Basin Environmental Consulting, LLC

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MAY 1 8 2010

NMOCD ARTESIA

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REMEDIATION SUMMARY AND SITE CLOSURE REQUEST

Fairway Resources Operating, LLC

South Red Lake II Unit 31

Eddy County, New Mexico

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

Prepared For:

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

Prepared By: Basin Environmental Consulting, LLC

April 2010

Joel W. Lowry

Project Manager

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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 II Unit 31. The legal description of the release site is SE ¼ SW ¼ (Unit Letter N), 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). A Site Location Map and a Site and Sample Location Map are provided as Figures 1 and 2, respectively. General site photographs are provided as Appendix B.

On September 4, 2009, Fairway received a Notice of Written Order from the United States Department of the Interior, Bureau of Land Management (BLM). The notice indicated reclamation of the site was due within six (6) months. Fairway commenced site reclamation activities on November 10, 2009.

Based on the laboratory analytical results of the soil samples collected from the initial site assessment, Fairway submitted a Release Notification and Corrective Action (Form C-141) to the New Mexico Oil Conservation Division (NMOCD) Artesia District Office, indicating a release of an unknown volume had occurred at the site. The Release Notification and Corrective Action is provided as Appendix C.

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) 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 II Unit 31 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 November 10 and 11, 2009, Basin conducted delineation activities at the site. Delineation activities consisted of four (4) delineation trenches excavated to the north, south, east and west of the plugged well marker. The delineation trenches were backfilled after the soil samples were collected.

The delineation trench excavated to the south of the marker measured approximately forty-five (45) feet in length. Following the excavation of the trench, three (3) soil samples (Surface P & A Well, Sample 3 @ 2' and Sample 3 @ 6') were collected and submitted to the laboratory. The soil samples were analyzed for chloride concentrations utilizing EPA method 4500. Laboratory analytical results indicated chloride concentrations ranged from 11,800 mg/Kg for soil sample Surface P & A well to 288 mg/Kg for soil samples Sample 3 @ 2' and Sample 3 @ 6'. A summary of Concentrations of TPH, BTEX and Chlorides in Soil is provided as Table 1. Laboratory analytical reports are provided as Appendix A.

The delineation trench excavated to the west of the marker measured approximately sixty-five (65) feet in length. Following the excavation of the trench, one (1) soil sample (Sample 8 @ 2') was collected and submitted to the laboratory and analyzed for chloride concentrations. Laboratory analytical results indicated a chloride concentration of 128 mg/Kg for soil sample Sample 8 @ 2'.

The delineation trench excavated to the north of the marker measured approximately forty (40) feet in length. Following the excavation of the trench, one (1) soil sample (Sample 12 @ 2') was collected and submitted to the laboratory and analyzed for chloride concentrations. Laboratory analytical results indicated a chloride concentration of 208 mg/Kg for soil sample Sample 12 @ 2'.

The delineation trench excavated to the east of the marker measured approximately sixty-five (65) feet in length. Following the excavation of the trench, two (2) soil samples (Sample 17 @ 2' and Sample 17 @ 4') were collected and submitted to the laboratory and analyzed for chloride concentrations. Laboratory analytical results indicated chloride concentrations ranged from 112 mg/Kg for soil sample Sample 17 @ 2' to 80 mg/Kg for soil sample Sample 17 @ 4'.

On January 6, 2010, Basin began excavation of the impacted soil at the release site. The excavation floor and sidewalls were advanced until field test indicated TPH and chloride concentrations were below NMOCD regulatory standards.

On January 19, 2010, four (4) soil samples (SP 1, SP 2, SP 3 and SP-4) were collected and submitted to the laboratory for analysis of chloride concentrations. Laboratory analytical results indicated chloride concentrations ranged from 2,080 mg/Kg in soil sample SP 4 to 6,080 mg/Kg in soil sample SP 1. The excavation was advanced in the areas represented by these soil samples.

On January 22, 2010, five (5) soil samples (FLOOR 1, FLOOR 2, FLOOR 3, ESW 1 and SSW 1) were collected and submitted to the laboratory for analysis of BTEX, TPH and chlorides. Laboratory analytical results indicated concentrations of BTEX were less than the appropriate laboratory MDL for all submitted soil samples. Laboratory analytical results indicated concentrations of TPH were less than the appropriate laboratory MDL for all submitted soil samples. Laboratory analytical results indicated chloride concentrations ranged from 336 mg/Kg for soil sample ESW 1 to 2,800 mg/Kg for soil sample SSW 1.

On January 25, 2010, five (5) soil samples (FLOOR 1, FLOOR 2 (4'), FLOOR 2 (6'), FLOOR 2 (8'), and FLOOR 3) were collected and submitted to the laboratory for analysis of chloride concentrations. Laboratory analytical results indicated chloride concentrations ranged from 2,200 mg/Kg in soil sample FLOOR 1 to 176 mg/Kg in soil sample FLOOR 2 (8'). It was concluded that Fairway does not appear to be responsible for elevated chloride concentrations in the southern portion of the excavation, in area represented by soil samples FLOOR 1, FLOOR 2, FLOOR 3 and SSW 1.

On January 26, 2010, five (5) soil samples (SW 3, SW 4, SW5, FLOOR 4 and FLOOR 5) were collected and submitted to the laboratory for analysis of chloride concentrations. Soil sample SW 3 was also analyzed for concentrations of BTEX and TPH. Laboratory analytical results indicated the concentration of BTEX was less than the appropriate laboratory MDL for soil sample SW 3. Laboratory analytical results indicated the concentration of TPH was 61.7 mg/Kg for soil sample SW 3. Laboratory analytical results indicated chloride concentrations were less than the NMOCD regulatory standard for all soil samples submitted, with the exception soil sample FLOOR 4, which exhibited a chloride concentration of 1,490 mg/Kg. The excavation was advanced in the area represented by soil sample FLOOR 4.

On January 27, 2010, eight (8) soil samples (FLOOR 4, FLOOR 6, FLOOR 8, SW 6, SW7, SP 1, SP 2 and SP 3) were collected and submitted to the laboratory for analysis of chloride concentrations. Soil samples FLOOR 8 and SP 1 were also analyzed for concentrations of BTEX and TPH. Laboratory analytical results indicated BTEX concentrations were less than the appropriate laboratory MDL soil samples FLOOR 8 and SP 1. Laboratory analytical results indicated the TPH concentrations were 159 mg/Kg for soil sample FLOOR 8 and 152.2 mg/Kg for soil sample SP 1. Laboratory analytical results indicated chloride concentrations were less than the NMOCD regulatory standard for all soil samples submitted with the exception of soil sample SW 7, which exhibited a concentration of 1,630 mg/ Kg. The excavation was advanced in the area represented by soil sample SW 7.

On February 2, 2010, nine (9) soil samples (SW 7, SW 8, SW 9, SW 10, SW 11, FLOOR 2, FLOOR 9, FLOOR 10, and SP 6) were collected and submitted to the laboratory for analysis of chloride concentrations. Soil samples SW 10, FLOOR 2 and SP 6 were also analyzed for concentrations of BTEX and TPH. Laboratory analytical results indicated BTEX concentrations were less than the appropriate laboratory MDL for soil samples SW 10, FLOOR 2 and SP 6. Laboratory analytical results indicated the TPH concentrations were less than the appropriate laboratory MDL for soil samples SW 10, FLOOR 2 and SP 6. Laboratory analytical results indicated chloride concentrations were less than the NMOCD regulatory standard for all soil samples submitted with the exception of SW 9, SW 11, and FLOOR 9, which had concentrations

of 1,730 mg/Kg, 1,280 mg/Kg and 2,720 mg/Kg, respectively. It was concluded that Fairway does not appear to be responsible for the elevated chloride concentration in soil sample SW 9. Verbal approval was granted from the NMOCD to leave the soil represented by soil sample SW 11 in-situ. The excavation was advanced in the area represented by soil sample FLOOR 9.

On February 8, 2010, eleven (11) soil samples (FLOOR 1, FLOOR 6, FLOOR 7, FLOOR 9, FLOOR 11, FLOOR 12, SP 9, SP 10, SP 11, SW 14 and SW 15) were collected and submitted to the laboratory for analysis of chloride concentrations. Laboratory analytical results indicated chloride concentrations were less than the NMOCD regulatory standard for all soil samples submitted.

On February 9, 2010, seven (7) soil samples (SW 12, SW 13, SW 16, SW 18, SW 17, SW 19, and FLOOR 13) were collected and submitted to the laboratory for analysis of chloride concentrations. Laboratory analytical results indicated chloride concentrations were less than the NMOCD regulatory standard for all soil samples submitted.

From January 6 to February 15, 2009, Basin transported approximately 5,600 cubic yard (cy) of impacted soil to Lea Land (NMOCD permit #WM-01-035) for disposal. The final dimensions of the excavation were approximately 450 feet in length, 100 to 265 feet in width and 1.5 to 8 feet in depth. The excavation was backfilled with locally purchased non-impacted soil and compacted in twelve (12) inch lifts. Following backfill activities, areas disturbed by the remediation activities were contoured to fit the surrounding topography and reseeded with a mixture of BLM #3 and BLM #4 seed.

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 and/or BTEX analyses using the methods described below. Soil samples were analyzed for Chlorides and/or TPH and/or BTEX 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
- BTEX concentrations in accordance with EPA Method 8021B, 5030

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 Unit #31 release site.

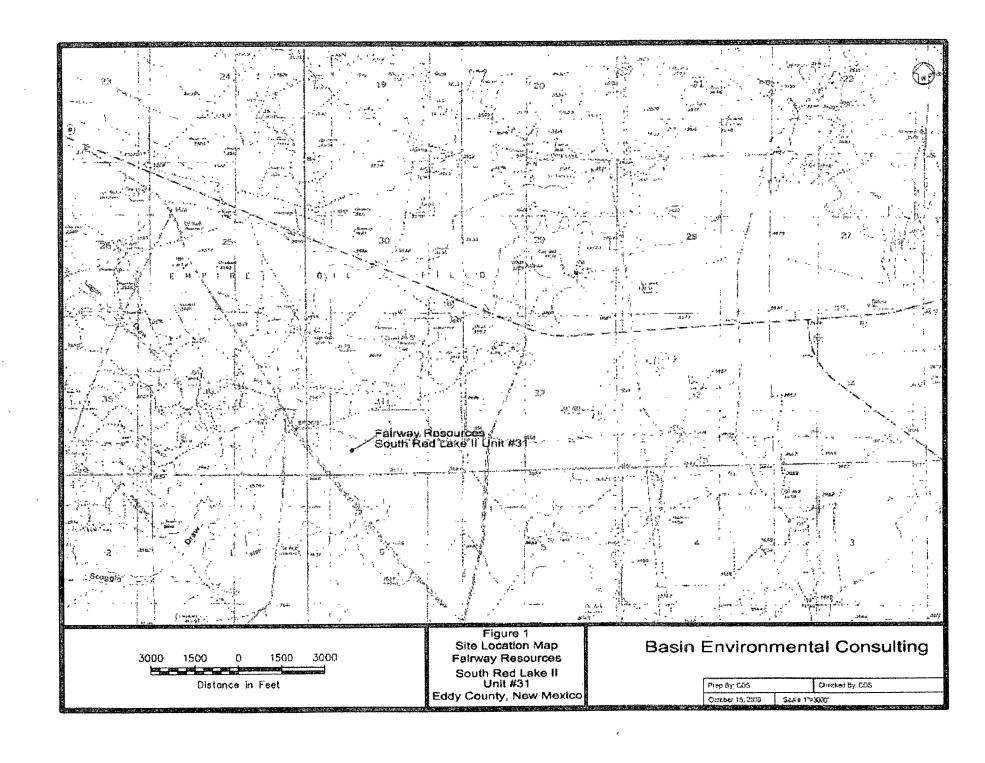
6.0 LIMITATIONS

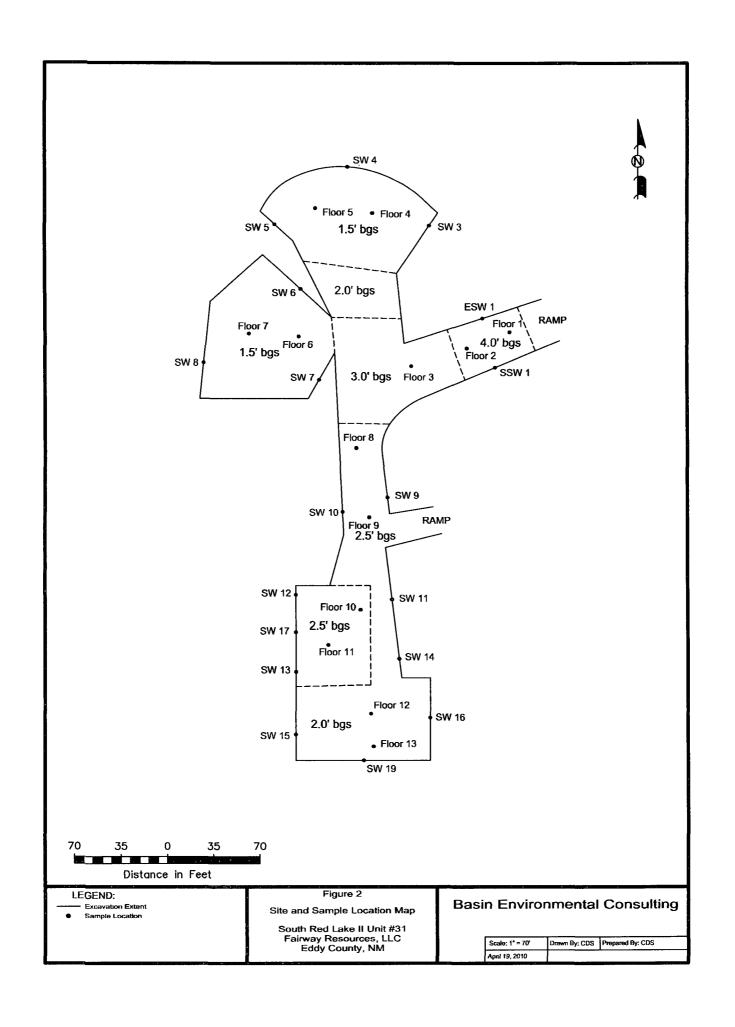
Basin Environmental Consulting, LLC has prepared this Remediation Summary and Site Closure Request to the best of its ability. No other warranty, expressed or implied, is made or intended.

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.

Figures





Tables

TABLE 1
CONCENTRATIONS OF TPH, BTEX AND CHLORIDES IN SOIL

FAIRWAY RESOURCES OPERATING, LLC SOUTH RED LAKE II UNIT #31 EDDY COUNTY, NEW MEXICO

		<u> </u>	METHOD: E	PA SW 846-	8021B, 5030		SI	4500		
SAMPLE LOCATION	SAMPLE DATE	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL- BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)	TOTAL BTEX (mg/Kg)	GRO C ₆₋ C ₁₀ (mg/Kg)	DRO C ₁₀ C ₂₈ (mg/Kg)	DRO EXT. C ₋₂₈ .C ₃₅ (mg/Kg)	CHLORIDE (mg/Kg)
SURFACE P & A WELL	11/10/09	-	-	-	-	-	-	-	-	11,800
SAMPLE 3 @ 2'	11/10/09	-	-	-	-	-	-	-	-	288
SAMPLE 3 @ 6'	11/10/09	-	-	-	-	-	-	-	-	288
SAMPLE 8 @ 2'	11/10/09	-	-	-	-	-	-	-	-	128
SAMPLE 12 @ 2'	11/11/09	-	-	-	-	-	-	-	-	208
SAMPLE 17 @ 2'	11/11/09	-		-	_	-	-	-	-	112
SAMPLE 17 @ 4'	11/11/09		-	-	-	-	_	-	-	80
SP 1	01/19/10	-	_	-	-	-	-	-	-	6,080
SP 2	01/19/10	-	-	-	-	-	_	-	-	4,880
SP3	01/19/10	-	-	-	-	-	-	-	-	4,400
SP 4	01/19/10	-	-	-	-	-	-	-	-	2,080
Floor 1	01/22/10	<0.050	<0.050	<0.050	<0.300	<0.050	<10 0	<10.0	<100	2,520
Floor 2	01/22/10	<0.050	<0.050	<0 050	<0.300	<0 050	<10.0	<10.0	<10 0	2,200
Floor 3	01/22/10	<0.050	<0.050	<0.050	<0.300	<0 050	<10.0	<10.0	<10 0	1,330
ESW 1	01/22/10	<0.050	<0.050	<0.050	<0.300	<0.050	<10.0	<10.0	<10 0	336
SSW 1	01/22/10	<0.050	<0.050	<0.050	<0.300	<0.050	<10.0	<10.0	<10.0	2,800
Floor 1	01/25/10	-	-	-		-	-	-	-	1,500
Floor 2	01/25/10	-	-	-		-	-		-	1,470
Floor 2	01/25/10	-	-	-	-		-	-	-	1,280
Floor 2	01/25/10	-	-	-	-	-	-		-	176
Floor 3	01/25/10	-	-	-		-	-		-	1,020
Floor 4	01/26/10	-	-	-	-	-	-	-	-	1,490
Floor 5	01/26/10	-	-	-	-	•	-	-	-	80
SW3	01/26/10	<0.050	<0.050	<0.050	<0 300	<0 050	<10.0	61 7	<10 0	672
SW 4	01/26/10	-	-	-		-	-			16
SW5	01/26/10	-	-	•	-	-	-	-	-	<16
Floor 4	01/27/10	-			-	-		-	-	320
Floor 6	01/27/10	-	-	-	•	-		-	-	96
Floor 8	01/27/10	<0.050	<0.050	<0 050	<0.300	<0.050	<10 0	159	<10.0	96
SW 6	01/27/10	-	-	-		•	_	-	-	416

TABLE 1

CONCENTRATIONS OF TPH, BTEX AND CHLORIDES IN SOIL

FAIRWAY RESOURCES OPERATING, LLC SOUTH RED LAKE II UNIT #31 EDDY COUNTY, NEW MEXICO

			METHOD: E	PA SW 846-	8021B, 5030		S\	4500		
SAMPLE LOCATION	SAMPLE DATE	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL- BENZENE (mg/Kg) ,	TOTAL XYLENES (mg/Kg)	TOTAL BTEX (mg/Kg)	GRO C ₆₋ C ₁₀ (mg/Kg)	DRO C ₁₀ C ₂₈ (mg/Kg)	DRO EXT. C _{.28} .C ₃₅ (mg/Kg)	CHLORIDE (mg/Kg)
SW7	01/27/10	-	-	-	-	-	-		-	1,630
SP 1	01/27/10	<0 050	<0.050	<0.050	<0 300	<0.050	<10.0	141	11.2	224
SP 2	01/27/10	_	-	-	-	-	-	-	-	112
SP3	01/27/10	-	-	-	-	-	-	-	-	<16
Floor 2	02/02/10	<0.050	<0.050	<0.050	<0.300	<0.050	<10 0	<10.0	<10.0	352
Floor 9	02/02/10	-		-	-		_	-	-	2,720
Floor10	02/02/10	-	-	-	-		-	-	-	160
SW7	02/02/10	-	-	-	-	-	-	-	-	96
SW8	02/02/10	-	-	-	-	-	-	-	-	<16
SW9	02/02/10	-	-	-	-	,	-	-	-	1,730
SW 10	02/02/10	<0.050	<0.050	<0.050	<0.300	<0 050	<10.0	<10.0	<100	912
SW 11	02/02/10	-	-	-	-	-	-	-	-	1,280
SP 6	02/02/10	<0.050	<0.050	<0.050	<0 300	<0 050	<10 0	<10.0	<10.0	608
Floor 1	02/08/10	-	-	-	-	-	-	-	-	1,120
Floor 6	02/08/10	-	-	-	-	-	-	-	-	48
Floor 7	02/08/10	-	-	-	-	-	-	-	-	368
Floor 9	02/08/10	-	-	-	-	-	-	-	-	224
Floor 11	02/08/10	-	-	-	-	-	-	-	-	624
Floor 12	02/08/10	-	-	-	-	-	-	-	-	592
SW 14	02/08/10	-	-	-	-	-	•	-	-	128
SW 15	02/08/10	-	-	-			-	-	-	768
SP9	02/08/10	-	-	-	-		-	-	-	112
SP 10	02/08/10	-	-	-	-		-	_	-	16
SP 11	02/08/10	-	-	-	-	-	-	-	-	192
Floor 13	02/09/10	-	•	-		•	,	ļ	-	768
SW 12	02/09/10	-	-	-	-	-	-	-	-	128
SW 13	02/09/10	_ -	-	•	_	-	-	-	-	992
SW 16	02/09/10	- "	-	-	-	-		-	-	912
SW 17	02/09/10	<0.050	<0.050	<0.050	<0 300	<0 050	<10.0	<10 0	<10.0	336
SW 18	02/09/10	-	-	-			-	-		672
SW 19	02/09/10	<0.050	<0 050	<0.050	<0.300	<0.050	<10 0	<10.0	<100	48
NOTE OF FOREIGN	高速を立てく		は大き		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			3 My 160 C	16 4 2 18	- 32. (1/2 / 1/2)
NMOCD Regulatory	Standard	10				50				1,270

A) NOTE: A Chloride "Standard" is based on previously established "background" levels for this area.

Appendices

Appendix A Laboratory Analytical Reports



November 13, 2009

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

Re: SRLU 31

Enclosed are the results of analyses for sample number H18703, received by the laboratory on 11/11/09 at 4:50 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 though 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)

Laboratory Director



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CAMILLE BRYANT

P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 11/11/09

Reporting Date: 11/12/09

Project Owner: NOT GIVEN Project Name: SRLU 31

Project Location: EDDY CO., NM

Analysis Date: 11/12/09

Sampling Date: 11/10/09 & 11/11/09

4500-CI'B

Sample Type: SOIL

Sample Condition: COOL & INTACT @ 6°C

Sample Received By: ML

Analyzed By: HM

	CI ⁻				
SAMPLE ID	(mg/kg)				
SURFACE P & A WELL	11,800				
SAMPLE 3 @ 2'	288				
SAMPLE 3 @ 6'	288				
SAMPLE 8 @ 2'	128				
SAMPLE 12 @ 2'	208				
SAMPLE 17 @ 2'	112				
SAMPLE 17 @ 4'	80				
Manager and the second					
trol	500				
True Value QC					
% Recovery					
Relative Percent Difference					
	SURFACE P & A WELL SAMPLE 3 @ 2' SAMPLE 3 @ 6' SAMPLE 8 @ 2' SAMPLE 12 @ 2' SAMPLE 17 @ 2' SAMPLE 17 @ 4'				

METHOD: Standard Methods

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

ist

H18703 Basin Environmental

Date



(575),393-2326 Fax (575) 393-2476	raye	
Company Name: BASIN ENVIYORMENTER CONSULTIN	BILL TO	ANALYSIS REQUEST
Project Manager: CAmille Bruant	P.O. #:	
Address: 2800 Pams Hwy PO Box 391	Company: FA: EWAY PESO	eces
city: Lovington state: NM zip: 88260	Attn: MIKE JONES	
City: LOVINGTON State: NM Zip: 88260 Phone # 575) 396-2378 Fax # 575) 396-1429	Address:	
Project #: Project Owner:	City:	
Project Name: SRLU 3	State: Zip:	
Project Location Eddly (2)	Phone #:	-
Sampler Name: Comulle Bugart	Fax #:	
CONTAINERS GROUNDWATER GROUNDWATER SOIL SUNGE	PRESERV. SAMPLING OTHER. OTHER. DATE TIME	C. H. Brid
H18703-1 Surface PAR Well GI X	11/10/0830	
2 Sampe3 ca' GII V	11/10/0945	
359male3 e 6' GII X	1110 1015	
3 BAMPle 3 C 6 G 1 X -4 SAMPLE 8 & 2 1 G 1 X	11/10/14/0	X
5 Samble 12 e 2' GIII IX	11/11 0980	X
-6 Sample 17 0 2' GX X -7 Sample 17 0 4' GX X	0511 1111	
-7 5 Ample 17 04' GX X	11/11/11/11/11/11/11/11/11/11/11/11/11/	
PLEASE NOTE: Liability and Damages. Cardinais ilability and client's exclusive remedy for any claim arising whether bas	sed in contract or tort, shall be limited to the amoun	nt 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 willing and receive service. In no event shall Cardinal be leable for incidental or consequental damages, biologing without brotation, business interruptions, loss of the	use, or loss of profile incurred by client, its subsidicries,	6
utilities or successors arising out of or related to the performance of services hereurous by Certinal regardless of whether such claim is basing the such claim is basing	Phone Re	
Time I Co	Fax Resul REMARKS	
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Times of the second	- (//b #	
11.50 May	Melal	
Delivered By: (Circle One) Temp. Sample Condit Cool Intact	(Unitials) ()	
Sampler - UPS - Bus - Other:		

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



January 20, 2010

Eb Taylor
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: South Red Lake Unit 31 (Fairway)

Enclosed are the results of analyses for sample number H19099, received by the laboratory on 01/19/10 at 4:00 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 though 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,

Laboratory Director



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: EB TAYLOR P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 01/19/10
Reporting Date: 01/19/10
Project Number: FAIRWAY

Project Name: SOUTH RED LAKE UNIT 31

Project Location: EDDY CO., NM

Analysis Date: 01/19/10 Sampling Date: 01/19/10 Sample Type: SOIL

Sample Condition: INTACT @ 10°C

Sample Received By: JH

Analyzed By: HM

		CI
LAB NO.	SAMPLE ID	(mg/kg)
H19099-1	SP1	6,080
H19099-2	SP2	4,880
H19099-3	SP3	4,400
H19099-4	SP4	2,080
	nerran eren neuer eine ist stelligen, seit seit stelligene er erenden stelligen eren tragen eren eren eren ere	
	1989/1989/1989 - 1980 -	
		AND CONTROL OF THE PARTY OF THE
Quality Cor	ntrol	500
True Value	QC	500
% Recover	у	100
Relative Pe	ercent Difference	< 0.1

METHOD: Standard Methods 4500-Cl'B Note: Analyses performed on 1:4 w:v aqueous extracts.

Chemist

Date



D1 East Marland, Hobbs, NM 88240 (575) 393-2326 Fax (575) 393-2476

	1			1
age_		οf	-	

Company Name: BAS: N ENV.						BI	LLTO				AN/	LYSI	S RE	QUES	Т	
Project Manager: Ex Taylor	ng har diperion of		a apparatus ancidencias — then enterpropagation		P.0	O. #:										
Address: 2900 PLAINS Havy					Со	mpany:										
City: LOUINGTON State: NM	Ziş	o: δ	38260		Att	n:										
Phone #: Fax #:					Ad	dress:										
Project #: SOUTH RED LAKE Project Owne	: F	ATE	cway		Cit	y:			. 0							
Project Name: SOUTH RED LAICE UNIT			• • • • • • • • • • • • • • • • • • • •	at you was the place	Sta	ite:	Zip;	der Mildelikking ausgebagener ange	900							
Project Location: EDD4 NM		****			Ph	one#:			7							
Sampler Name: S. Taylor					Fax	x #:										
FOR LAB USE ONLY L'ab I:D. Sample I.D. H19099-1 SP1 -2 SP2 -3 SPS	우 수 (중) (G)RAB OR (C)OMP.	-	GROUNDWATER WASTEWATER X SOIL		OTHER:	ACID/BASE: 33	DATE	TIME	X CALORIDES							
-4 spy	G	a Tomasa an						11:15								

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 transpars. All claims including those for negligence and any other course whatsoever shall be deemed waked unless made in writing and received by Cardinal within 30 days after completion of the applicables service. In no event shall be facilitied to liable for incidental or correspondent damages, including without findshoot, business interruptions, loss of use, or loss of profes incurred by Chent, its subsidiaries,

printeging of adocessors district out of temperature for the personnessed of a	threes training by contrast techniques of willings social country process only of the above series tensors or opposition		
Sampler Relinquished:	Date: , Received By:	Phone Result:	No Add'l Phone #:
	1/19/10	Fax Result:	No Add'l Fax #:
(N ()	Time:, , , , ,	REMARKS:	
CV STE	4.00	EUSH! CAIL	ER W/ WEDRAL.
Relinquished By:	Date: College Received By:	Wall ! CALL	EB W/ VERBAL
	HIMIN Todi Man X On		
	10th year suchoon		575 408-3130
D.1			3/3 100 1.00
Delivered By: (Circle One)	Temp. Sample Condition CHECKED BY:	ı	
	10°C 406 97		
	1- 0 41 40		



February 1, 2010

Curt Stanley
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: South Red Lake 31 (Fairway) Revised

Enclosed are the results of analyses for sample number H19135, received by the laboratory on 01/22/10 at 4:40 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 though 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: 5 (includes Chain of Custody)

Sincerely.

Celey D. Reene Laboratory Director



ANALYTICAL RESULTS FOR

BASIN ENVIRONMENTAL CONSULTING, LLC.

ATTN: CURT STANLEY 2800 PLAINS HWY LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 01/22/10 Reporting Date: 01/29/10

/22/10 Sampling Date: 01/22/10
1/29/10 Sample Type: SOIL
AIRWAY RESOURCES Sample Condition: COOL & INTACT @ 5.5°C

Project Owner: FAIRWAY RESOURCES
Project Name: SOUTH RED LAKE 31

t Name: SOUTH RED LAKE 31 Sample Received By: AB

Project Location: EDDY, NM

Analyzed By: ZL

LAB NO. SAMPLE ID BENZENE TOLUENE BENZENE XYLENES (mg/kg) (mg/kg) (mg/kg) (mg/kg)

ANALYSIS DATE:	01/27/10	01/27/10	01/27/10	01/27/10
H19135-1 FLOOR 1	<0.050	<0.050	<0.050	<0.300
H19135-2 FLOOR 2	<0.050	<0.050	<0.050	<0.300
H19135-3 FLOOR 3	<0.050	<0.050	<0.050	<0.300
H19135-4 ESW 1	<0.050	<0.050	<0.050	<0.300
H19135-5 SSW 1	<0.050	<0.050	<0.050	<0.300
Quality Control	0.057	0.055	0.056	0.163
True Value QC	0.050	0.050	0.050	0.150
% Recovery	114	110	112	109
Relative Percent Difference	<1.0	1.8	<1.0	<1.0

METHODS: BTEX - SW-846 8021B

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight.

l ab Director

02/01/10 Date



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CURT STANLEY

P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 01/22/10 Reporting Date: 02/01/10*

Project Number: FAIRWAY RESOURCES

Project Name: SOUTH RED LAKE 31

Project Location: EDDY, NM

Analysis Date: 01/23/10 Sampling Date: 01/22/10

Sample Type: SOIL

Sample Condition: COOL & INTACT @ 5.5°C

4500-CIB

Sample Received By: AB

Analyzed By: HM

		CI [—]
LAB NO.	SAMPLE ID	(mg/kg)
H19135-1	FLOOR 1	2,520
H19135-2	FLOOR 2	2,200
H19135-3	FLOOR 3	1,330
H19135-4	ESW 1	336
H19135-5	SSW 1	2,800
	TO V V PROPERTY PROPERTY CONTROL OF THE STATE OF THE STAT	
	 A december of the second second	- 174/1998-1994-1994-1994-1994-1994-1994-1994-
Quality Cor	ntrol	500
True Value	QC	500
% Recover	y	100
Relative Pe	rcent Difference	< 0.1

METHOD: Standard Methods

Note: Analyses performed on 1:4 w:v aqueous extracts. Not accredited for Chloride.

*Revised Report.

Chemist

02/01/10 Date



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC. ATTN: CURT STANLEY 2800 PLAINS HWY

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 01/22/10 Reporting Date: 02/01/10

Project Owner: FAIRWAY RESOURCES
Project Name: SOUTH RED LAKE 31

Project Name: SOUTH RED LAKE 31
Project Location: EDDY COUNTY, NM

Sampling Date: 01/22/10 Sample Type: SOIL

Sample Condition: COOL & INTACT @ 5.5°C

Sample Received By: AB

Analyzed By: AB

		GRO	DRO	DRO ext.
		(C ₆ -C ₁₀)	(>C ₁₀ -C ₂₈)	(>C ₂₈ -C ₃₅)
LAB NUMBER	SAMPLE ID	(mg/kg)	(mg/kg)	(mg/kg)
ANALYSIS DAT	E:	01/29/10	01/29/10	01/29/10
H19135-1	FLOOR1	<10.0	<10.0	<10.0
H19135-2	FLOOR2	<10.0	<10.0	<10.0
H19135-3	FLOOR3	<10.0	<10.0	<10.0
H19135-4	ESW1	<10.0	<10.0	<10.0
H19135-5	SSW1	<10.0	<10.0	<10.0
Quality Control	desendential desenventarios (notes es escalarios de la companya de la companya de la companya de la companya d	542	507	-
True Value QC	The state of the s	500	500	-
% Recovery		108	101	-
Relative Percer	nt Difference	9.6	5.7	

METHOD: SW-846 8015 M. Reported on wet weight.

Not accredited for GRO/DRO.

Date



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

Page______of _____

(5/5) 393-2320 Fax (5/5) 393-24/6		
Company Name: FAIEWRY RESOURCES	BILL TO	ANALYSIS REQUEST
Project Manager: CORT STANIEY	P.O. #:	
Address: 2900 PLAIUS HWY	Company:	
City: Louiscop State: Nm Zip: 88260		
Phone #575 396- 2378 Fax #: 575 396-1489	Address:	
Project #: Project Owner: FA, EWAY LESOVE	20 <u>616:</u>	
Project Name: SOUTH RED LAKE 3)	State: Zip:	
Project Location: Easy Nm	Phone #:	
Sampler Name: ES Taylor	Fax #:	
FOR IAB USE ONLY Lab I.D. Sample I.D. MATRIX MATRIX	PRESERV. SAMPLING OTHERS: ACIDIBASE: AC	CCCC BIEX 1 RCCC BIEX 1 RCCC BIEX 1
		-
PLEASE NOTE: Liability and Damages, Cardinal's Ilability and client's exclusive remedy for any claim arising whether ba		
crolyses. All claims including those for negligence and any other cause whotever shall be desired warred unloss made in writing and rece service. In no event shall Cardinal be liable for included and consequental damages, including without limitation, business infamplish, loss or	if use, or loss of profits mounted by client, its subsidiaries.	D54
athletes or successors ensure out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is the Sampler Relinquished: Date: Receiver By:	Phone R Fax Rest REMARK	It: \(\text{No } \) \(\text{Add'! Fax #:} \) S:
Relinquished By: Date: Received By:		575 408-3150
Delivered By: (Circle One) Sampler - UPS - Bus - Other: ###################################	ition CHECKED BY: Adda (Initials)	i by Eb 01/21/10

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



January 27, 2010

Curt Stanley
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: South Red Lake 31 (Fairway)

Enclosed are the results of analyses for sample number H19141, received by the laboratory on 01/26/10 at 8:00 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 though 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



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CURT STANLEY

P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 01/26/10 Reporting Date: 01/26/10 Project Number: FAIRWAY

Project Name: SOUTH RED LAKE 31

Project Location: EDDY CO., NM

Analysis Date: 01/26/10 Sampling Date: 01/25/10 Sample Type: SOIL

Sample Condition: COOL & INTACT @ 3°C

4500-CIB

Sample Received By: JH

Analyzed By: HM

			CI ⁻
LAB NO.	SAMPLE I)	(mg/kg)
H19141-1	FLOOR 1	4'	1,500
H19141-2	FLOOR 2	4'	1,470
H19141-3	FLOOR 2	6'	1,280
H19141-4	FLOOR 2	8'	176
H19141-5	FLOOR 3	4'	1,020
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	edia o rencommon principa del Contra un aggio, que un actua opra nue	es calle libraries de la colonidación como constitue de la constitue de la colonidación d	
***************************************	z rate s in a note a promisernosperi	nordinareeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeee	
	······································		
Quality Cor	itrol		500
True Value	QC		500
% Recover	У		100
Relative Pe	ercent Differe	ce	< 0.1

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



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

Company Name: BASIN ENVIRONMENTAL Project Manager: CURT STANLEY Address: 2900 PLAINS HWY City: LOVINGTON State: NM Zip: 88260 Attn: Phone #: 575 396-1472 Fax#: 575 396-1429 Address: Project #: SRLU 31 Project Owner: FAIRWAY City: Project Name: SOUTH REA LAKE 31 State: Zip:	
Address: 2900 PLAINS HWY Company: City: Lov.; NGTON State: NM Zip: 88260 Attn: Phone #: 575 396-1472 Fax #: 575 396-1429 Address: Project #: SRL U 31 Project Owner: FAIRWAY City: Project Name: 5 20 1 5 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	
City: Lov; NGTON State: Nm Zip: 88060 Attn: Phone #: 575 396-1472 Fax #: 575 396-1429 Address: Project #: 5RL U 31 Project Owner: FA; RWRY City: Project Name: 5 - 21 State: Zip:	
Project #: SRLU 31 Project Owner: FATRWAY City:	
Project #: SRLU 31 Project Owner: FATRWAY City:	
Project Name: SOUTH RED LAKE 31 State: Zip:	
Project Location: FOOM CO NM Phone #: Sampler Name: SR Toulum Fax #:	1 1
FOR LAB USE ONLY MATRIX PRESERV. SAMPLING WOOD WATRIX PRESERV. SAMPLING	
GIRAB OR (C)OM # CONTAINERS GROUNDWATER WASTEWATER SOIL OIL OILE / COOL OTHER ACIOIBASE ICE / COOL OTHER ACIOIBASE OTHER ACIO ACIO ACIO ACIO ACIO ACIO ACIO ACI	
HOULD (1200) (1) (1) (2) (1) (2) (1) (2) (1) (2) (1) (2) (1)	
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-5 FLOOR 3 4'	Alphanistishinorisis tu aurususususususususususususususususususu
PLEASE NOTE: Liability and Damages. Carginal's Liability and client's exclusive remedy for any claim arising whether based in contract of tort, shall be limited to the amount paid by the client for the analysis. All clients including those for negligance and any other cause whateover shall be deemed withdraw unless me to any other cause whateover shall be deemed withdraw unless and received by Contract within 30 days ellor completion of the applicable service. In no event shall Cardinal be Sable for recipient or corresponding manages, including without findings	
Sampler Relinquished: Date: Received By: Phone Result: No Add'l Phone #: Fax Result: No Add'l Fax #:	***************************************
I I A N.A. I REMARKS:	
Relinquished By: Date 16/10 Received By: RUSA CAIL ES W/VERBALS	
Sh Ja 3:00 GOOL JALNON	
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Sampler UPS - Bus - Other: Cool Intact (Injulats) No No No	

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



February 2, 2010

Curt Stanley
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: South Red Lake 31 (Fairway)

Enclosed are the results of analyses for sample number H19148, received by the laboratory on 01/26/10 at 3:20 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 though 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: 5 (includes Chain of Custody)

Sincerely,

Laboratory Director



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC.

ATTN: CURT STANLEY 2800 PLAINS HWY LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 01/26/10 Reporting Date: 02/02/10

Project Owner: FAIRWAY RESOURCES (SRLU 31)

Project Name: SOUTH RED LAKE 31

Project Location: EDDY COUNTY, NM

Sampling Date: 01/26/10 Sample Type: SOIL

Sample Condition: COOL & INTACT @ 30C

Sample Received By: JH

Analyzed By: AB

		GRO	DRO	DRO ext.
		(C ₆ -C ₁₀)	(>C ₁₀ -C ₂₈)	(>C ₂₈ -C ₃₅)
LAB NUMBER	SAMPLE ID	(mg/kg)	(mg/kg)	(mg/kg)

ANALYSIS DATE:	02/02/10	02/02/10	02/02/10
H19148-1 SW3	<10.0	61.7	<10.0
	-		y a d'a shquidhlish balana a san italan kasha nagala mady e .
CONTROL CONTRO			www.aidi.i.chuaanisteeccido priosocido
Quality Control	530	518	-
True Value QC	500	500	-
% Recovery	106	104	_,
Relative Percent Difference	1.9	14.0	2-1- 0-01101-1

METHOD: SW-846 8015 M. Reported on wet weight.

*Second surrogate outside historical limits due to matrix effect.

Not accredited for GRO/DRO.

Delalio



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING ATTN: CAMILLE BRYANT

2800 PLAINS HWY LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 01/26/10 Reporting Date: 01/29/10

Project Number: SRLU 31 (FAIRWAY)

Project Name: SOUTH RED LAKE 31
Project Location: EDDY CO., NM

Sampling Date: 01/27/10 Sample Type: SOIL

Sample Condition: COOL & INTACT @ 3 °C

Sample Received By: JH

Analyzed By: ZL

LAB NUMBE SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE	01/27/10	01/27/10	. 01/27/10	01/27/10
H19148-1 SW 3	<0.050	<0.050	<0.050	<0.300
Quality Control	0.047	0.045	0.047	0.134
True Value QC	0.050	0.050	0.050	0.150
% Recovery	94.0	90.0	94.0	89.3
Relative Percent Difference	4.3	4.5	4.4	4.5

METHOD: EPA SW-846 8021B

TEXAS NELAP CERTIFICATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight.

Chemist

Date



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CURT STANLEY

P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 01/26/10 Reporting Date: 01/27/10

Project Number: SRLU 31 (FAIRWAY)

Project Name: SOUTH RED LAKE 31
Project Location: EDDY CO., NM

Analysis Date: 01/27/10 Sampling Date: 01/26/10 Sample Type: SOIL

Sample Condition: COOL & INTACT @ 3°C

Sample Received By: JH

Analyzed By: HM

		CI ⁻
LAB NO.	SAMPLE ID	(mg/kg)
H19148-1	SW3	672
H19148-2	SW4	16
H19148-3	SW5	< 16
H19148-4	FLOOR 4	1,490
H19148-5	FLOOR 5	80

	······································	
	TOTAL CONTROL OF A STREET OF THE STREET OF T	
0		
Quality Cor	***************************************	510
True Value	QC	500
% Recover	У	102
Relative Pe	ercent Difference	< 0.1

METHOD: Standard Methods 4500-CIB

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

Not accredited for Chloride.

02/02/10 Date



Page / of /

(575) 393-2326 Fax (575) 393-2476		F4490O:
Company Name: BASIN	BILL TO	ANALYSIS REQUEST
Project Manager: CURT STAWIEY	P.O. #:	
Address: 2900 PLAINS HWY	Company:	
City: (AUINGTON State: NM Zip: 88260	Attn:	
City: (DUINGTON State: NM Zip: 88260 Phone #: 575 376 - 2378 Fax #: 575 396-1429	Address:	
Project#: SRLU31 Project Owner: FA:RWAY	City:	
Project Name: 500TH RED LAKE 31	State: Zip:	39 2
Project Location: EDDY CD NM	Phone #:	
Sampler Name: EB Taylor	Fax #:	थ ध
FOR LAB USE ONLY MATRIX	PRESERV. SAMPLING	[23
S R R R R R R R R R R R R R R R R R R R		10 E 1
Lab I:D	ASE.	
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-5 FIDOR 5	11:40	
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PLEASE NOTE. Liability and Damages, Cardinal's liability and client's exclusive remedy for any claim arising whether t analyses, All claims including those for negligance and any other cause whateoever shall be deemed waved unless made in willing and roo		
service. In no event shall Cardinal be liable for incidental or consequental damages, including rethout lantiation, business interruptions, tops affiliation or successors mising out of or related to the performance of senses received by Cartinal regardless of whether such claim is t	send upon any of the above stated reasons or otherwise	
Sampler Relinquished: Daty: Received By:	Phone Res	ult: No Add'l Phone #:

affiliates or successors crising out of or related to the performan	te of services hereunder by Carti	nal regardless of whether such claim is based upon a	iny of the above stated reasons or	otherwise					
Sampler Relinquished:	Datg:	Received By:		Phone Result:		No	Add'l Phone #:		
	1/26			Fax Result:	O	No	Add'l Fax #:		
122 ~	Time:			REMARKS:					
100	3:15			D . C !! C	LIND:	ヘブ	. CAIL EB W/VE	ERBAS	
Relinquished By:	Date 621 / 1	Received By:		I WAY C	ALTORA		. 0,1,,	1	
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Delivered By: (Circle One)		Temp. Sample Condition	CHECKED BY:						
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Sampler UPS - Bus - Other 7	<u> </u>	Yes O Yes	(ligitials)	Jan 1) <	(1)2 L	~ () . c	THI J KITCY -	. EL	
		VO DOD NO	7/1	IN LOWER S	ルント	-12-7	11 11 PUISA as	, per Lo.	11 1
† Cardinal cannot accept verbal	changes Please fay	written changes to 575-393-24	76				*		1/27/10
1 cordinar common accept aging	changes, riease iax	Williell Cusudes to 3 2-000-E4	•						12 - 1100

#26



February 5, 2010

Curt Stanley
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: South Red Lake #31 (Fairway)

Enclosed are the results of analyses for sample number H19208, received by the laboratory on 02/03/10 at 9:50 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 though 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: 5 (includes Chain of Custody)

Sincerely,

Celey D. Neene Laboratory Director



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING

ATTN: CURT STANLEY 2800 PLAINS HWY LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 02/03/10

Reporting Date: 02/05/10

Project Number: FAIRWAY RESOURCES (SRLU #31)

Project Name: SOUTH RED LAKE #31 Project Location: EDDY CO., NM

Sampling Date: 02/02/10

Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4°C

Sample Received By: JH

roject Location: EDDY CO., NM Analyzed By: AB/ZL

	GRO	DKO	DRO ext.			EIHYL	IOIAL
LAB NO. SAMPLE ID	$(C_{6}-C_{10})$	(>C ₁₀ -C ₂₈)	(>C ₂₈ -C ₃₅)	BENZENE	TOLUENE	BENZENE	XYLENES
	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)
ANALYSIS DATE:	02/04/10	02/04/10	02/04/10	02/03/10	02/03/10	02/03/10	02/03/10
H19208-4 SW 10	<10.0	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300
H19208-6 FLOOR 2	<10.0	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300
Quality Control	527	522	24460456641.dee	0.050	0.053	0.057	0.162
True Value QC	500	500	**	0.050	0.050	0.050	0.150
% Recovery	105	104	***************************************	100	106	114	108
Relative Percent Difference	0.6	1.7	-	1.2	<1.0	<1.0	<1.0

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B.

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight. Not accredited for GRO/DRO/DRO ext.

Lab Director

Date



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING ATTN: CURT STANLEY

2800 PLAINS HWY LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 02/03/10

Reporting Date: 02/05/10

Project Number: FAIRWAY RESOURCES (SRLU #31)

Project Name: SOUTH RED LAKE #31 Project Location: EDDY CO., NM

Sampling Date: 02/02/10

Sample Type: SOIL

Sample Condition: COOL & INTACT @ 4°C

Sample Received By: JH Analyzed By: AB/ZL

LAB NO. SAMPLE ID GRO DRO DRO ext. ETHYL TOTAL (C_6-C_{10}) (> $C_{10}-C_{28}$) (> $C_{28}-C_{35}$) BENZENE TOLUENE BENZENE XYLENES (mg/kg) (mg/kg) (mg/kg) (mg/kg) (mg/kg) (mg/kg) (mg/kg)

	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)
ANALYSIS DATE:	02/04/10	02/04/10	02/04/10	02/03/10	02/03/10	02/03/10	02/03/10
H19208-8 SP 6	<10.0	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300
			daderies planidar	,			V V
Quality Control	528	559		0.050	0.053	0.057	0.162
True Value QC	500	500		0.050	0.050	0.050	0.150
% Recovery	106	112		100	106	114	108
Relative Percent Difference	9.5	3.7	-	1.2	<1.0	<1.0	<1.0

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B.

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight. Not accredited for GRO/DRO/DRO ext.

Lab Director



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CURT STANLEY

P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 02/03/10 Reporting Date: 02/04/10

Project Number: SRLU #31 (FAIRWAY RES.)

Project Name: SOUTH RED LAKE #31

Project Location: EDDY CO., NM

Analysis Date: 02/03/10 Sampling Date: 02/02/10 Sample Type: SOIL

Sample Condition: COOL & INTACT @ 4°C

Sample Received By: JH

Analyzed By: HM

		Cl
LAB NO.	SAMPLE ID	(mg/kg)
H19208-1	SW 7	96
H19208-2	SW 8	< 16
H19208-3	SW 9	1,730
H19208-4	SW 10	912
H19208-5	SW 11	1,280
H19208-6	FLOOR 2	352
H19208-7	FLOOR 9	2,720
H19208-8	FLOOR 10	160
H19208-9	SP 6	608
Quality Con	trol	500
True Value	QC	500
% Recovery	/	100
Relative Pe	rcent Difference	2.0

METHOD: Standard Methods 4500-Cl B

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

Not accredited for chloride.

Chemist/

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

Page of

Company Name	: Fairway R	esources				w martina				B	IL	L TO						AN	ALYS	IS R	EQUE	ST			
Project Manager		84			*********			P	.0. #:																
Address: P.O.	BOX 381							C	ompa	ny: É	3/1/	sin C	NV. Cons.												
									Attn:				٠												
Phone #: 57	5-441.2244	Fax #: 575	39	10	-14	29	distance distance	Α	ddres	s: A	U.	BOX 3	81		ec										
Project #: 5R	LU #31 (Fairway	Project Owner:	Fi	11/	WC	ry f	265.	c	ity:/	Oviv	14	len			3										
Project Name:	South Red Lali	(+ #31	directory and the	****	mc amazer	<i> </i>	Marke and present	s	tate:	VΜ	Ž	Zip: <i>68</i> 2	60		Extended										
	: Eddy Co, Ni	N	***************************************			novi innovation						.441-		0	_										
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[†] Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.





February 5, 2010

Curt Stanley
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: South Red Lake #31 (Fairway)

Enclosed are the results of analyses for sample number H19231, received by the laboratory on 02/08/10 at 4:50 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 though 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



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CURT STANLEY

P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 02/08/10

Reporting Date: 02/09/10

Project Number: SRLU #31 (FAIRWAY RESOURCES)
Project Name: SOUTH RED LAKE #31

Project Location: EDDY CO., NM

Analysis Date: 02/09/10

Sampling Date: 02/08/10 Sample Type: SOIL

Sample Condition: COOL & INTACT @ 4.5°C

Sample Received By: JH

Analyzed By: HM

		CI
LAB NO.	SAMPLE ID	(mg/kg)
H19231-1	SAMPLE FLOOR 1	1,120
H19231-2	SAMPLE FLOOR 6	48
H19231-3	SAMPLE FLOOR 7	368
H19231-4	SAMPLE FLOOR 9	224
H19231-5	SAMPLE FLOOR 11	624
H19231-6	SAMPLE FLOOR 12	592
H19231-7	SAMPLE SP 9	112
H19231-8	SAMPLE SP 10	16
H19231-9	SAMPLE SP 11	192
H19231-10	SAMPLE SW 14	128
H19231-11	SAMPLE SW 15	768
Quality Cont	trol	500
True Value (QC	500
% Recovery		100
Relative Per	cent Difference	< 0.1

METHOD: Standard Methods 4500-Cl'B

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

Chemist[®]

Date

H19231 Basin Environmental



ენა (575) 393-2326 Fax (575) 393-2476		Page of
Company Name: Fairway Lescones Basin Enironmental	BILL TO	ANALYSIS REQUEST
Project Manager: Curt Stanley	P.O. #:	
Address: P.O. Box 381	Company:	
City: Lovington State: NM zip: BB260	Attn:	
Phone #: 575-441-2244 Fax #: 575-346-1424	Address:	
Project #: 5RLU #31 Project Owner: Fairmy Resources	City:	
Project Name: 400th Red Lake Unit #3/	State: Zip:	
Project Location: Eddy Co/NM	Phone #:	
Sampler Name: 50el Lowry	Fax #:	
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-3 sample F4 FLOOR ?	02/08 9:0	
-4 Sample = 7 FLOOR 9	02/08 9:0	
-5 Sample FH FLOOR 11 -6 Sample FHZ FLOOR 12	02/08 9:1	
-7 Sample SP 9	02/08 9:3	
-8 Sample SP 10	02/08 9:3	
-9 Sample SP 11	02/08 10:0	
-10 Sample 5W14	02/08 11:0	
PLEASE NOTE: Libitity and damages. Cardinars libitity and client's exclusive remedy for any cialm arising whether base analyses. All claims including those for negligence and any other cause wholesever shall be deemed waived unless mode in unleng and receive	•	
service. In no event shall Carding the liable for incidental or consequented damages, including without limitation, business interruptions, loss of unificates or successors wising out of or related to the performance of services hereunder by Cardina, regardless of whether such claim is been	ise, or loss of profile incurred by client, its substituties,	
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[†] Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.



us East Mariand, Hobbs, NM 88240 (575) 393-2326 Fax (575) 393-2476

Page Oof D

Company Name: Fairway Resources	BILL TO	ANALYSIS REQUEST
Project Manager: Curt Stanley	P.O. #:	
Company Name: Fairway Resources Project Manager: Curt Stanley Address: P.O. Box 381	Company:	
City: Lovington State: NM Zip: 88260	Attn:	
Phone #: 575-441-2244 Fax #: 575-346-1475	Address:	
Project #: SRLU #31 Project Owner: Fuirway Resources	City:	
Project Name: South Red Laire Unit #31	State: Zip:	
Project Location: Eddy Co/NM	Phone #:	
Sampler Name: Sel Lowry	Fax #:	
FOR THE PROPERTY OF THE PROPER	PRESERV. SAMPLING OUTHER: DATE TIME O2/06 11.30	Z CHIDESES
PLEASE NOTE: Uability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether base analyses. All claims including those for negligence and any other cause wholsoever shall be deemed waved unless made in writing and receive service. In no event of this Cardinal be liable for incidental or consequental damages, including without limitation, business interruptions, loss of ulaffiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether outs claim is base. Sampler Relinquished: Date: Date: Time: """ Time: """ Time:	ed by Cerdinal within 30 days after completion of the applicable use, or loss of profits incurred by client, its subsidiarios	sult: □ No Add'l Phone #: t: □ No Add'l Fax #:
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[†] Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.



February 14, 2010

Curt Stanley
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: South Red Lake #31 (Fairway)

Enclosed are the results of analyses for sample number H19237, received by the laboratory on 02/10/10 at 8:50 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 though 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)

184)

Sincerely

Celey D. Keene Laboratory Director



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CURT STANLEY 2900 PLAINS HWY LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 02/10/10 Reporting Date: 02/12/10

Project Owner: NOT GIVEN

Project Name: SOUTH RED LAKE UNIT #31 Project Location: EDDY CO., NM

Sampling Date: 02/09/10 Sample Type: SOIL

Sample Condition: COOL & INTACT @ 3°C

Sample Received By: JH Analyzed By: AB/ZL

DRO GRO DRO ext. **ETHYL** TOTAL LAB NO. SAMPLE ID $(C_6 - C_{10})$ (>C10-C28) (>C28-C35) BENZENE TOLUENE BENZENE XYLENES (mg/kg) (mg/kg) (ma/ka) (mg/kg) (mg/kg)(mg/kg) (mg/kg) ANALYSIS DATE: 02/12/10 02/12/10 02/12/10 02/10/10 02/10/10 02/10/10: 02/10/10 H19237-3* SW 17 <10.0 <10.0 <10.0 < 0.050 < 0.050 < 0.050 < 0.300 H19237-6 SW 19 <10.0 <10.0 <10.0 < 0.050 < 0.050 < 0.050 < 0.300 **Quality Control** 594 547 0.048 0.048 0.048 0.136 True Value QC 500 500 0.050 0.050 0.050 0.150 % Recovery 119 109 96.0 96.0 96.0 90.7 Relative Percent Difference 1.0 3.3 <1.0 <1.0 <1.0 2.5

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B.

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight. Not accredited for GRO/DRO/DRO ext.

*TPH second surrogate outside historical limits due to matrix interference.

Lab Directo



ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL CONSULTING, LLC
ATTN: CURT STANLEY
P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 02/10/10 Reporting Date: 02/10/10

Project Number: NOT GIVEN

Project Name: SOUTH RED LAKE UNIT #31

Project Location: EDDY CO., NM

Analysis Date: 02/10/10 Sampling Date: 02/09/10 Sample Type: SOIL

Sample Condition: COOL & INTACT @ 3°C

Sample Received By: JH

Analyzed By: HM

		CI
LAB NO.	SAMPLE ID	(mg/kg)
H19237-1	SW 12	128
H19237-2	SW 13	992
H19237-3	SW 17	336
H19237-4	SW 16	912
H19237-5	SW 18	672
H19237-6	SW 19	48
H19237-7	FLOOR 13	768
Quality Con	trol	510
True Value	QC	500
% Recovery	7	102
Relative Per	cent Difference	2.0

METHOD: Standard Methods 4500-Cl'B

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

Chemist/

101 East Marland, Hobbs, NM 88240 (575) 393-2326 Fax (575) 393-2476

Company Name: Fair	way Ruscivies	**********	ercanne di			BI	LL TO					A MARCON TRANSPORT	ANA	LYSI	S RE	QUE	ST		
Project Manager: Cus	it Sieuley		***********	a name of the additional and the state of th		O. #:													
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† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

Appendix B General Photographs



Photograph of Excavation and Sampling points looking North at South Red Lake II Unit #31.



Photograph of Excavation and Sampling points looking Southeast at South Red Lake II Unit #31.



Photograph of Excavation and Sampling points looking West at South Red Lake II Unit #31.

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

District I 1675 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-141 Revised October 10, 2003

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

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						OPERA	TOR		X Initi	al Report		Final Repo				
Name of Co	impany F	airway Resour	rces Ope	erating LLC		Contact Matt Eagleston										
				ake, Texas 7609												
Facility Nar	ne South	Red Lake II L	Jnit 31			Facility Type Well Location										
Surface Ow	ner BLM			Mineral O	wner E	BLM			Lease ?	No. LC-028	3755A					
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Unit Letter	Section 35						Feet from the	EastW	est Line	County	***************************************	angeringeringeringen och men dyre				
	L							L		L						
Name of Company Fairway Resources Operating LLC Address 538 Silicon Drive Suite 101 Southlake, Texas 76092 Facility Name South Red Lake II Unit 31 Surface Owner BLM Mineral Owner BLM Location Lease: Unit Letter Section Township Range Feet from the North/South Line Feet from the East/West Line Latitude NATURE OF RELEASE Type of Release Produced Water Contact Matt Eagleston Contact Matt Eagleston Contact Matt Eagleston Contact Matt Eagleston Contact Matt Eagleston Telephone No. (817) 416 1946 Facility Type Well Location Lease: Location Lease: Location Feet from the East/West Line North/South Line Feet from the East/West Line NATURE OF RELEASE Type of Release Produced Water Volume of Release unknown Volume 1																
				NATI	URE	OF RELI	EASE				-					
										Recovered 0						
Source of Re	lease Flow	line Release				Unknown		ce	Date and	Hour of Dis	covery					
Was Immedia	ate Notice (Yes X	No Not Requ	uired	If YES, To	Whom?									
By Whom ⁹		1				Date and H	lour									
Was a Water	course Read		Yes X	No		If YES, Vo	lume Impacting t	the Water	course.							
If a Watercon	iree was Im	nacted Describ	e Fully *			<u> </u>		******		-						
I ii Watereon	1130 1143 1141	paeted, Destric	e i any.													
										**************************************		***************************************				
		an unknown vo	dume of p	produced water to	be relea	ased. During	initial response ac	ctivities t	he flow li	ne was claim	ped and	l soil is				
being excava	iea.															
Deccribe Am	a A flected	and Cleanup A	rtion Tak	en *												
					require	ments.										
					•											
I havaba anni	6. chie sha	nfarmation with	an aba	is tour and counts		boot of mu	languladas and a	- do- to-	1 1 1 - 1 - 1 - 1		000					
public health	or the envir	onment. The a	cceptane	e of a C-141 report	t by the	NMOCD ma	arked as "Final Re	eport" do	es not reli	eve the oper	ator of	hability				
				tance of a C-141 fe	port ac	es not retteve	me operator of r	esponsto	inty for Co	этравасе w	nn any	JIRCI				
		7	·)				OIL CONS	SERV/	VIION	DIVISIO	N					
Clanatura		1/1/	بريوب	/	:	ì	,	4.		· · · · · · · · · · · · · · · · · · ·						
Signature	<i>u</i>	Charles /	-			· lo	/ District &	_ W/	,							
Printed Name	<u>. J</u> e	ohn J.	rult	<u> </u>		spproved in	District Superviso					····				
Title: C	pera	tions E	ngin	cc('		Approval Date	: 4.4.10	Ε	epiration I)ate. 6 8	P					
E-mail Addre	· .		•		cort	Conditions of	Approval									
	20/10	}	_	PIT - 411. 101	1		••			Attached	L					

* Attach Additional Sheets If Necessary

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