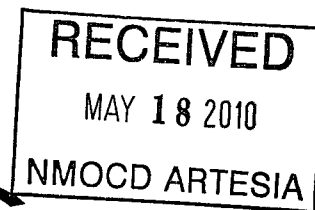


Basin Environmental Consulting, LLC

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P. O. Box 381
Lovington, New Mexico 88260

jwlowry@basinenv.com

Office: (575) 396-2378 Fax: (575) 396-1429



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

Joel W. Lowry

Project Manager

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Figure 2 – Site and Sample Location Map

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Table 1- Concentrations of TPH, BTEX and Chlorides in Soil

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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 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.

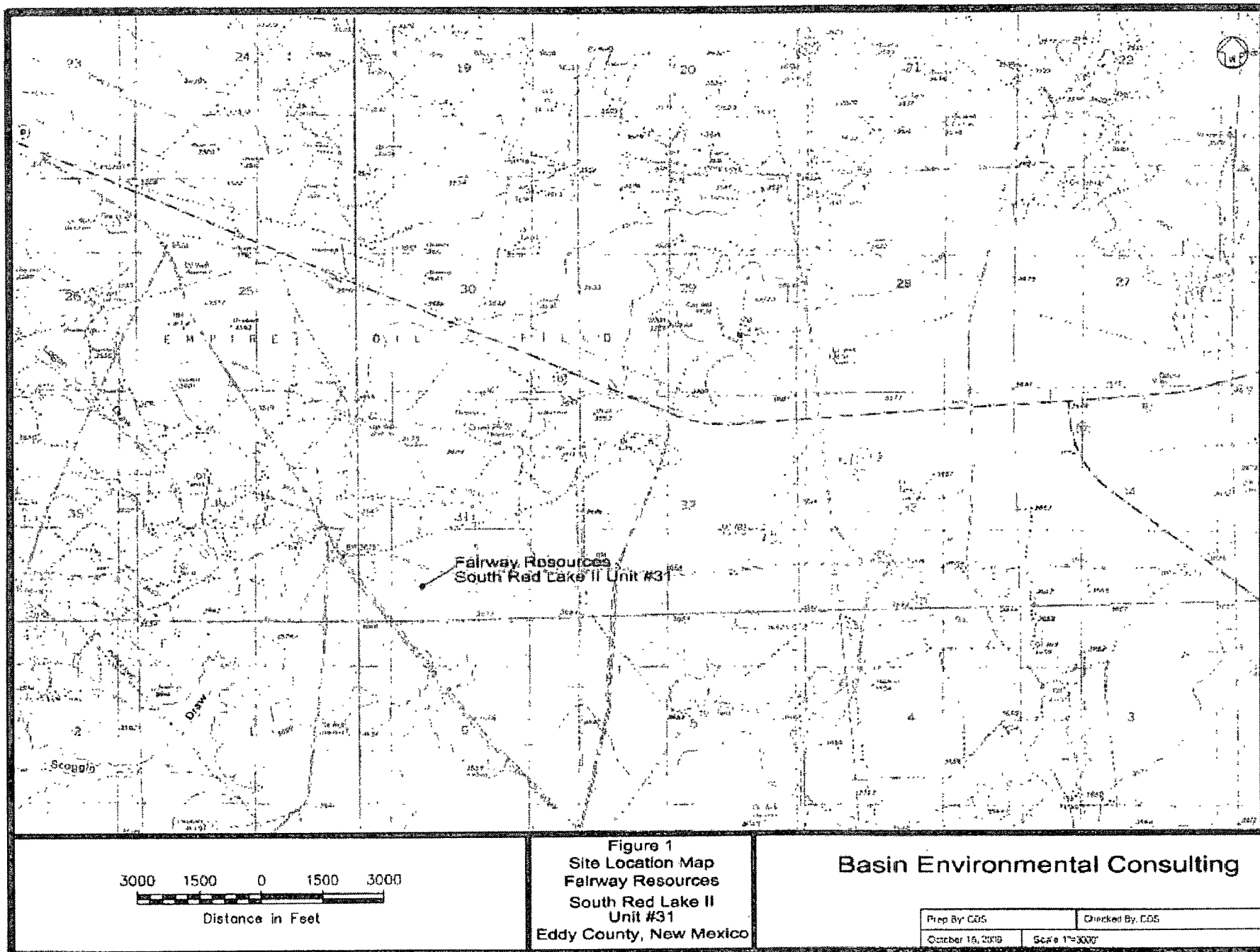
6.0 LIMITATIONS

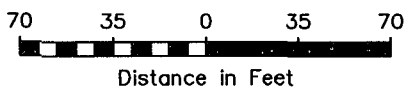
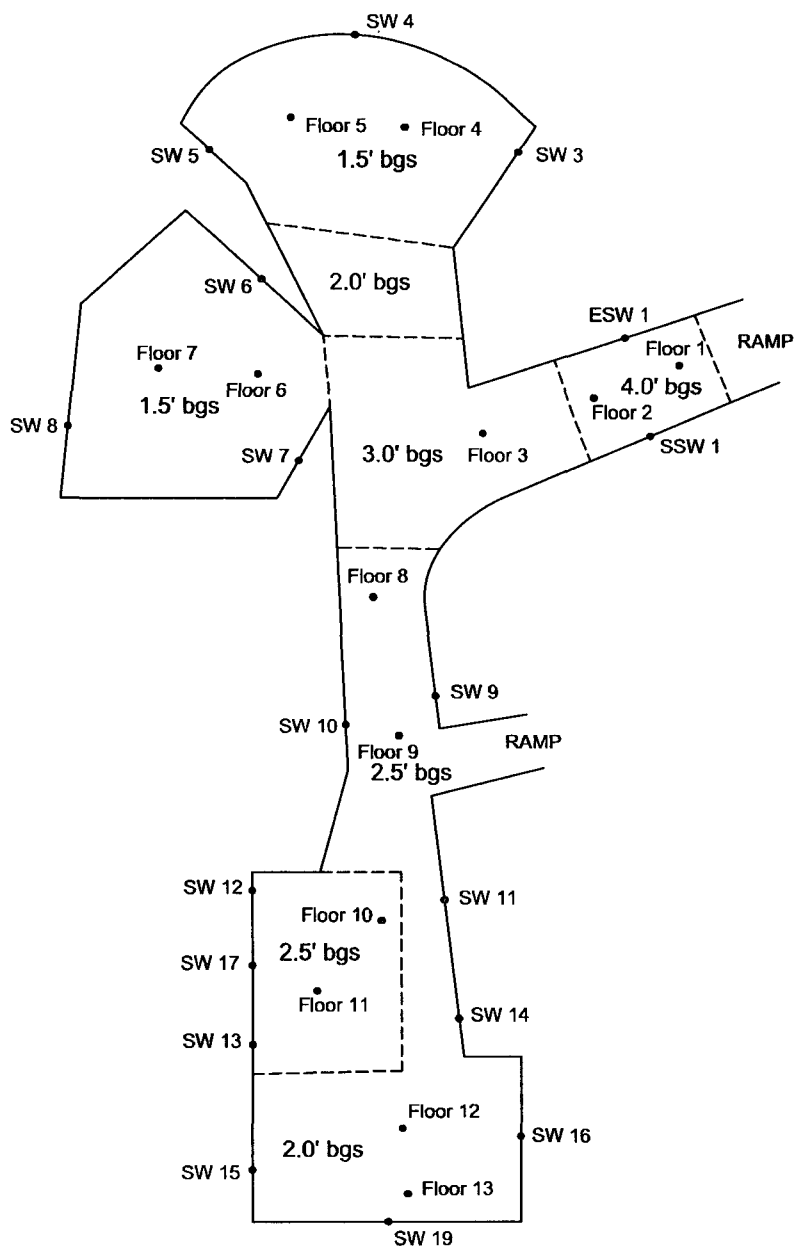
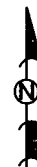
Basin Environmental Consulting, LLC has prepared this Remediation Summary and Site Closure Request to the best of its ability. No other warranty, expressed or implied, is made or intended.

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





LEGEND:

- Excavation Extent
- Sample Location

Figure 2

Site and Sample Location Map

South Red Lake II Unit #31
Fairway Resources, LLC
Eddy County, NM

Basin Environmental Consulting

Scale: 1" = 70'

April 19, 2010

Drawn By: CDS

Prepared By: CDS

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

SAMPLE LOCATION	SAMPLE DATE	METHOD: EPA SW 846-8021B, 5030					SW 848-8015M			4500
		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)	
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
SP 3	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	<10.0	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
SW 3	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
SW 5	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

SAMPLE LOCATION	SAMPLE DATE	METHOD: EPA SW 846-8021B, 5030					SW 848-8015M			4500
		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)
SW 7	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
SP 3	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
Floor 10	02/02/10	-	-	-	-	-	-	-	-	160
SW 7	02/02/10	-	-	-	-	-	-	-	-	96
SW 8	02/02/10	-	-	-	-	-	-	-	-	<16
SW 9	02/02/10	-	-	-	-	-	-	-	-	1,730
SW 10	02/02/10	<0.050	<0.050	<0.050	<0.300	<0.050	<10.0	<10.0	<10.0	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
SP 9	02/08/10	-	-	-	-	-	-	-	-	112
SP 10	02/08/10	-	-	-	-	-	-	-	-	16
SP 11	02/08/10	-	-	-	-	-	-	-	-	192
Floor 13	02/09/10	-	-	-	-	-	-	-	-	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	<10.0	48
NMOCD Regulatory Standard		10				50				1,270

④ NOTE: A Chloride "Standard" is based on previously established "background" levels for this area.

Appendices

Appendix A

Laboratory Analytical Reports



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

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 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)

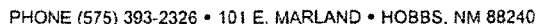
Accreditation applies to public drinking water matrices.

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

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.



Analysis Date: 11/12/09
Sampling Date: 11/10/09 & 11/11/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 6°C
Sample Received By: ML
Analyzed By: HM

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

Date _____

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.


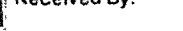



101 East Marland, Hobbs, NM 88240

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

Page_____ of _____

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:  Relinquished By:		Date: 11/11/09 Time: 11:00 Received By: 		Phone Result: <input type="checkbox"/> No Add'l Phone #: Fax Result: <input type="checkbox"/> No Add'l Fax #: REMARKS:	
Delivered By: (Circle One) Sampler - UPS - Bus - Other:		Temp. 6°C Sample Condition: Cool <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		CHECKED BY: (Initials) 	

† 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

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 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.



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

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

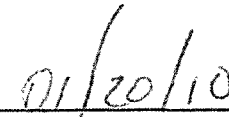
Analysis Date: 01/19/10
Sampling Date: 01/19/10
Sample Type: SOIL
Sample Condition: INTACT @ 10°C
Sample Received By: JH
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl ⁻ (mg/kg)
H19099-1	SP1	6,080
H19099-2	SP2	4,880
H19099-3	SP3	4,400
H19099-4	SP4	2,080
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		< 0.1

METHOD: Standard Methods	4500-Cl ⁻ B
--------------------------	------------------------

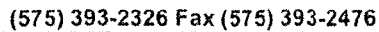
Note: Analyses performed on 1:4 w:v aqueous extracts.


Chemist



Date

H19099 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.

[illegible]

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: 11/19/10		Received By:		Phone Result: <input type="checkbox"/> No		Add'l Phone #:	
		Time: 4:00				Fax Result: <input type="checkbox"/> No		Add'l Fax #:	
Relinquished By:		Date: 11/19/10		Received By:		REMARKS: RUSH !! CALL ER w/ VERBAL 575 408-3130			
		Time: 4:06		Jodi Benson					
Delivered By: (Circle One)		Temp.		Sample Condition		CHECKED BY:			

Temp.	Sample Condition	CHECKED BY:
-------	------------------	-------------

10^e C #26

CHECKED BY:

9/17



ARDINAL LABORATORIES

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

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

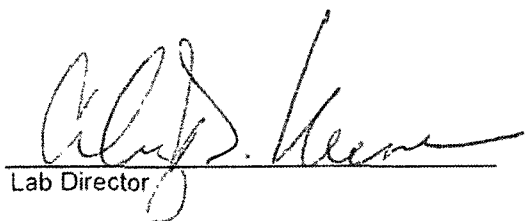
Receiving Date: 01/22/10
Reporting Date: 01/29/10
Project Owner: FAIRWAY RESOURCES
Project Name: SOUTH RED LAKE 31
Project Location: EDDY, NM

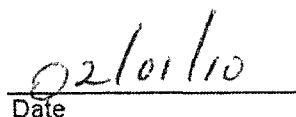
Sampling Date: 01/22/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5.5°C
Sample Received By: AB
Analyzed By: ZL

LAB NO.	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
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

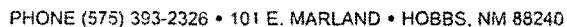
TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE,
AND TOTAL XYLENES. Reported on wet weight.


Lab Director


Date

H19135 TPH8015 basin (1)

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.



Analysis Date: 01/23/10
Sampling Date: 01/22/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5.5°C
Sample Received By: AB
Analyzed By: HM

02/01/10
Date

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.



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

ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL CONSULTING, LLC.
ATTN: CURT STANLEY
2800 PLAINS HWY
LOVINGTON, NM 88260
FAX TO: (575) 396-1429

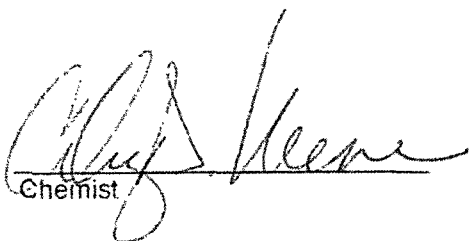
Receiving Date: 01/22/10
Reporting Date: 02/01/10
Project Owner: FAIRWAY RESOURCES
Project Name: SOUTH RED LAKE 31
Project Location: EDDY COUNTY, NM

Sampling Date: 01/22/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5.5°C
Sample Received By: AB
Analyzed By: AB

		GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	DRO ext. (>C ₂₈ -C ₃₅) (mg/kg)
LAB NUMBER	SAMPLE ID			
ANALYSIS DATE:		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		542	507	-
True Value QC		500	500	-
% Recovery		108	101	-
Relative Percent Difference		9.6	5.7	

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

Not accredited for GRO/DRO.


Chemist


Date

H19135 TPH8015 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

101 East Marland, Hobbs, NM 88240

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

Page 1 of 1

Company Name: <u>FAIRWAY RESOURCES</u>				BILL TO		ANALYSIS REQUEST																					
Project Manager: <u>CURT STANLEY</u>				P.O. #:		<div style="display: flex; flex-direction: column; align-items: center;"> <div>CHLORAPES 4500</div> <div>BTEX 1</div> <div>8015 Extended</div> </div>																					
Address: <u>2900 PLAINS HWY</u>				Company:																							
City: <u>LOUISIANA</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 RESOURCES</u>																							
Project Name: <u>SOUTH RED LAKE 31</u>				State: Zip:																							
Project Location: <u>EADY NM</u>				Phone #:																							
Sampler Name: <u>EB Taylor</u>				Fax #:																							
FOR LAB USE ONLY						MATRIX		PRESERV.		SAMPLING																	
Lab I.D.	Sample I.D.	(G)RAB OR (C)JUMP	# CONTAINERS	GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER	DATE	TIME													
<u>H19135-1</u>	<u>FLOOR 1</u>	<u>G</u>	<u>1</u>			<u>X</u>				<u>X</u>			<u>1/22/10</u>	<u>10:00</u>	<u>X</u>	<u>✓</u>	<u>✓</u>										
<u>-2</u>	<u>FLOOR 2</u>													<u>10:05</u>	<u>✓</u>	<u>✓</u>											
<u>-3</u>	<u>FLOOR 3</u>													<u>10:10</u>	<u>✓</u>	<u>✓</u>											
<u>-4</u>	<u>ESW 1</u>													<u>10:14</u>	<u>✓</u>	<u>✓</u>											
<u>-5</u>	<u>SSW 1</u>													<u>10:30</u>	<u>✓</u>	<u>✓</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 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, 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>1/22/10</u>	Received By: <u>[Signature]</u>		Phone Result: <input type="checkbox"/>	No	Add'l Phone #:
Relinquished By: <u>[Signature]</u>		Time: <u>4:40</u>	Received By:		Fax Result: <input type="checkbox"/>	No	Add'l Fax #:
Delivered By: (Circle One)		Temp. <u>#26 5.52</u>	Sample Condition		REMARKS:		
Sampler - UPS - Bus - Other:		Cool Intact	Checked By: <u>[Signature]</u>		<u>Push</u> <u>CALL EB w/VERBALS</u> <u>575 408-3150</u> <u>Added by EB 01/24/10</u> <u>ET</u>		
		Yes No	Yes No				

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



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

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 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.



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

Analysis Date: 01/26/10
Sampling Date: 01/25/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 3°C
Sample Received By: JH
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl ⁻ (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
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		< 0.1

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

Chemist

Date _____

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CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

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

Page 1 of 1

Company Name: <u>BASIN ENVIRONMENTAL</u>				BILL TO				ANALYSIS REQUEST																				
Project Manager: <u>CURT STANLEY</u>				P.O. #:				<div style="writing-mode: vertical-rl; transform: rotate(180deg);">CHIRBIDES 4500</div>																				
Address: <u>2900 PLAINS HWY</u>				Company:																								
City: <u>LOVINGTON</u> State: <u>NM</u> Zip: <u>88260</u>				Attn:																								
Phone #: <u>575 396-1472</u> Fax #: <u>575 396-1429</u>				Address:																								
Project #: <u>SRLD 31</u> Project Owner: <u>FAIRWAY</u>				City:																								
Project Name: <u>SOUTH RED LAKE 31</u>				State: Zip:																								
Project Location: <u>EDDY CO NM</u>				Phone #:																								
Sampler Name: <u>ER TAYLOR</u>				Fax #:																								
FOR LAB USE ONLY				MATRIX		PRESERV.		SAMPLING																				
Lab I.D.	Sample I.D.	GRAB OR (COMP.)	# CONTAINERS	GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER	DATE	TIME														
<u>H19141-1</u>	<u>FLOOR 1 4'</u>	<u>G</u>	<u>1</u>			<u>X</u>				<u>1</u>			<u>1/25/10</u>	<u>12:00</u>	<u>X</u>													
<u>-2</u>	<u>FLOOR 2 4'</u>													<u>12:15</u>														
<u>-3</u>	<u>FLOOR 2 6'</u>													<u>12:45</u>														
<u>-4</u>	<u>FLOOR 2 8'</u>													<u>1:05</u>														
<u>-5</u>	<u>FLOOR 3 4'</u>													<u>2:45</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 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, 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>1/24/10</u>	Received By:		Phone Result: <input type="checkbox"/> No	Add'l Phone #:
<u>[Signature]</u>		Time: <u>8:00</u>			Fax Result: <input type="checkbox"/> No	Add'l Fax #:
Relinquished By:		Date: <u>1/26/10</u>	Received By:		REMARKS: <u>RUSA CALL ER W/VERBALS</u>	
<u>[Signature]</u>		Time: <u>8:00</u>	<u>[Signature]</u>			
Delivered By: (Circle One)		Temp. <u>3°C</u>		Sample Condition		
<input checked="" type="radio"/> Sampler <input type="radio"/> UPS <input type="radio"/> Bus <input type="radio"/> Other:				Cool <input checked="" type="checkbox"/> Intact <input checked="" type="checkbox"/>		
				<input type="checkbox"/> Yes <input type="checkbox"/> No		
				<input type="checkbox"/> Yes <input type="checkbox"/> No		
				CHECKED BY: <u>[Signature]</u>		

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

#26



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

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.

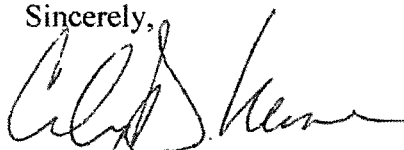
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

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: 5 (includes Chain of Custody)

Sincerely,



Celey D. Keene
Laboratory Director



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

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 @ 3°C
Sample Received By: JH
Analyzed By: AB

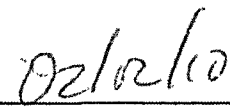
LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	DRO ext. (>C ₂₈ -C ₃₅) (mg/kg)
		02/02/10	02/02/10	02/02/10
H19148-1	SW3	<10.0	61.7	<10.0
Quality Control		530	518	-
True Value QC		500	500	-
% Recovery		106	104	-
Relative Percent Difference		1.9	14.0	

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

*Second surrogate outside historical limits due to matrix effect.

Not accredited for GRO/DRO.


Chemist


Date

H19148 TPH8015 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.



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ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL CONSULTING
ATTN: CAMILLE BRYANT
2800 PLAINS HWY
LOVINGTON, NM 88260
FAX TO: (575) 396-1429

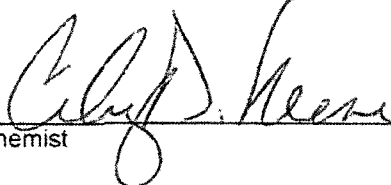
Receiving Date: 01/26/10
Reporting Date: 01/29/10
Project Number: SRLU 31 (FAIRWAY)
Project Name: SOUTH RED LAKE 31
Project Location: EDDY CO., NM

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

02/02/10
Date



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

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

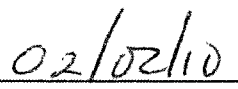
LAB NO.	SAMPLE ID	Cl ⁻ (mg/kg)
H19148-1	SW3	672
H19148-2	SW4	16
H19148-3	SW5	< 16
H19148-4	FLOOR 4	1,490
H19148-5	FLOOR 5	80
Quality Control		510
True Value QC		500
% Recovery		102
Relative Percent Difference		< 0.1

METHOD: Standard Methods 4500-ClB

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

Not accredited for Chloride.


Cheryl Heene
Chemist


Date 02/02/10

H19148 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

Page 1 of 1

Company Name: <u>RASIN</u>		BILL TO		ANALYSIS REQUEST																							
Project Manager: <u>CURT STANLEY</u>		P.O. #:		<div style="display: flex; justify-content: space-between;"> <div> CHLORIDES 4500 BTEX 8001B TPH 8015 m EXT </div> </div>																							
Address: <u>2900 PLAINS HWY</u>		Company:																									
City: <u>LOUINGTON</u> State: <u>NM</u> Zip: <u>88260</u>		Attn:																									
Phone #: <u>575 396-2378</u> Fax #: <u>575 396-1429</u>		Address:																									
Project #: <u>ERLUSI</u> Project Owner: <u>FARWAY</u>		City:																									
Project Name: <u>SOUTH RED LAKE 31</u>		State: Zip:																									
Project Location: <u>EDDY CO NM</u>		Phone #:																									
Sampler Name: <u>ER Tension</u>		Fax #:																									
FOR LAB USE ONLY				MATRIX		PRESERV.		SAMPLING																			
Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER	DATE	TIME													
#19148.1	SW3	G	1			Y							1/26/10	11:10	X	X	X										
	2 SW4													11:20													
	3 SW5													11:25													
	4 FIDOR 4													11:30													
	5 FIDOR 5													11:40													

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>1/26</u>	Received By:		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: <u>1/26/10</u>	Received By:		REMARKS:			
		Time: <u>3:20</u>	<u>[Signature]</u>		RUSH CHLORIDES. CALL ER W/VERBALS			
Delivered By: (Circle One)		Temp. <u>30</u>	Sample Condition		WAIT TO RUN BTEX & TPH UNTIL VERBALS			
Sampler <u>JPS</u> - Bus - Other		Cool <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		* Run SW3 for TPH & BTEX as per Eb.			
		CHECKED BY: <u>[Signature]</u>						

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

#26

OK 1/27/10



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 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: 5 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director



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

ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL CONSULTING
ATTN: CURT STANLEY
2800 PLAINS HWY
LOVINGTON, NM 88260
FAX TO: (575) 396-1429

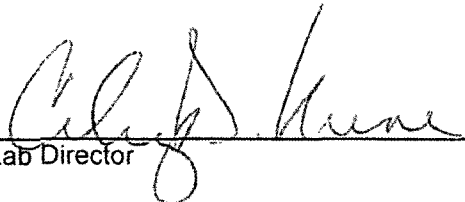
Receiving Date: 02/03/10
Reporting Date: 02/05/10
Project Number: FAIRWAY RESOURCES (SRLU #31)
Project Name: SOUTH RED LAKE #31
Project Location: EDDY CO., NM

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 (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	DRO ext. (>C ₂₈ -C ₃₅) (mg/kg)	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (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	-	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

H19208 TPHBTEX 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.



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ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL CONSULTING
ATTN: CURT STANLEY
2800 PLAINS HWY
LOVINGTON, NM 88260
FAX TO: (575) 396-1429

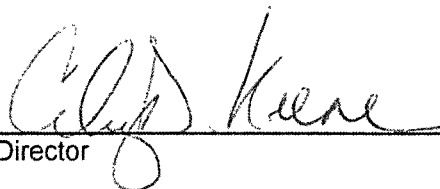
Receiving Date: 02/03/10
Reporting Date: 02/05/10
Project Number: FAIRWAY RESOURCES (SRLU #31)
Project Name: SOUTH RED LAKE #31
Project Location: EDDY CO., NM

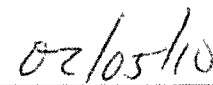
Sampling Date: 02/02/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4°C
Sample Received By: JH
Analyzed By: AB/ZL

LAB NO.	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	DRO ext. (>C ₂₈ -C ₃₅) (mg/kg)	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (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
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


Date

H19208 TPHBTEX BASIN

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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

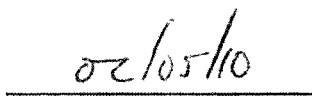
Analysis Date: 02/03/10
Sampling Date: 02/02/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4°C
Sample Received By: JH
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl ⁻ (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 Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		2.0

METHOD: Standard Methods	4500-Cl ⁻ B
--------------------------	------------------------

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


Chemist


Date

H19208 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

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Page 1 of 1

Company Name: <u>Fairway Resources</u>				BILL TO				ANALYSIS REQUEST																										
Project Manager: <u>Carl Stanley</u>				P.O. #:				<div style="display: flex; flex-direction: column; align-items: center;"> <div>Chloride 4500</div> <div>TPH 8015 M. Extended</div> <div>BTEX 8021 B</div> </div>																										
Address: <u>P.O. Box 381</u>				Company: <u>Basin Env. Cons.</u>																														
City: <u>Lovington</u> State: <u>NM</u> Zip: <u>88240</u>				Attn:																														
Phone #: <u>575-441-2244</u> Fax #: <u>575-396-1429</u>				Address: <u>P.O. Box 381</u>																														
Project #: <u>SRLU #31 (Fairway)</u> Project Owner: <u>Fairway Res.</u>				City: <u>Lovington</u>																														
Project Name: <u>South Red Lake #31</u>				State: <u>NM</u> Zip: <u>88240</u>																														
Project Location: <u>Eddy Co, NM</u>				Phone #: <u>575-441-2244</u>																														
Sampler Name: <u>Joel Lowry</u>				Fax #: <u>575-396-1429</u>																														
FOR LAB USE ONLY	Lab I.D.	Sample I.D.	(GRAB OR COMP.)	# CONTAINERS	MATRIX						PRESERV.		SAMPLING																					
					GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER	DATE	TIME																			
	<u>H19208-1</u>	<u>SW 7</u>	<u>G</u>	<u>1</u>										<u>02/02</u>	<u>0900</u>	<u>X</u>																		
	<u>-2</u>	<u>SW 8</u>												<u>02/02</u>	<u>0910</u>	<u>X</u>																		
	<u>-3</u>	<u>SW 9</u>												<u>02/02</u>	<u>1230</u>	<u>X</u>																		
	<u>-4</u>	<u>SW 10</u>												<u>02/02</u>	<u>1245</u>	<u>X</u>	<u>X</u>	<u>X</u>																
	<u>-5</u>	<u>SW 11</u>												<u>02/02</u>	<u>0215pm</u>	<u>X</u>																		
	<u>-6</u>	<u>Floor 2</u>												<u>02/02</u>	<u>2:00pm</u>	<u>X</u>	<u>X</u>	<u>X</u>																
	<u>-7</u>	<u>Floor 9</u>												<u>02/02</u>	<u>1235</u>	<u>X</u>																		
	<u>-8</u>	<u>Floor 10</u>												<u>02/02</u>	<u>2302pm</u>	<u>X</u>	<u>X</u>	<u>X</u>																
	<u>-9</u>	<u>SP 6</u>												<u>02/02</u>	<u>10:00</u>	<u>X</u>																		

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Sampler Relinquished:		Date:	Received By:		Phone Result: <input type="checkbox"/> No		Add'l Phone #:
		Time:			Fax Result: <input type="checkbox"/> No		Add'l Fax #:
					REMARKS:		
Relinquished By:		Date: <u>2/3/10</u>	Received By:				
<u>Joe Lowry</u>		Time: <u>9:50</u>	<u>Joel Benson</u>				
Delivered By: (Circle One)		Temp:	Sample Condition		CHECKED BY:		
<u>Sampler</u> - UPS - Bus - Other:		<u>4°C</u>	Cool Intact <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No		<u>JA</u>		

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

#26



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

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 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: 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

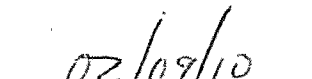
Analysis Date: 02/09/10
Sampling Date: 02/08/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4.5°C
Sample Received By: JH
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl ⁻ (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 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

H19231 Basin Environmental

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Page 1 of 2

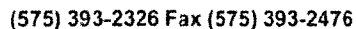
Company Name: <u>Fairway Resources Basin Environmental</u>				BILL TO		ANALYSIS REQUEST																		
Project Manager: <u>Curt Stanley</u>				P.O. #:		<div style="writing-mode: vertical-rl; transform: rotate(180deg);">CHANGES 4500</div>																		
Address: <u>P.O. Box 381</u>				Company:																				
City: <u>Lovington</u>		State: <u>NM</u>		Zip: <u>88240</u>														Attn:						
Phone #: <u>575-441-2244</u>		Fax #: <u>575-346-1429</u>		Address:														City:						
Project #: <u>SRLU #31</u>		Project Owner: <u>Fairway Resources</u>		State:														Zip:						
Project Name: <u>South Red Lake Unit #31</u>				Phone #:														Fax #:						
Project Location: <u>Eddy Co/NM</u>																								
Sampler Name: <u>Soel Lowry</u>																								
FOR LAB USE ONLY:																								
Lab I.D.	Sample I.D.	(G/RAB OR C/COMP.)	# CONTAINERS	MATRIX					PRESERV.		SAMPLING													
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE:	ICE / COOL	OTHER:	DATE	TIME										
H19231-1	Sample F# FLOOR 1	G	1										02/08	8:30										
-2	Sample F# FLOOR 6												02/08	8:35										
-3	Sample F# FLOOR 7												02/08	9:00										
-4	Sample F# FLOOR 9												02/08	9:05										
-5	Sample FH FLOOR 11												02/08	9:10										
-6	Sample FH FLOOR 12												02/08	9:14										
-7	Sample SP 9												02/08	9:30										
-8	Sample SP 10												02/08	9:35										
-9	Sample SP 11												02/08	10:00										
-10	Sample SW 14												02/08	11:00										

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:	Received By:	Phone Result:	<input type="checkbox"/>	No	Add'l Phone #:
<u>Soel Lowry</u>		<u>2/8/10</u>	<u>Ed Y</u>	Fax Result:	<input type="checkbox"/>	No	Add'l Fax #:
Relinquished By:		Time:		REMARKS:			
<u>Ed Y</u>		<u>4:00</u>		<u>RUSH</u> <u>CALL ER W/ VERBALS</u>			
Received By:		Date:					
<u>Jodi Benson</u>		<u>2/8/10</u>					
Delivered By: (Circle One)		Time:	Temp.	Sample Condition	CHECKED BY:		
<u>Other: ED</u>		<u>7:50</u>	<u>4.5°C</u>	Cool Intact	(Initials)		
Sampler - UPS - Bus <input checked="" type="checkbox"/> Other: <input type="checkbox"/>				<input type="checkbox"/> Yes <input type="checkbox"/> No	<u>JH</u>		

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

#26

[illegible]

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Sampler Relinquished: SORE LOUAY		Date: 2/8/10 Time: 4:00 Received By: Ed Z		Phone Result: <input type="checkbox"/> No Add'l Phone #:	
Relinquished By: Ed Z		Date: 2/8/10 Time: 4:50 Received By: Jodi Benson		Fax Result: <input type="checkbox"/> No Add'l Fax #:	
Delivered By: (Circle One) Sampler - UPS - Bus - Other: Ed Z		Temp.: 4.50 Sample Condition: Cool <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Intact <input type="checkbox"/> Yes <input type="checkbox"/> No		CHECKED BY: (Initials) JH	
REMARKS: RUSH					

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

#26



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

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 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.



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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

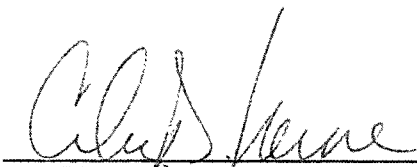
Sampling Date: 02/09/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 3°C
Sample Received By: JH
Analyzed By: AB/ZL

LAB NO.	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (C ₁₀ -C ₂₈) (mg/kg)	DRO ext. (C ₂₈ -C ₃₅) (mg/kg)	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (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 Director


Date

H19237 TPHextBTEX BASIN

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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

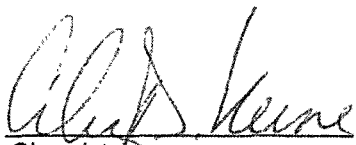
Analysis Date: 02/10/10
Sampling Date: 02/09/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 3°C
Sample Received By: JH
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl ⁻ (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 Control		510
True Value QC		500
% Recovery		102
Relative Percent Difference		2.0

METHOD: Standard Methods

4500-ClB

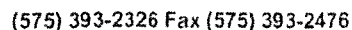
Note: Analyses performed on 1:4 w:v aqueous extracts.


Chemist


Date

H19237 Basin Environmental

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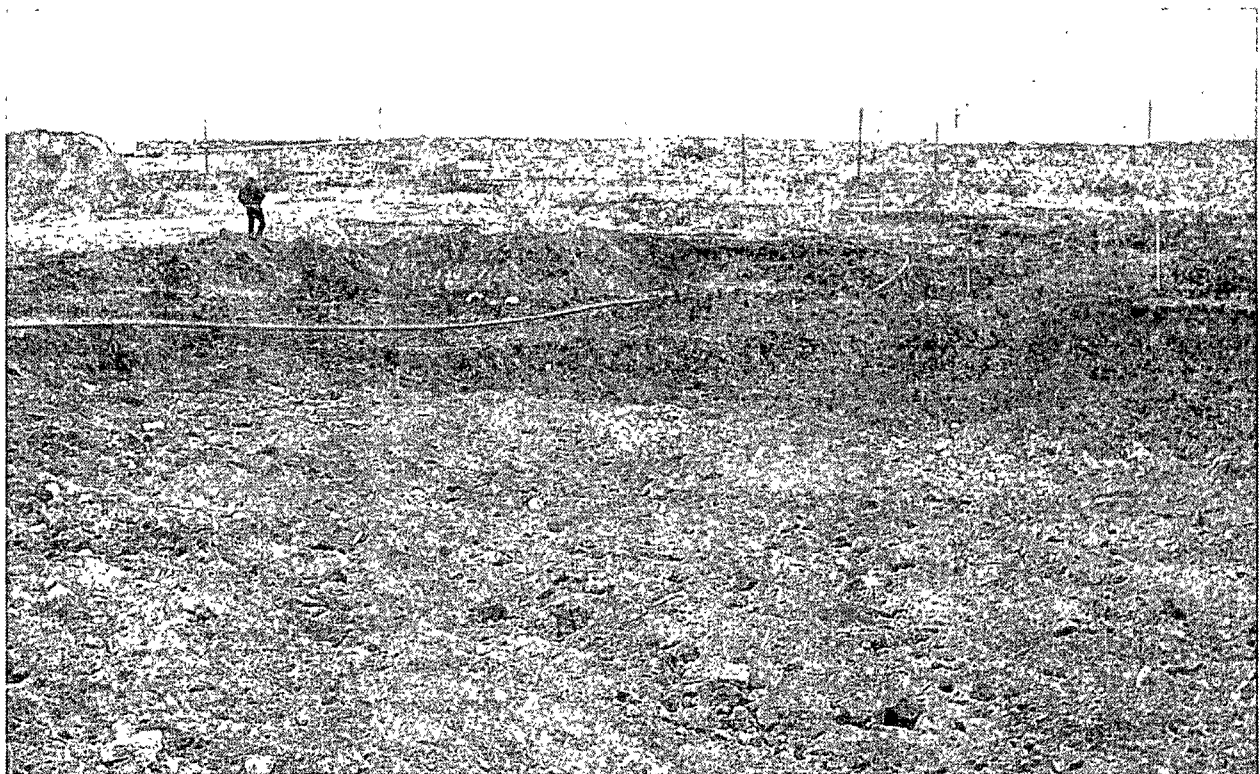
#26

Appendix B

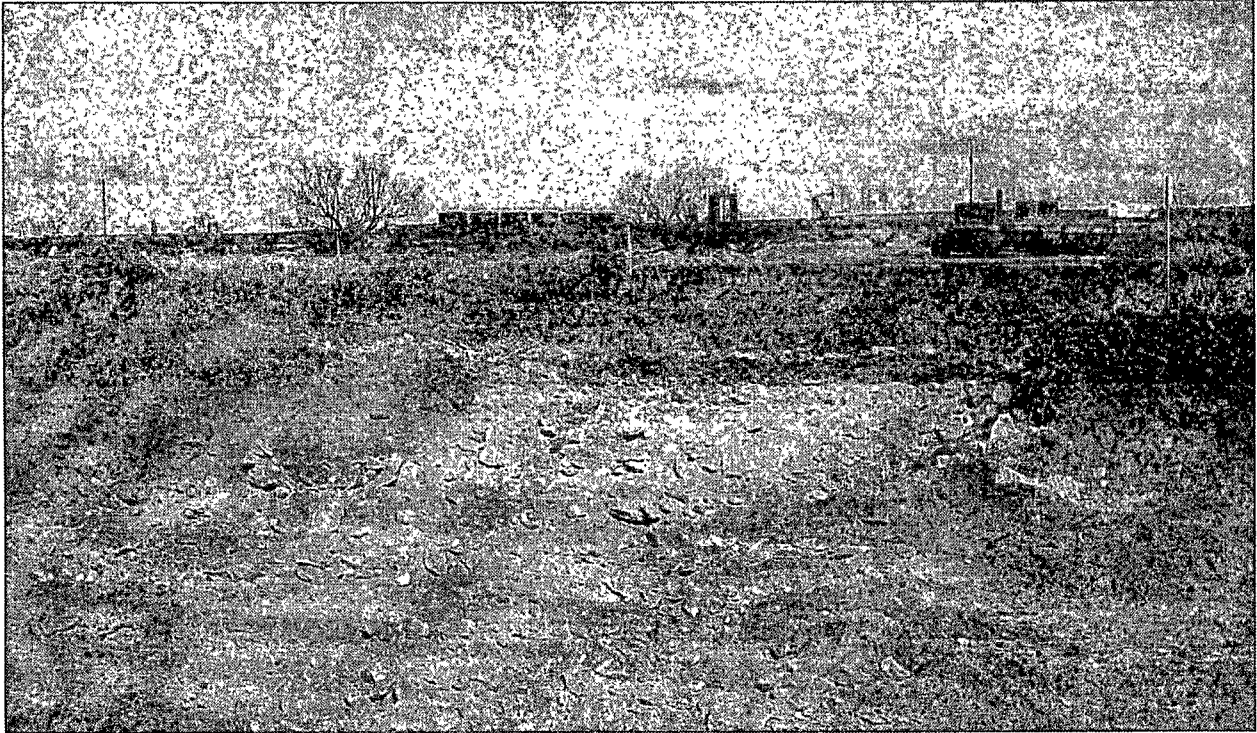
General Photographs



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

Release Notification and Corrective Action

OPERATOR

X Initial Report ☐ Final Report

Name of Company	Fairway Resources Operating LLC	Contact	Matt Eagleston
Address	538 Silicon Drive Suite 101 Southlake, Texas 76092	Telephone No.	(817) 416 1946
Facility Name	South Red Lake II Unit 31	Facility Type	Well Location
Surface Owner	BLM	Mineral Owner	BLM
		Lease No.	LC-028755A

30015 00644

LOCATION OF RELEASE

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

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	Produced Water	Volume of Release	unknown	Volume Recovered	0
Source of Release	Flowline Release	Date and Hour of Occurrence	Unknown	Date and Hour of Discovery	
Was Immediate Notice Given?	<input type="checkbox"/> Yes X No <input type="checkbox"/> Not Required	If YES, To Whom?			
By Whom?		Date and Hour			
Was a Watercourse Reached?	<input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse.			
If a Watercourse was Impacted, Describe Fully.*					

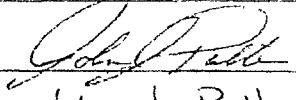
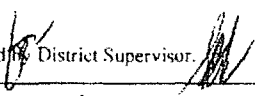
Describe Cause of Problem and Remedial Action Taken.*

Flow line failed causing an unknown volume of produced water to be released. During initial response activities the flow line was clamped and soil is being excavated.

Describe Area Affected and Cleanup Action Taken.*

Release site will be remediated to NMOCD Artesia District Office requirements.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD 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 ground water, surface water, human health or the environment. In addition, NMOCD 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 		OIL CONSERVATION DIVISION	
Printed Name: John J. Pulte		Approved  District Supervisor	
Title: Operations Engineer		Approval Date: 2-8-10	Expiration Date: 6-8-10
E-mail Address: jpulte@fairwayresources.com		Conditions of Approval	Attached <input type="checkbox"/>
Date: 2/25/10 Phone: 817-416-1946			

* Attach Additional Sheets If Necessary

