

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

State of New Mexico
Energy Minerals and Natural Resources

JUN 20 2008

Form C-141
Revised October 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

OCD-ARTESIA

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

Release Notification and Corrective Action

ISEB0819256396
NSEB0819256221

OPERATOR

Initial Report Final Report

Name of Company	Fairway Resources Operating LLC 241598	Contact	Kenneth Pearce
Address	538 Silicon Drive, Suite 101, Southlake, TX 76092	Telephone No.	817-416-1946
Facility Name	South Red Lake II Unit #43 30-015-23913	Facility Type	oil well
Surface Owner	State of New Mexico	Mineral Owner	State of New Mexico
		Lease No.	NM109695X

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
"K"	36	17-S	27-E	1,650	South	1,650	West	Eddy

Latitude 32.7877800 Longitude -104.2350200

NATURE OF RELEASE

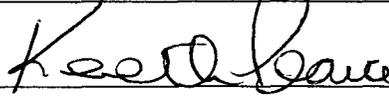
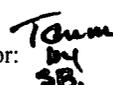
Type of Release	Produced water and crude oil	Volume of Release	25 bbls est.	Volume Recovered	20 bbls est.
Source of Release	Flowline leak near the wellhead	Date and Hour of Occurrence	6/16/08 unknown time	Date and Hour of Discovery	6/17/08 8:00am
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?			
By Whom?	Kenneth Pearce	Date and Hour	6/17/08		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
A leak developed in a steel nipple at the wellhead flowline connection. The nipple was replaced, repairing the leak.

Describe Area Affected and Cleanup Action Taken.*
The affected area was the well location, lease road, and area immediately along the lease road.
All free-standing liquids were picked-up with a vacuum truck and transported to the central facility. A remediation work plan will be prepared and submitted for approval within 30 days of this notification.

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: Kenneth Pearce	Approved by District Supervisor: 	Remediation Action to be completed and Final C-141 submitted with confirmation analyses/documentation on or before the Expiration Date.
Title: Operations Engineer	Approval Date: <u>7-10-08</u>	Expiration Date: <u>9-12-08</u>
E-mail Address: kpearce@fairwayresources.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: June 17, 2008 Phone: 817-416-1946	The plan must include general site characteristics, site ranking score, soil remediation action levels, soil remediation methods, and planned analytical testing for TPH, B-TEX, Chlorides or any other COCs as applicable. Please use the "Guidelines for Remediation of Leaks, Spills, & Releases" as your guide. This document may be found at the following link. http://www.emnrd.state.nm.us/ocd/documents/7C_spill1.pdf	<u>2RP-188</u> Notify OCD 48 hours prior to obtaining samples where analyses are to be presented to OCD

* Attach Additional Sheets If Necessary
SEB0819256504