obtaining samples where analyses are to be submitted to the OCD.
- Results of analytical data obtained through sampling shall be forwarded to OCD for approval **prior** to any backfilling activities.
- Remediation requirements may be subject to change as site conditions warrant.
- Remediation actions to be completed and Final C-141 submitted with confirmation analyses/documentation on or before **September 26, 2008**.

Remediation requirements may be subject to other federal, state, local laws and/or regulations. Additionally, please be advised that OCD approval does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment.

Thank you for your attention to these matters. If I can be of assistance, you may reach me at the contact information listed below.

Respectfully,

Sherry Bonham
NMOCD District 2
1301 West Grand Ave.
Artesia, NM 88210
(505) 748-1283 Ext. 109
sherry.bonham@state.nm.us

