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January 22, 2008

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OCD-ARTESIA

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

Re: Salt Grass WS Federal #1
30-005-61945
Section 26, T14S-R27E
Chaves 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 dated December 20, 2007. Scope of work described in the plan will be conducted as soon as the work plan is approved and the contractor is scheduled.

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

Salt Grass WS Federal #1 Work Plan

Section 26, T14S-R27E

Chaves County, New Mexico

January 22, 2008

I. Location

The well is located approximately 8 miles east of Hagerman, NM, southeast of Aberdeen Road (State Highway 249) and east of Harriet Road (County Road 257), as represented by the attached Derrick Draw, NM, USGS Quadrangle Map.

II. Background

On December 20, 2007, Yates submitted to the NMOCD District II office a C-141 report reflecting a release of 70 barrels of condensate and 10 barrels of produced water from a stock tank. There were no barrels of condensate or produced water to recover, contaminated soils were excavated and taken to an OCD approved facility. The affected area is approximately 18' X 20' (inside berm), 18' X 35' (on well pad) and 2' X 50' (north side of lease road). Samples were taken on 1/3/2008 (enclosed sample diagram with results); further excavation of contaminated soils was conducted (soils taken to an OCD approved facility). Samples were again taken on 1/15/2008 (enclosed diagram and results). All samples were sent for testing to an OCD approved laboratory.

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 the depth to groundwater is approximately 75 feet (Unit Letter I, Section 26, T14S-R27E) making the site ranking for this site a ten (10). Any watercourses in the area are dry except for infrequent flows in response to major precipitation events.

The ranking for this site is ten (10) based on the as following:

Depth to ground water	50-99'
Wellhead Protection Area	> 1000'
Distance to surface water body	> 1000'

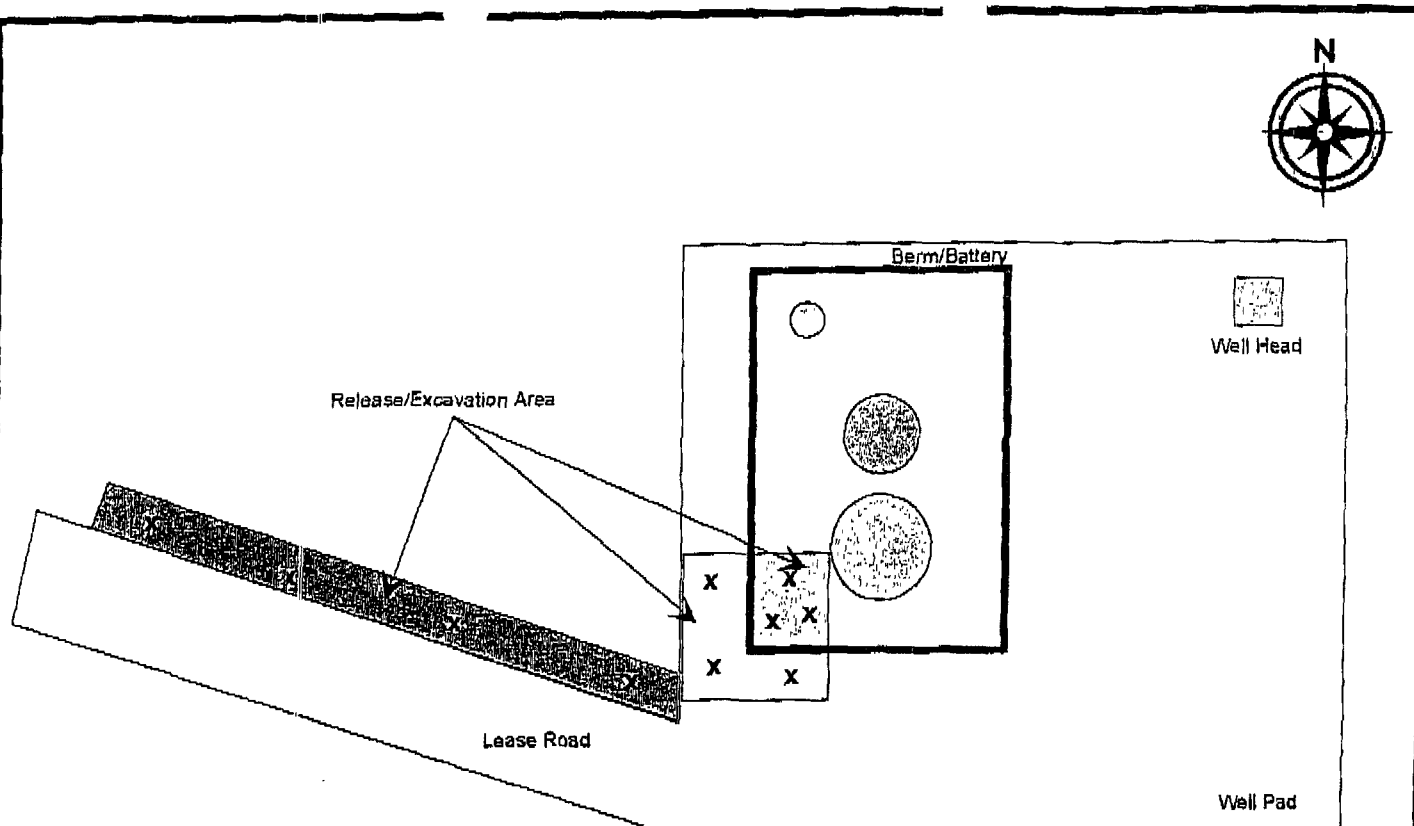
IV. Soils

The area consists of soils that are loamy clay soils and interspersed with caliche and clay seams 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 will conduct sampling for delineation on release area north of the lease road. Based on results, YPC would have a contractor will excavate the contaminated soils that are above RRAL's, place on plastic on location at an approximate depth of one (1) foot then add nitrogen fertilizer, water and till the soils.

Yates will then re-sample the soils in approximately 45 - 60 days; these samples will be sent to a certified lab and analyzed for BTEX and TPH. Based on the Total Ranking Score of ten (10), RRAL's for BTEX is 50 ppm and TPH is 1000 ppm. If results are above OCD guidelines, then further remediation as described above will be implemented to attain the acceptable limits. If lab analysis reflects closure levels then Yates will submit a Final C-141, requesting site closure.



Sample ID	Sample Date	Sample Type	Depth	BTEX	TPH (GRO)	TPH (DRO)	TPH (TOTAL)	Chlorides
GS/Comp-001	1/3/2008	Grab/Auger	1'	52.54	1420.0	1010.0	2430.0	<100
GS/Comp-002	1/3/2008	Grab/Auger	2'	14.442	730.0	229.0	959.0	<100
GS/Comp-003	1/3/2008	Grab/Auger	1'	11.058	595.0	312.0	907.0	<100
GS/Comp-004	1/3/2008	Grab/Auger	2'	0.176	47.2	50.0	97.2	<100
GS/Comp-005	1/3/2008	Grab/Auger	1'	149.9	1580.0	2110.0	3690.0	<100
GS/Comp-006	1/3/2008	Grab/Auger	2'	15.06	568.0	478.0	1046.0	<100
Sample ID	Sample Date	Sample Type	Depth	BTEX	TPH (GRO)	TPH (DRO)	TPH (TOTAL)	Chlorides
GS/Comp-007	1/10/2008	Grab/Auger	3'	0.0111	ND	23.5	23.5	
GS/Comp-008	1/10/2008	Grab/Auger	3'	154.38	5170.0	1040.0	6210.0	

Site Ranking Is Ten (10). Depth to Ground Water 50-99' (approx. 75'). All results are ppm.



Salt Grass WS Federal #1
Section 26, T14S-R27E
Chaves County, NM

SITE SAMPLE DIAGRAM
(Not to Scale)
Prepared by Robert Asher
Environmental Regulatory Agent
January 22, 2008

