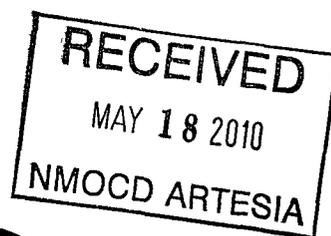


*Basin Environmental Consulting, LLC*

2800 Plains Highway  
P. O. Box 381  
Lovington, New Mexico 88260  
cjbryant@basinenv.com  
Office: (575) 396-2378

Fax: (575) 396-1429



**REMEDIATION SUMMARY  
AND SITE CLOSURE REQUEST**

*Fairway Resources Operating, LLC*

South Red Lake Grayburg Unit 41

Eddy County, New Mexico

UNIT P (SE/SE), Section 35, Township 17S, Range 27E

Latitude 32° 47' 10.62" North, Longitude 104° 14' 44.73" West

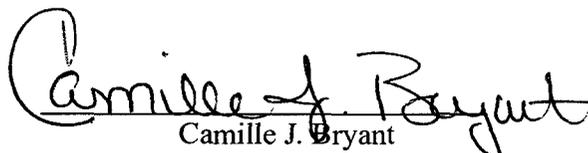
Prepared For:

Fairway Resources Operating, LLC  
538 Silicon Drive, Suite 101  
Southlake, Texas 76092

Prepared By:

Basin Environmental Consulting, LLC

April 2010

  
Camille J. Bryant  
Project Manager

AMENDED

## TABLE OF CONTENTS

1.0	INTRODUCTION AND BACKGROUND INFORMATION .....	1
2.0	NMOCD SITE CLASSIFICATION.....	1
3.0	SUMMARY OF FIELD ACTIVITIES .....	2
4.0	QA/QC PROCEDURES.....	4
4.1	Soil Sampling.....	4
4.2	Decontamination of Equipment.....	4
4.3	Laboratory Protocol.....	4
5.0	SITE CLOSURE REQUEST.....	4
6.0	LIMITATIONS.....	5
7.0	DISTRIBUTION.....	6

### FIGURES

Figure 1 – Site Location Map

Figure 2 – Site and Sample Location Map

### TABLES

Table 1- Concentrations of TPH and Chlorides in Soil

### APPENDICES

Appendix A – Laboratory Analytical Reports

Appendix B – General Photographs

Appendix C – Release Notification and Corrective Action (Form C-141)

## **1.0 INTRODUCTION AND BACKGROUND INFORMATION**

Basin Environmental Consulting, LLC (Basin), on behalf of Fairway Resources Operating, LLC (Fairway), has prepared this Remediation Summary and Site Closure Request for the release site known as South Red Lake Grayburg Unit 41. The legal description of the release site is SE ¼ SE ¼ (Unit Letter P), Section 35, Township 17 South, Range 27 East, in Eddy County, New Mexico. The property is owned by the United States Bureau of Land Management (BLM). The release site GPS coordinates are 32° 47' 10.62" North and 104° 14' 44.73" West. A Site Location Map and a Site Map are provided as Figures 1 and 2, respectively. General site photographs are provided as Appendix B. The Release Notification and Corrective Action is provided as Appendix C.

The Eddy County Soil Survey (2004) indicates the release site soil type is Reeves-Gypsum land complex with 0 – 3% slopes, the area surrounding the release site is in an active oil and gas production field.

On September 28, 2009, Fairway discovered a produced water/crude oil release from the South Red Lake Grayburg Unit 41 flow line. The cause of the release was attributed to failure of the flow line and was reported to the New Mexico Oil Conservation Division (NMOCD) on October 12, 2009. During initial response activities, Fairway installed a temporary clamp on the flow line to mitigate the release. Approximately fifteen (15) barrels of produced water/crude oil was released from the flow line, with no recovery.

## **2.0 NMOCD SITE CLASSIFICATION**

A search of the New Mexico Office of the State Engineer (NMOSE) database did not identify the average depth to groundwater information for Section 35, Township 17 South, Range 27 East. A reference map utilized by the NMOCD indicated depth to groundwater at the release site should be encountered at approximately one hundred (100) to one hundred twenty-five (125) feet below ground surface (bgs). This depth to groundwater results in a score of zero (0) points being assigned to the site based on the NMOCD depth to groundwater criteria.

The water well database, maintained by the NMOSE, indicated there are no water wells less than 1,000 feet from the release, resulting in zero (0) points being assigned to this site as a result of the criteria.

There are no surface water bodies located within 1,000 feet of the site. Based on the NMOCD ranking system zero (0) points will be assigned to the site as a result of the criterion.

The NMOCD guidelines indicate the South Red Lake Grayburg Unit 41 release site has a ranking score of zero (0). Based on this score, the soil remediation levels for a site with a ranking score of zero (0) points are as follows:

- Benzene – 10 mg/Kg (ppm)
- BTEX – 50 mg/Kg (ppm)
- TPH – 5,000 mg/Kg (ppm)

The NMOCD chloride clean up level concentrations are site specific and will be 1,270 mg/Kg due to background concentrations at a previously remediated site in the area.

### **3.0 SUMMARY OF RECENT FIELD ACTIVITIES**

On October 1, 2009, Basin began excavation of the impacted soil at the release site. The impacted soil was transported to Lea Land (NMOCD permit #WM-01-035) for disposal.

On October 2, 2009, four (4) trenches were excavated at the site to delineate the vertical extent of impacted soil. Soil samples were collected from the trenches and the trenches were backfilled.

Trench 1 was located at the release point and excavated to a total depth of approximately seven (7) feet bgs. Three (3) soil samples (Trench 1 @ 3', Trench 1 @ 6' and Trench 1 @ 7') were collected and the trench was backfilled. Results of the chloride field test indicated chloride concentrations ranged from 216 mg/Kg in soil sample Trench 1 @ 7' to 17,204 mg/Kg in soil sample Trench 1 @ 3'.

Trench 2 was located in the center of the release area and excavated to a total depth of approximately five (5) feet bgs. Two (2) soil samples (Trench 2 @ 2' and Trench 2 @ 5') were collected and the trench was backfilled. Results of the chloride field test indicated chloride concentrations ranged from 540 mg/Kg in the soil sample Trench 2 @ 5' to 2,884 mg/Kg in soil sample Trench 2 @ 2'.

Trench 3 was located in the southwest flow path and excavated to a total depth of approximately eight (8) feet bgs. Four (4) soil samples (Trench 3 @ 2', Trench 3 @ 5', Trench 3 @ 7' and Trench 3 @ 8') were collected and the trench was backfilled. Results of the chloride field test indicated chloride concentrations ranged from 856 mg/Kg in soil sample Trench 3 @ 8' to 4,860 mg/Kg in soil sample Trench 3 @ 5'.

Trench 4 was located in the west flow path and was excavated to a total depth of approximately eight (8) feet bgs. Four (4) soil samples (Trench 4 @ 2', Trench 4 @ 4', Trench 4 @ 6' and Trench 4 @ 8') were collected and the trench was backfilled. Results of the chloride field test indicated chloride concentrations ranged from 216 mg/Kg in soil sample Trench 4 @ 8' to 4,464 mg/Kg in soil sample Trench 4 @ 2'.

On November 4, 2009, the *Remediation Summary and Site Closure Strategy* (Plan) was submitted to the NMOCD Artesia District Office. The NMOCD Artesia District Office granted verbal approval of the Plan and the proposed closure activities commenced.

During October and November 2009, Basin excavated impacted soil at the release site. Approximately 4,792 yards of impacted soil was transported to Lea Land for disposal. The final dimensions of the excavation were approximately four hundred ninety seven (497) feet in length, approximately four (4) to ten (10) feet in width, ranging in depth from approximately two (2) to eight (8) feet bgs in the west flow path. The southwest flow path measured approximately seven

hundred forty (740) feet in length and approximately two (2) to ten (10) feet in width and varied in depth for two (2) to eight (8) feet bgs.

On October 28, 2009, thirty two (32) soil samples (SP 1, SP 2, SP 3, SP 4, SP 5, SP 6, SP 7, SP 8, SP 9, SP 10, SP 11, SP 12, SP 13, SP 14, SP 15, SP 16, SP 17, SP 18, SP 19, SP 20, SP 21, SP 22, SP 23, SP 24, SP 25, SP 26, SP 27, SF 1, SF 2, SF 3, SF 4 and SF 5) were collected from the excavation and submitted to the laboratory for analysis. Soil samples SP 1, SP 2, SP 3, SP 4, SP 5, SP 6, SP 7, SP 8, SP 9, SP 10, SP 11, SP 12, SP 13, SP 14, SP 15, SP 16, SP 17, SP 18, SP 19, SP 20, SP 21, SP 22, SP 23, SP 24, SP 25, SP 26, SP 27 and SF 1 were analyzed for total petroleum hydrocarbon (TPH) concentrations using EPA Method SW 846-8015M Extended. All the collected soil samples were submitted for chloride concentrations using EPA Method 4500 Cl B. A summary of the analytical results are included in Table 1, Concentrations of TPH and Chlorides in Soil. Sample locations are provided in Figure 2, Site and Sample Location Map. Laboratory analytical reports are included in Appendix A.

The laboratory analytical results indicated TPH concentrations ranged from less than the appropriate laboratory method detection limit (MDL) for soil samples SP 1, SP 2, SP 3, SP 4, SP 5, SP 7, SP 8, SP 9, SP 10, SP 11, SP 12, SP 13, SP 14, SP 15, SP 16, SP 19, SP 20, SP 21, SP 23, SP 25, SP 26, SP 27 and SF 1, to 557 mg/Kg for soil sample SP 18. Chloride concentrations ranged from 48 mg/Kg for soil sample SF 4 to 24,400 mg/Kg for soil sample SF 2. A review of analytical results indicated chloride concentrations in soil samples SP 1, SP 2, SP 3, SP 6, SP 16, SP 17, SP 19, SP 20, SP 21, SP 22, SP 23, SP 24, SP 25, SP 26, SP 27, SF 3 and SF 4 were less than the NMOCD approved clean up level of 1,270 mg/Kg.

Soil samples SP 5, SP 7, SP 8 and SP 12 were collected from the gypsum layer located at depth across the site. The NMOCD granted verbal approval to leave the elevated chloride concentrations at the above mentioned sampling locations.

Based on the laboratory analytical results additional excavation was conducted in the areas of soil samples SP 4, SP 9, SP 10, SP 11, SP 13, SP 14, SP 15, SP 18, SF 1, SF 2 and SF 5.

On November 16, 2009, fourteen (14) soil samples (SF 6, SF 7, SF 8, SP 9, SP 10, SP 11, SP 13, SP 14, SP 15, SP 4, SP 18, SF 2, SF 1 and SF 5) were collected from the excavation and submitted to the laboratory for chloride analysis. Laboratory analytical results indicated chloride concentrations ranged from less than the laboratory MDL for soil samples SF 6, SF 7 and SF 1 to 3,520 mg/Kg for soil sample SP 11. Review of the analytical results indicated chloride concentrations were less than NMOCD clean up level in all the submitted soil samples with the exception of soil samples SF 2, SF 5 and SP 11 which exceeded NMOCD clean up levels.

Soil samples SF 2 and SF 5 were collected from the gypsum layer located at depth across the site. The NMOCD granted verbal approval to leave the elevated chloride concentrations at the above mentioned sampling locations.

Based on the laboratory analytical results additional excavation was conducted in the area of soil sample SP 11.

On November 18, 2009, one (1) soil sample SP 11 was collected from the excavation and submitted to the laboratory for chloride analysis. Laboratory analytical results indicate a chloride concentration of 3,600 mg/Kg for soil sample SP 11.

Based on the laboratory analytical results additional excavation was conducted in the area of soil sample SP 11.

On November 25, 2009, one (1) soil sample SP 11 was collected from the excavation and submitted to the laboratory for chloride analysis. Laboratory analytical results indicated chloride concentration of 128 mg/Kg for soil sample SP 11.

On November 25, 2009, with NMOCD approval the excavation was backfilled with locally purchased non-impacted soil and compacted in twelve (12) inch lifts. Following the backfilling activities the site was contoured to fit the surrounding topography and reseeded with a BLM approved seed mixture.

#### **4.0 QA/QC PROCEDURES**

##### **4.1 Soil Sampling**

Soil Samples were delivered to Cardinal Laboratories., of Hobbs, New Mexico for Chlorides and /or TPH analyses using the methods described below. Soil samples were analyzed for Chlorides and/or TPH concentrations within fourteen (14) days. The soil samples were analyzed as follows:

- Chloride concentrations in accordance with EPA Method 4500 Cl B
- TPH concentrations in accordance with modified EPA Method 8015M GRO/DRO

##### **4.2 Decontamination of Equipment**

Cleaning of the sampling equipment was the responsibility of the environmental technician. Prior to use and between each sample, the sampling equipment was cleaned with Liqui-Nox® detergent and rinsed with distilled water.

##### **4.3 Laboratory Protocol**

The laboratory was responsible for proper QA/QC procedures after signing the chain-of-custody (COC) form. These procedures were either transmitted with the laboratory reports or are on file at the laboratory.

#### **5.0 SITE CLOSURE REQUEST**

Based on the analytical results of confirmation soil samples, Basin recommends Fairway provide the NMOCD Artesia District Office and the BLM Carlsbad District Office, a copy of this Remediation Summary and Site Closure Request and request the NMOCD and BLM grant site closure to the South Red Lake Grayburg Unit 41 release site.

## 6.0 LIMITATIONS

Basin Environmental Consulting, LLC has prepared this Remediation Summary and Site Closure Request to the best of its ability. No other warranty, expressed or implied, is made or intended.

Basin Environmental Consulting, LLC has examined and relied upon documents referenced in the report and has relied on oral statements made by certain individuals. Basin Environmental Consulting, LLC has not conducted an independent examination of the facts contained in referenced materials and statements. We have presumed the genuineness of the documents and that the information provided in documents or statements is true and accurate. Basin Environmental Consulting, LLC has prepared this report, in a professional manner, using the degree of skill and care exercised by similar environmental consultants. Basin Environmental Consulting, LLC also notes that the facts and conditions referenced in this report may change over time and the conclusions and recommendations set forth herein are applicable only to the facts and conditions as described at the time of this report.

This report has been prepared for the benefit of Fairway Resources Operating, LLC. The information contained in this report, including all exhibits and attachments, may not be used by any other party without the express consent of Basin Environmental Consulting, LLC and/or Fairway Resources Operating, LLC.

**7.0 DISTRIBUTION:**

Copy 1: Sherry Bonham  
New Mexico Energy, Minerals and Natural Resources Department  
Oil Conservation Division (District 2)  
1301 E. Grand Avenue  
Artesia, New Mexico 88210

Copy 2: Terry Gregston  
Bureau of Land Management  
602 E. Greene Street  
Carlsbad, New Mexico 88220

Copy 3: Jay Pulte  
Fairway Resources Operating, LLC.  
538 Silicon Drive,  
Suite 101  
Southlake, Texas 76092

Copy 4: Basin Environmental Consulting, LLC  
P.O. Box 381  
Lovington, New Mexico 88260  
cjbryant@basin-consulting.com

# Figures

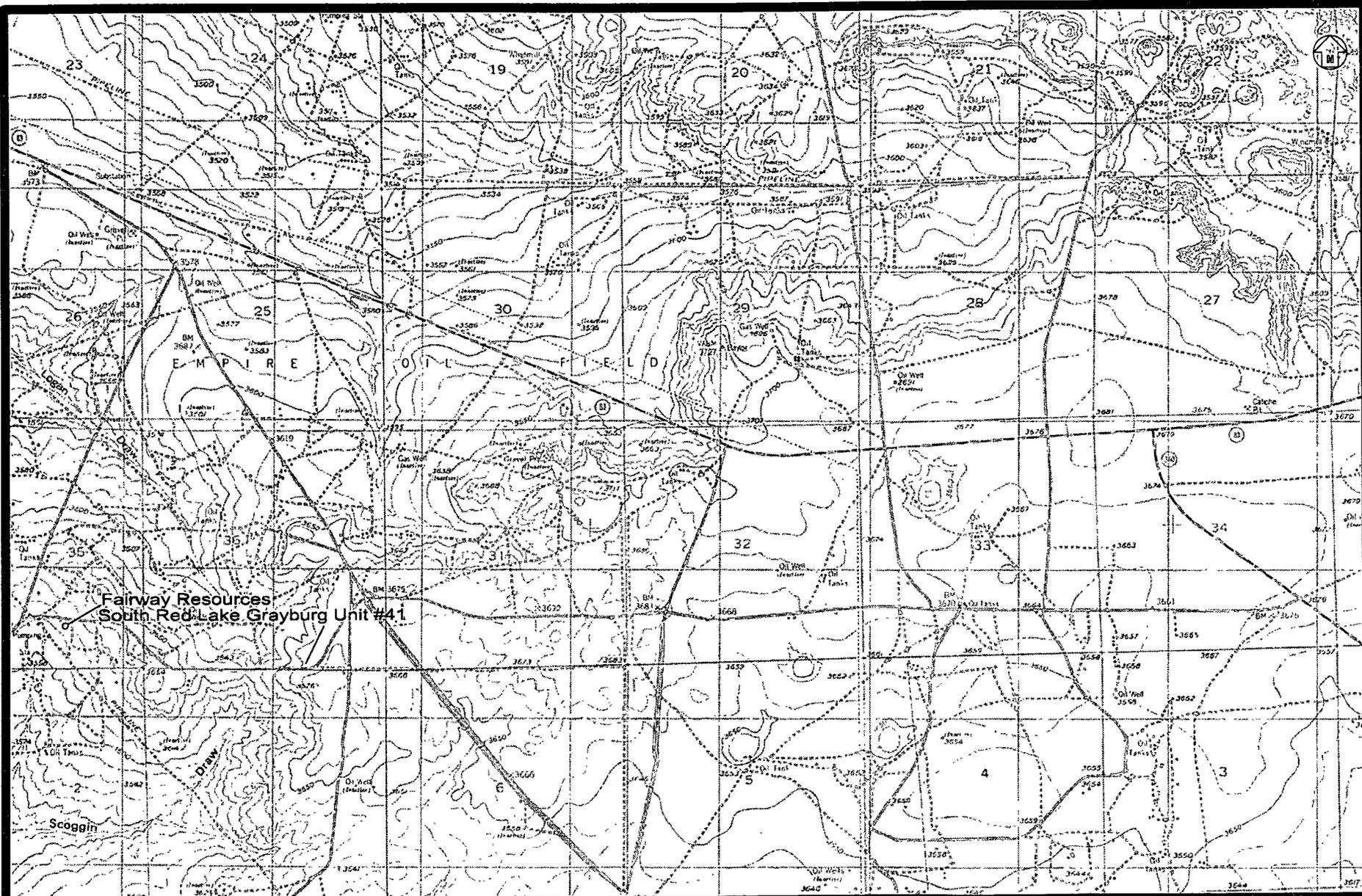
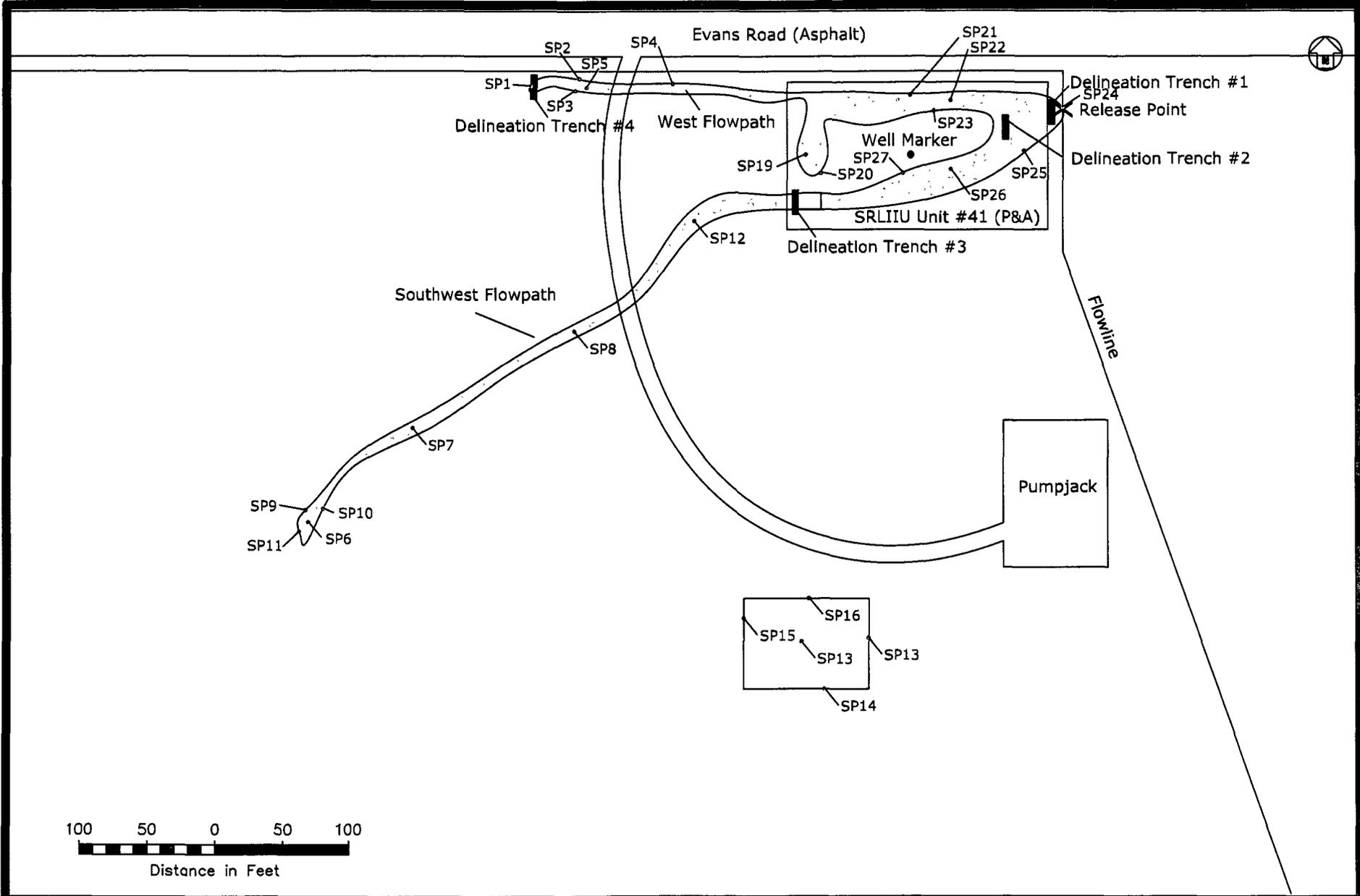


Figure 1  
 Site Location Map  
 Fairway Resources  
 South Red Lake Grayburg  
 Unit #41  
 Eddy County, New Mexico

Basin Environmental Consulting

Prep By: CDS	Checked By: CDS
October 15, 2009	Scale 1"=3000'



**Legend:**

- Flowpath Extents
- Flowline
- Sample Location

**Figure 2**  
 Site and Sample Location Map  
 Fairway Resources  
 South Red Lake Grayburg #41  
 Eddy County, New Mexico

**Basin Environmental Consulting**

Prep By: CDS	Checked By: CJB
October 15, 2009	Scale 1"=100'

Tables

**TABLE 1**  
**CONCENTRATIONS OF TPH AND CHLORIDES IN SOIL**

FAIRWAY RESOURCES OPERATING, LLC  
 SOUTH RED LAKE GRAYBURG UNIT 41  
 EDDY COUNTY, NEW MEXICO

SAMPLE LOCATION	SAMPLE DATE	SOIL STATUS	SW 846-8015M EXTENDED				4500-CI B
			GRO C <sub>6</sub> -C <sub>10</sub> (mg/Kg)	DRO C <sub>10</sub> -C <sub>28</sub> (mg/Kg)	ORO C <sub>28</sub> -C <sub>35</sub> (mg/Kg)	TOTAL TPH C <sub>6</sub> -C <sub>35</sub> (mg/Kg)	CHLORIDE (mg/Kg)
SP 1	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	896
SP 2	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	272
SP 3	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	416
SP 4	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	20,600
SP 5	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	2,680
SP 6	10/28/09	In-Situ	<10.0	287	<10.0	287	144
SP 7	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	1,380
SP 8	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	2,560
SP 9	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	21,600
SP 10	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	2,720
SP 11	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	2,400
SP 12	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	1,550
SP 13	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	3,880
SP 14	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	18,400
SP 15	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	5,760
SP 16	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	240
SP 17	10/28/09	In-Situ	<10.0	52.8	<10.0	52.8	208
SP 18	10/28/09	Excavated	<10.0	557	<10.0	557	2,360
SP 19	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	320
SP 20	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	96
SP 21	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	464
SP 22	10/28/09	In-Situ	<10.0	13.6	<10.0	13.6	384
SP 23	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	592
SP 24	10/28/09	In-Situ	<10.0	15.9	<10.0	15.9	1,200
SP 25	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	160
SP 26	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	272
SP 27	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	848
SF 1	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	6,080
SF 2	10/28/09	Excavated	-	-	-	-	24,400
SF 3	10/28/09	In-Situ	-	-	-	-	480

TABLE 1

CONCENTRATIONS OF TPH AND CHLORIDES IN SOIL

FAIRWAY RESOURCES OPERATING, LLC  
SOUTH RED LAKE GRAYBURG UNIT 41  
EDDY COUNTY, NEW MEXICO

SAMPLE LOCATION	SAMPLE DATE	SOIL STATUS	SW 846-8015M EXTENDED				4500-CI B
			GRO C <sub>6</sub> -C <sub>10</sub> (mg/Kg)	DRO C <sub>10</sub> -C <sub>28</sub> (mg/Kg)	ORO C <sub>28</sub> -C <sub>35</sub> (mg/Kg)	TOTAL TPH C <sub>6</sub> -C <sub>35</sub> (mg/Kg)	CHLORIDE (mg/Kg)
SF 4	10/28/09	In-Situ	-	-	-	-	48
SF 5	10/28/09	Excavated	-	-	-	-	2,960
SF 6	11/16/09	In-Situ	-	-	-	-	<16
SF 7	11/16/09	In-Situ	-	-	-	-	<16
SF 8	11/16/09	In-Situ	-	-	-	-	64
SP 9	11/16/09	In-Situ	-	-	-	-	16
SP 10	11/16/09	In-Situ	-	-	-	-	176
SP 11	11/16/09	Excavated	-	-	-	-	3,520
SP 13	11/16/09	In-Situ	-	-	-	-	576
SP 14	11/16/09	In-Situ	-	-	-	-	512
SP 15	11/16/09	In-Situ	-	-	-	-	784
SP 4	11/16/09	In-Situ	-	-	-	-	96
SP 18	11/16/09	In-Situ	-	-	-	-	688
SF 2	11/16/09	In-Situ	-	-	-	-	1,280
SF 1	11/16/09	In-Situ	-	-	-	-	<16
SF 5	11/16/09	In-Situ	-	-	-	-	1,480
SP 11	11/18/09	Excavated	-	-	-	-	3,600
SP 11	11/25/09	In-Situ	-	-	-	-	128
NMOC Regulatory Standard						5,000	1,270

⊛ NOTE: Chloride "Standard" is based on previously established "background" levels for this area

# Appendices

Appendix A  
Laboratory Analytical Reports



October 30 2009

Curt Stanley  
Fairway Resources  
538 Silicon Dr., Suite 101  
Southlake, TX 76092

Re: South Red Lake Unit 41

Enclosed are the results of analyses for sample number H18593, received by the laboratory on 10/29/09 at 8:21 am.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 9 (includes Chain of Custody)

Sincerely,

Celey D. Keene  
Laboratory Director



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
FAIRWAY RESOURCES  
ATTN: CURT STANLEY  
538 SILICON DR., SUITE 101  
SOUTHLAKE, TX 76092  
FAX TO: (575) 396-1429

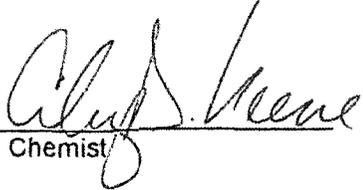
Receiving Date: 10/29/09  
Reporting Date: 10/29/09  
Project Owner: FAIRWAY RESOURCES  
Project Name: SOUTH RED LAKE UNIT 41  
Project Location: EDDY CO., NM

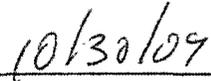
Analysis Date: 10/29/09  
Sampling Date: 10/28/09  
Sample Type: SOIL  
Sample Condition: COOL & INTACT @ 4°C  
Sample Received By: ML  
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl <sup>-</sup> (mg/kg)
H18593-1	SP1	896
H18593-2	SP2	272
H18593-3	SP3	416
H18593-4	SP4	20,600
H18593-5	SP5	2,680
H18593-6	SP6	144
H18593-7	SP7	1,380
H18593-8	SP8	2,560
H18593-9	SP9	21,600
H18593-10	SP10	2,720
H18593-11	SP11	2,400
H18593-12	SP12	1,550
H18593-13	SP13	3,880
H18593-14	SP14	18,400
H18593-15	SP15	5,760
H18593-16	SP16	240
Quality Control		490
True Value QC		500
% Recovery		98.0
Relative Percent Difference		2.0

METHOD: Standard Methods 4500-Cl<sup>-</sup>B

Note: Analyses performed on 1:4 w:v aqueous extracts.

  
Chemist

  
Date 10/30/09

H18593 Basin Environmental

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



# ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
FAIRWAY RESOURCES  
ATTN: CURT STANLEY  
538 SILICON DR., SUITE 101  
SOUTHLAKE, TX 76092  
FAX TO: (575) 396-1429

Receiving Date: 10/29/09  
Reporting Date: 10/29/09  
Project Owner: FAIRWAY RESOURCES  
Project Name: SOUTH RED LAKE UNIT 41  
Project Location: EDDY CO., NM

Analysis Date: 10/29/09  
Sampling Date: 10/28/09  
Sample Type: SOIL  
Sample Condition: COOL & INTACT @ 4°C  
Sample Received By: ML  
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl <sup>-</sup> (mg/kg)
H18593-17	SP17	208
H18593-18	SP18	2,360
H18593-19	SP19	320
H18593-20	SP20	96
H18593-21	SP21	464
H18593-22	SP22	384
H18593-23	SP23	592
H18593-24	SP24	1,200
H18593-25	SP25	160
H18593-26	SP26	272
H18593-27	SP27	848
H18593-28	SF1	6,080
H18593-29	SF2	24,400
H18593-30	SF3	480
H18593-31	SF4	48
H18593-32	SF5	2,960
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		2.0

METHOD: Standard Methods 4500-Cl<sup>-</sup>B

Note: Analyses performed on 1:4 w:v aqueous extracts.

  
Chemist

10/30/09  
Date

H18593 Basin Environmental

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



ANALYTICAL RESULTS FOR  
 FAIRWAY RESOURCES  
 ATTN: CURT STANLEY  
 538 SILICON DR., SUITE 101  
 SOUTHLAKE, TX 76092  
 FAX TO: (575) 396-1429

Receiving Date: 10/29/09  
 Reporting Date: 10/30/09  
 Project Owner: FAIRWAY RESOURCES  
 Project Name: SOUTH RED LAKE UNIT 41  
 Project Location: EDDY COUNTY, NEW MEXICO

Sampling Date: 10/28/09  
 Sample Type: SOIL  
 Sample Condition: COOL & INTACT @ 4°C  
 Sample Received By: ML  
 Analyzed By: AB

LAB NUMBER	SAMPLE ID	GRO	DRO	DRO ext.
		(C <sub>6</sub> -C <sub>10</sub> ) (mg/kg)	(>C <sub>10</sub> -C <sub>28</sub> ) (mg/kg)	(>C <sub>28</sub> -C <sub>35</sub> ) (mg/kg)
ANALYSIS DATE		10/29/09	10/29/09	10/29/09
H18593-1	SP1	<10.0	<10.0	<10.0
H18593-2	SP2	<10.0	<10.0	<10.0
H18593-3	SP3	<10.0	<10.0	<10.0
H18593-4	SP4	<10.0	<10.0	<10.0
H18593-5	SP5	<10.0	<10.0	<10.0
H18593-6	SP6	<10.0	287	<10.0
H18593-7*	SP7	<10.0	<10.0	<10.0
H18593-8*	SP8	<10.0	<10.0	<10.0
H18593-9	SP9	<10.0	<10.0	<10.0
H18593-10	SP10	<10.0	<10.0	<10.0
H18593-11*	SP11	<10.0	<10.0	<10.0
H18593-12	SP12	<10.0	<10.0	<10.0
H18593-13	SP13	<10.0	<10.0	<10.0
H18593-14	SP14	<10.0	<10.0	<10.0
H18593-15	SP15	<10.0	<10.0	<10.0
H18593-16	SP16	<10.0	<10.0	<10.0
H18593-17	SP17	<10.0	52.8	<10.0
H18593-18	SP18	<10.0	557	<10.0
H18593-19	SP19	<10.0	<10.0	<10.0
H18593-20	SP20	<10.0	<10.0	<10.0
Quality Control		503	558	-
True Value QC		500	500	-
% Recovery		101	112	-
Relative Percent Difference		9.7	10.9	-

METHODS: TPH GRO & DRO: EPA SW-846 8015 M extended. Reported on wet weight.

\*TPH second surrogate out of historical limits due to matrix interference.

  
 Lab Director

10/30/09  
 Date

H18593 TPHEXT BASIN

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



ANALYTICAL RESULTS FOR  
 FAIRWAY RESOURCES  
 ATTN: CURT STANLEY  
 538 SILICON DR., SUITE 101  
 SOUTHLAKE, TX 76092  
 FAX TO: (575) 396-1429

Receiving Date: 10/29/09  
 Reporting Date: 10/30/09  
 Project Owner: FAIRWAY RESOURCES  
 Project Name: SOUTH RED LAKE UNIT 41  
 Project Location: EDDY COUNTY, NEW MEXICO

Sampling Date: 10/28/09  
 Sample Type: SOIL  
 Sample Condition: COOL & INTACT @ 4°C  
 Sample Received By: ML  
 Analyzed By: AB

LAB NUMBER	SAMPLE ID	GRO (C <sub>6</sub> -C <sub>10</sub> ) (mg/kg)	DRO (>C <sub>10</sub> -C <sub>28</sub> ) (mg/kg)	DRO ext. (>C <sub>28</sub> -C <sub>35</sub> ) (mg/kg)
ANALYSIS DATE		10/30/09	10/30/09	10/30/09
H18593-21	SP21	<10.0	<10.0	<10.0
H18593-22	SP22	<10.0	13.6	<10.0
H18593-23	SP23	<10.0	<10.0	<10.0
H18593-24	SP24	<10.0	15.9	<10.0
H18593-25	SP25	<10.0	<10.0	<10.0
H18593-26	SP26	<10.0	<10.0	<10.0
H18593-27	SP27	<10.0	<10.0	<10.0
H18593-28	SF1	<10.0	<10.0	<10.0
Quality Control		515	568	-
True Value QC		500	500	-
% Recovery		103	114	-
Relative Percent Difference		1.8	4.7	-

METHODS: TPH GRO & DRO: EPA SW-846 8015 M extended. Reported on wet weight.

  
 Lab Director

10/30/09  
 Date

H18593 TPHEXT BASIN

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.











# CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

---

November 17, 2009

Camille Bryant  
Basin Environmental Consulting, LLC.  
P O. Box 381  
Lovington, NM 88260

Re: South Red Lake 41

Enclosed are the results of analyses for sample number H18735, received by the laboratory on 11/16/09 at 4:15 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 3 (includes Chain of Custody)

Sincerely,

Celey D. Keene  
Laboratory Director

---

This report conforms with NELAP requirements.







**ARDINAL  
LABORATORIES**

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

---

November 17, 2009

Camille Bryant  
Basin Environmental Consulting, LLC.  
P.O. Box 381  
Lovington, NM 88260

Re: South Red Lake 41

Enclosed are the results of analyses for sample number H18736, received by the laboratory on 11/16/09 at 4:15 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 4 (includes Chain of Custody)

Sincerely,

Celey D. Keene  
Laboratory Director

---

This report conforms with NELAP requirements.



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
BASIN ENVIRONMENTAL CONSULTING, LLC  
ATTN: CAMILLE BRYANT  
P.O. BOX 381  
LOVINGTON, NM 88260  
FAX TO: (575) 396-1429

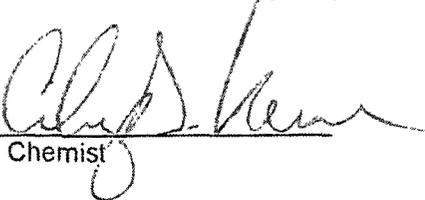
Receiving Date: 11/16/09  
Reporting Date: 11/17/09  
Project Owner: FAIRWAY  
Project Name: SOUTH RED LAKE 41  
Project Location: EDDY CO., NM

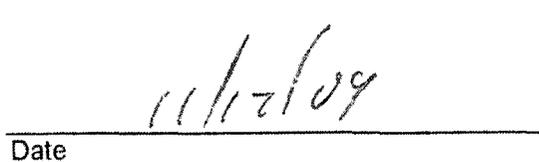
Analysis Date: 11/17/09  
Sampling Date: 11/16/09  
Sample Type: SOIL  
Sample Condition: COOL & INTACT @ 3°C  
Sample Received By: ML  
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl <sup>-</sup> (mg/kg)
H18736-1	SP 9	16
H18736-2	SP 10	176
H18736-3	SP 11	3,520
H18736-4	SP 13	576
H18736-5	SP 14	512
H18736-6	SP 15	784
H18736-7	SP 4	96
H18736-8	SP 18	688
H18736-9	SF 2	1,280
H18736-10	SF 1	< 16
H18736-11	SF 5	1,460
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		< 0.1

METHOD: Standard Methods 4500-Cl/B

Note: Analyses performed on 1:4 w:v aqueous extracts.

  
Chemist

  
Date

H18736 Basin Environmental

PLEASE NOTE. Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



# CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

Company Name: <u>BASIN</u>		<b>BILL TO</b>		<b>ANALYSIS REQUEST</b>											
Project Manager: <u>CAMILIE REYNOLDS</u>		P.O. #:													
Address: <u>2900 PEARNS HWY</u>		Company: <u>Fairway</u>													
City: <u>LOVINGTON</u> State: <u>NM</u> Zip: <u>88260</u>		Attn:													
Phone #: <u>575 396-2378</u> Fax #: <u>575 396-1439</u>		Address:													
Project #:		Project Owner: <u>FAIRWAY</u>													
Project Name: <u>SOUTH RED LAKE 4.1</u>		City:													
Project Location: <u>EDDY CO NM</u>		State: Zip:													
Sampler Name: <u>ZB TAYLOR</u>		Phone #: Fax #:													

FOR LAB USE ONLY		Lab I.D.	Sample I.D.	(GRAB OR (C)OMP # CONTAINERS	MATRIX							PRESERV.		SAMPLING		DATE	TIME	CHARIDES
GROUNDWATER	WASTEWATER				SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER							
<u>H18736-1</u>	<u>SP9</u>	<u>G-1</u>			<u>X</u>						<u>X</u>			<u>11/16</u>	<u>10:15</u>	<u>X</u>		
	<u>-2 SP 10</u>														<u>10:18</u>			
	<u>-3 SP 11</u>														<u>10:34</u>			
	<u>-4 SP 13</u>														<u>10:30</u>			
	<u>-5 SP 14</u>														<u>10:33</u>			
	<u>-6 SP 15</u>														<u>10:36</u>			
	<u>-7 SP 4</u>														<u>10:40</u>			
	<u>-8 SP 7</u>														<u>10:44</u>			
	<u>-9 SP 2</u>														<u>10:50</u>			
	<u>-10 SP 1</u>														<u>10:54</u>			

PLEASE NOTE: Liability and Damages. Cardinal's liability and Client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Sampler Relinquished By: <u>[Signature]</u>		Date: <u>11/16</u>	Received By: <u>[Signature]</u>	Phone Result: <input type="checkbox"/> No	Add'l Phone #:
Relinquished By:		Time: <u>4:15</u>	Received By:	Fax Result: <input type="checkbox"/> No	Add'l Fax #:
Delivered By: (Circle One)		Temp. <u>30C #16</u>	Sample Condition	CHECKED BY: <u>[Signature]</u>	
Sampler - UPS - Bus - Other:			Cool / Intact <input type="checkbox"/> Yes <input type="checkbox"/> No	(Initials)	

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.



# CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

Company Name: <u>Basin</u>		<b>BILL TO</b>				<b>ANALYSIS REQUEST</b>																	
Project Manager: <u>CAMILIE REYNOLDS</u>		P.O. #:																					
Address: <u>2900 PLAINS HWY</u>		Company:																					
City: <u>LOVINGTON</u> State: <u>NM</u> Zip: <u>88260</u>		Attn:																					
Phone #: <u>575 396-2378</u> Fax #: <u>575 396-1429</u>		Address:																					
Project #:		Project Owner: <u>FAIRWAY</u>																City:					
Project Name: <u>SOUTH RED LAKE 41</u>		State:																Zip:					
Project Location: <u>EDDY CO NM</u>		Phone #:																					
Sampler Name: <u>ZB TAYLOR</u>		Fax #:																					
FOR LAB USE ONLY				MATRIX														PRESERV.		SAMPLING		<b>CHDR-1025</b>	
Lab I.D.		Sample I.D.		GROUNDWATER		ACID/BASE:		DATE		TIME													
				WASTEWATER		ICE / COOL																	
				SOIL		OTHER:																	
				OIL																			
				SLUDGE																			
				OTHER:																			

PLEASE NOTE: Liability and Damages. Cardinal's liability and Client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analysis. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, impairment without limitation, business interruption, loss of use, or loss of profit incurred by Client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Sampler Relinquished:		Date: <u>11/16</u>		Received By: <u>Nicky LeBut</u>		Phone Result: <input type="checkbox"/> No		Add'l Phone #:	
<u>[Signature]</u>		Time: <u>4:15</u>				Fax Result: <input type="checkbox"/> No		Add'l Fax #:	
Relinquished By:		Date:		Received By:		REMARKS:			
		Time:							
Delivered By: (Circle One)		Temp.:		Sample Condition:					
Sampler - UPS - Bus - Other:		<u>30° #26</u>		Cool Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<u>[Signature]</u>			

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.



**ARDINAL  
LABORATORIES**

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

---

November 19, 2009

Camille Bryant  
Basin Environmental Consulting, LLC.  
P.O. Box 381  
Lovington, NM 88260

Re: South Red Lake 41

Enclosed are the results of analyses for sample number H18759, received by the laboratory on 11/18/09 at 2:15 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 3 (includes Chain of Custody)

Sincerely,

Celey D. Keene  
Laboratory Director





# CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

Company Name: <u>BASIN</u>		<b>BILL TO</b>		<b>ANALYSIS REQUEST</b>											
Project Manager: <u>CAMILLE BENT</u>		P.O. #:													
Address: <u>2900 PLAINS HWY</u>		Company:													
City: <u>LOVINGTON</u> State: <u>NM</u> Zip: <u>88260</u>		Attn:													
Phone #: _____ Fax #: _____		Address:													
Project #: _____ Project Owner: <u>FAIRWAY</u>		City:													
Project Name: <u>SOUTH RED LAKE 41</u>		State: _____ Zip: _____													
Project Location: <u>EDDY NM</u>		Phone #:													
Sampler Name: <u>EB TAYLOR</u>		Fax #:													

FOR LAB USE ONLY		(GRAB OR (C)OMP.	# CONTAINERS	MATRIX					PRESERV.			SAMPLING		CHLORIDES
Lab I.D.	Sample I.D.			GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE:	ICE / COOL	OTHER:	DATE	
<u>H18759-1</u>	<u>SP11</u>	<u>G</u>	<u>1</u>			<u>X</u>				<u>X</u>		<u>11/18</u>	<u>1:00</u>	<u>X</u>

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Sampler Relinquished:		Date: <u>11/18/09</u>	Received By: <u>[Signature]</u>	Phone Result: <input type="checkbox"/> No	Add'l Phone #:
<u>[Signature]</u>		Time: <u>3:15</u>		Fax Result: <input type="checkbox"/> No	Add'l Fax #:
Relinquished By:		Date:	Received By:	REMARKS:	
		Time:			
Delivered By: (Circle One)		Temp. <u>45°C #26</u>	Sample Condition	CHECKED BY: <u>[Signature]</u>	
Sampler - UPS - Bus - Other:			Cool Intact	(Initials)	
			<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes		
			<input type="checkbox"/> No <input type="checkbox"/> No		

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.



November 30, 2009

Camille Bryant  
Basin Environmental Consulting, LLC.  
P.O. Box 381  
Lovington, NM 88260

Re: South Red Lake 41

Enclosed are the results of analyses for sample number H18805, received by the laboratory on 11/25/09 at 4:10 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 3 (includes Chain of Custody)

Sincerely,

Celey D. Keene  
Laboratory Director





**ARDINAL LABORATORIES**

101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

Company Name: <b>BASIN</b>			<b>BILL TO</b>			<b>ANALYSIS REQUEST</b>																						
Project Manager: <b>CAMILLE BRYANT</b>			P.O. #:																									
Address: <b>2900 PLAINS HWY</b>			Company:																									
City: <b>LOVINGTON</b> State: <b>NM</b> Zip: <b>88265</b>			Attn:																									
Phone #: <b>575 396 2378</b> Fax #: <b>575 394-1429</b>			Address:																									
Project #: Project Owner: <b>FAIRWAY</b>			City:																									
Project Name: <b>SOUTH RED LAKE 41</b>			State: Zip:																									
Project Location: <b>2007 NM</b>			Phone #:																									
Sampler Name: <b>EB TUMINO</b>			Fax #:																									
<small>FOR LAB USE ONLY</small>																		<b>CHLORIDES</b>										
Lab I.D.		Sample I.D.		(GRAB OR (C)OMP.	# CONTAINERS	MATRIX					PRESERV.		SAMPLING															
						GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE:	ICE / COOL	OTHER:	DATE	TIME												
A18405-1		SP 11		G	1		X					X		11/25	12:15	X												

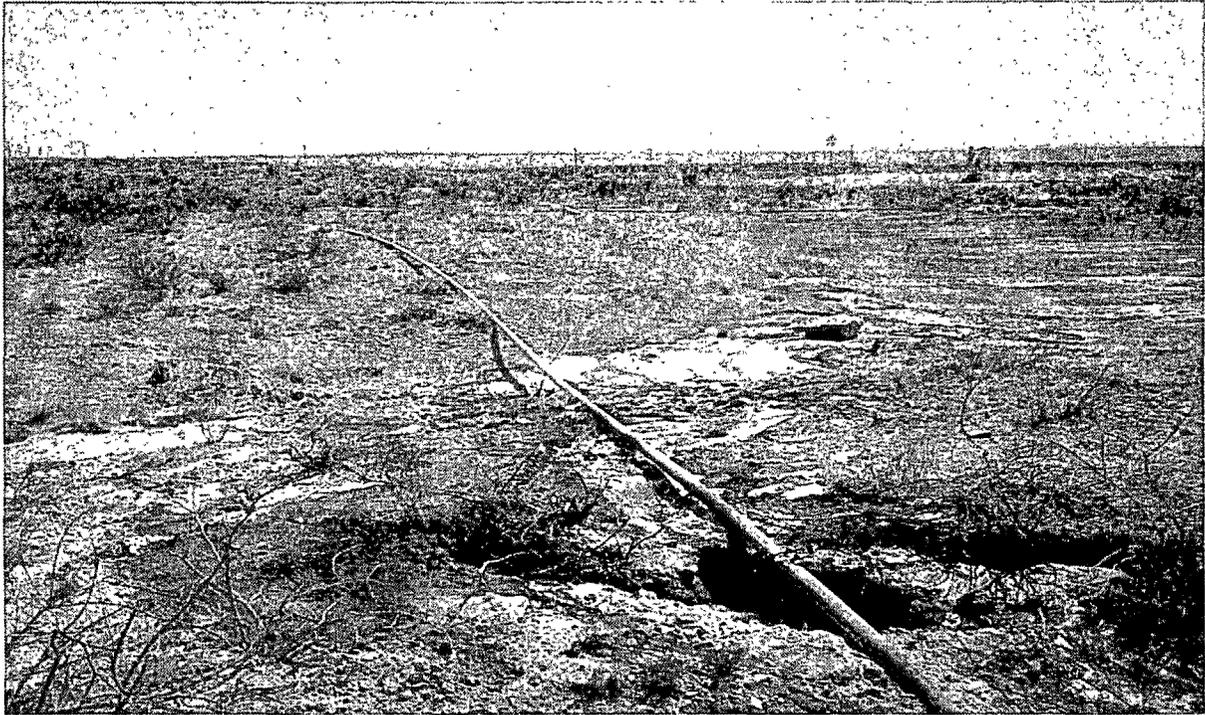
PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profit incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Sampler Relinquished:		Date: <b>11/25</b>		Received By: <i>[Signature]</i>		Phone Result: <input type="checkbox"/> No		Add'l Phone #:	
<i>[Signature]</i>		Time: <b>4:10</b>				Fax Result: <input type="checkbox"/> No		Add'l Fax #:	
Relinquished By:		Date:		Received By:		REMARKS:			
		Time:							
Delivered By: (Circle One)		Temp. <b>5.0C</b>	Sample Condition		CHECKED BY: <i>[Signature]</i>				
Sampler - UPS - Bus - Other:			Cool <input type="checkbox"/> Intact <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				

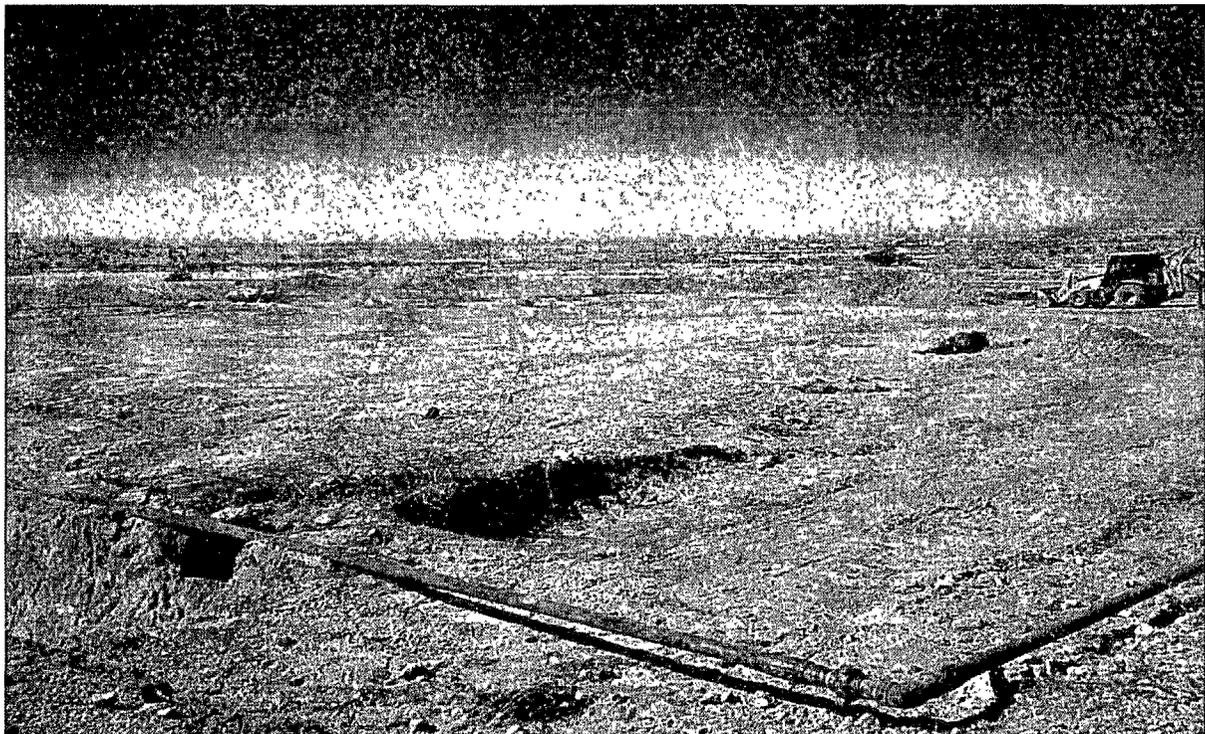
† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

# 26

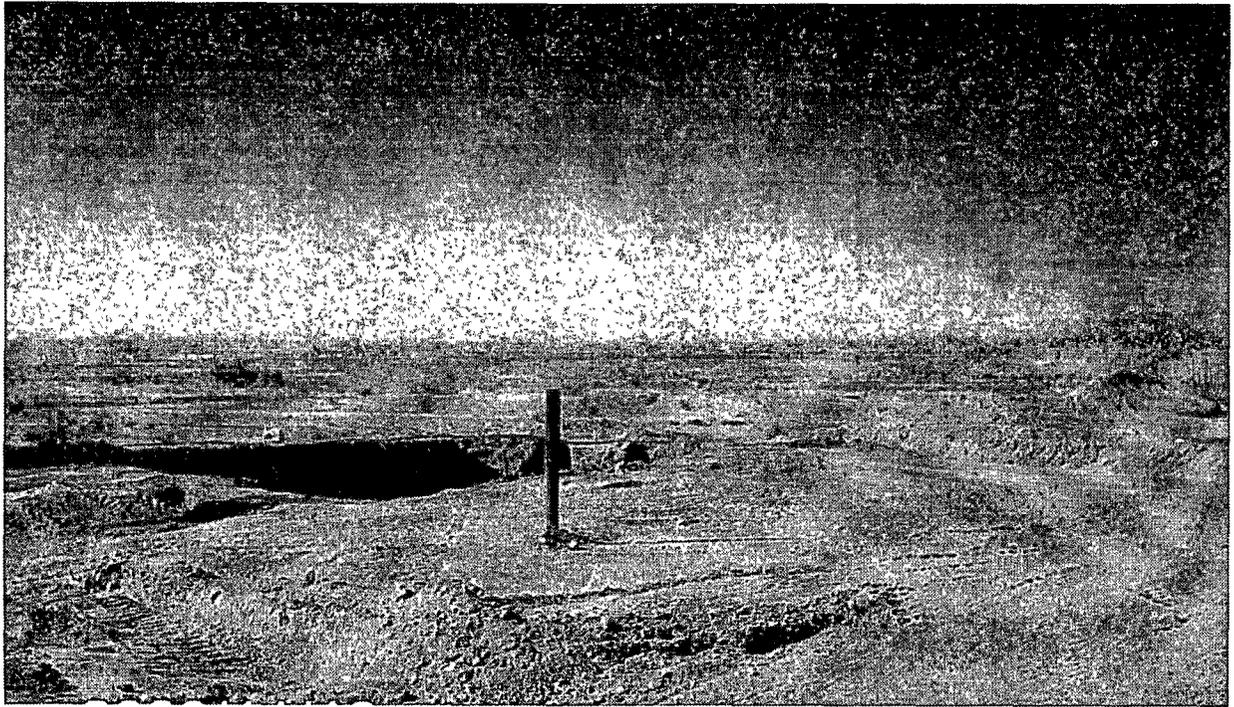
Appendix B  
General Photographs



South Red Lake Grayburg Unit 41 Initial Release



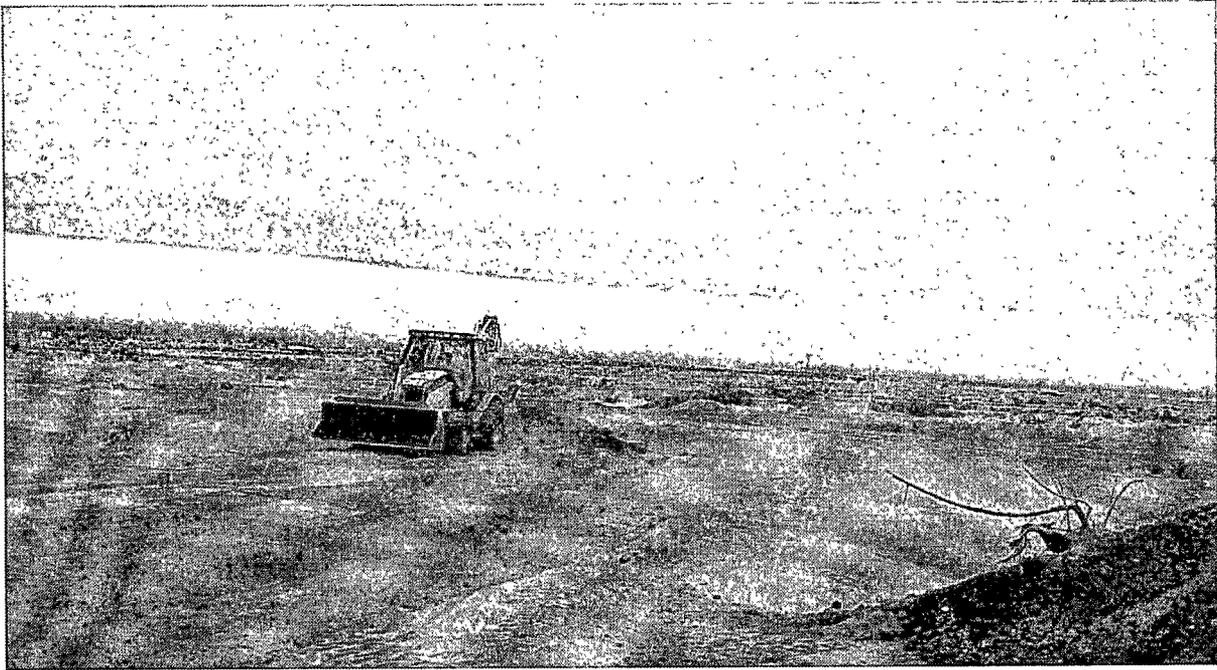
Excavation Activities at the South Red Lake Grayburg Unit 41 Site



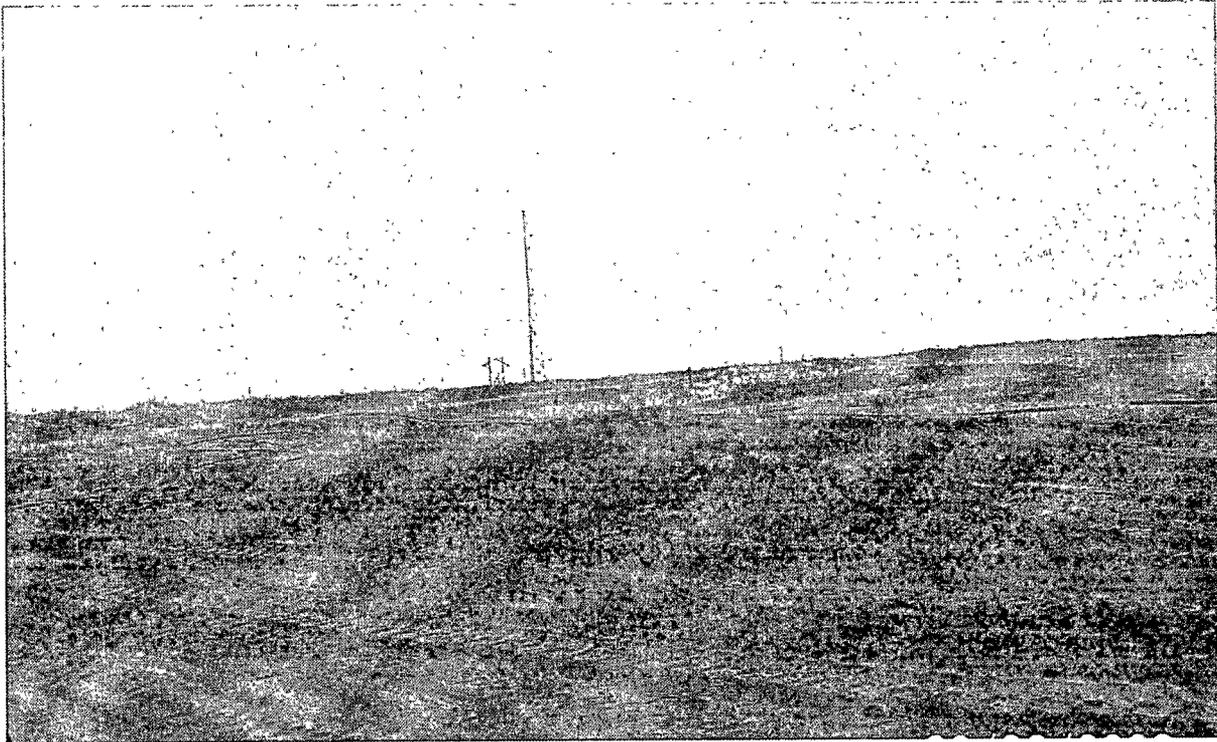
Excavation Activities at the South Red Lake Grayburg Unit 41 Site



Excavation Activities at the South Red Lake Grayburg Unit 41 Site



Backfilling Activities at the South Red Lake Grayburg Unit 41 Site



Completion of Remediation Activities at the South Red Lake Grayburg Unit 41 Site

Appendix C  
Release Notification and Corrective Action  
(Form C-141)

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-14  
Revised October 10, 2009

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

**Release Notification and Corrective Action**

**OPERATOR**  Initial Report  Final Report

Name of Company Fairway Resources <i>Operating LLC</i>	Contact Mike Jones
Address 538 Silicon Drive Suite 101 Southlake, Tx 76902	Telephone No. (432) 390-4611
Facility Name South Red Lake Grayburg Unit 41	Facility Type Flow Line

Surface Owner BLM	Mineral Owner BLM	Lease No. 0577798
-------------------	-------------------	-------------------

*30.015.20104*

**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
P	35	17S	27E		990'		990'	Eddy

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

**NATURE OF RELEASE**

Type of Release Produced Water and Crude	Volume of Release 15 bbl	Volume Recovered 0 bbl
Source of Release Flow Line	Date and Hour of Occurrence 9/28/2009	Date and Hour of Discovery 9/28/2009
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Jim Amos (BLM)	
By Whom? Mike Jones	Date and Hour 9/28/2009	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.\*

Describe Cause of Problem and Remedial Action Taken.\*  
A fiberglass flow line above the north east corner of the location failed under pressure releasing 15 bbls of produced water and crude. All saturated materials will be removed and transported to an approved NMOCDD disposal facility. Once all saturated materials have been removed the area will be delineated to determine what remedial steps will need to be taken.

Describe Area Affected and Cleanup Action Taken.\*

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCDD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCDD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, NMOCDD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: *Mike Jones*  
Printed Name: *Mike Jones*  
Title: *Production Supt.*  
Email Address: *m.jones@fairwayresources.com*  
Date: \_\_\_\_\_ Phone: \_\_\_\_\_

**OIL CONSERVATION DIVISION**

Approved by District Supervisor: *R. Dade by SB*  
Approval Date: *10-26-09*  
Expiration Date: *12-31-09*  
Attachments of Approval:  
Attached   
*LRP-359*

**REMEDICATION IN PROGRESS**