



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 7, 2008

Fairway Resources Operating, LLC
538 Silicon dr., Ste 101
Southlake, TX 76092

Attn: Kenneth Pearce

Reference: South Red Lake II Unit Central Battery 35, T17S, R27E UL: E Eddy County, New Mexico
2RP-125

Mr. Pearce,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a work plan proposal (plan) for remediation of a release of produced fluids occurring at the above referenced facility on November 2, 2007. The plan proposes excavation and disposal of impacted soils exceeding the OCD Recommended Remedial Action Levels (RRAL) for this site.

The plan is accepted with the following stipulations:

- Notify the OCD 24 hours prior to commencement of activities.
- Notify the OCD 48 hours prior to obtaining samples where analyses are to be submitted to the OCD.
- Results of analytical data obtained through sampling shall be forwarded to OCD for approval **prior** to any backfilling activities
- A final Report C-141 is to be submitted to the OCD upon satisfactory completion of remediation project.
- Remediation requirements may be subject to change as site conditions warrant.
- Remediation to be completed on or before April 4, 2008.

Please be advised that NMOCD acceptance of this plan 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 this plan does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

Respectfully,

Sherry Bonham

NMOCD District 2

1301 W Grand Avenue

Artesia, NM 88210

575.748.1283 ext. 109

sherry.bonham@state.nm.us

February 6, 2008

2RP-125

Fairway Resources Operating, LLC
South Red Lake II Unit - Central Battery
Sec. 35, T17S, R27E
Eddy Co., NM
11-2-2007 Oil and Produced Water Spill
(C-141 filed 11-27-2007)

Proposed Response Plan

Initial Response Actions Taken

11-5-2007 All wells were shut-in, stopping the source of the spill from the water and oil tanks.
Liquids were contained in the berm system around tanks.
Free liquids were recovered from the berm area and put back into the production facility for processing.
Caliche was placed over contaminated area within berms.

Soil and Water Remediation Action Levels

Ranking Criteria	Depth to Ground Water;	50' - 99'	score 10
	Wellhead Protection Area;	>1000' from water source	
		>200' from private domestic water source	score 0
	Distance to Surface Water Body;	>1000' horizontal feet	score 0
			Total Score; 10

Required Remediation Action Level

Benzene (ppm)	10
BTEX (ppm)	50
TPH (ppm)	1,000
Chlorides (ppm)	500

Proposed Remediation Plan

Notes: Remediation work will be resumed as soon as possible after this plan is approved, and equipment and services are available.

All soil sampling and analyzes will be done using EPA methods and/or OCD approved standards.

1) Soil samples will be collected and analyzed within the affected area at the South Red Lake II Unit Central Battery to determine the specific area and depth of contamination above the OCD limits shown above.

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- 2) The affected soil will be excavated and hauled to an off-site OCD approved treatment or disposal facility. Excavation will continue until representative samples from the walls and bottom of the excavation are below the contaminant specific remediation levels shown on the table above.
- 3) Clean soil will be hauled in and placed in the excavated area, any damaged berms will be repaired.
- 4) Remedial action will be terminated once contaminant concentrations are below OCD specified levels, as shown above, or these levels cannot be practically attained and the remaining contaminant concentrations pose no threat to fresh water, the public, or the environment, subject to OCD evaluation and approval.
- 5) After all remedial activities are completed, a final report summarizing all actions taken to mitigate damage related to the spill will be provided to the OCD for approval.