

BW-8

C-141s



October 15, 2010

Mr. Jon Ammons
PAB Services, Inc.
P.O. Box 2724
Lubbock, TX 79408

Re: Surface Soil Sampling
Brine Well Area, Salty Dog Brine Facility

Dear Mr. Ammons:

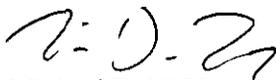
On September 28, 2010, Daniel B. Stephens & Associates, Inc. (DBS&A) collected two soil samples from the area of a recent surface release in the vicinity of the brine well at the Salty Dog facility. The brine release, as you described it to me, occurred aboveground at the wellhead on September 9, 2010 at approximately 9:30 PM, and consisted of approximately 150 barrels of brine. The majority of the release was contained within the bermed area of the brine well; however, a small breach in the berm allowed approximately 20 barrels of brine to flow to the north and accumulate in the road. The area of release was noted in the field by chloride stained and wet soil.

DBS&A collected surface soil samples from 0-6 inches below ground surface (bgs) at two locations within the bermed area of the well. The samples were submitted to Hall Environmental Analysis Laboratory in Albuquerque, New Mexico for chloride analysis in accordance with U.S. Environmental Protection Agency (EPA) method 300.0. The analytical results are summarized in Table 1 (Attachment 1), and the laboratory report is provided in Attachment 2. Sample SBW-1 contained a chloride concentration of 15,000 milligrams per kilogram (mg/kg) and SBW-2 contained a chloride concentration of 12,000 mg/kg. Both of these samples exceed the New Mexico Oil Conservation Division (OCD) standard of 500 mg/kg for confirmatory soil samples collected from an area where the groundwater is between 50 and 100 feet bgs.

DBS&A recommends that you notify OCD of the release, if not already done, and provide them with the results of the surface soil samples at your earliest convenience. Please don't hesitate to call me at (505) 353-9130 if you have any questions or require additional information.

Sincerely,

DANIEL B. STEPHENS & ASSOCIATES, INC.


Michael D. McVey
Senior Hydrogeologist

MDM
Attachments

Daniel B. Stephens & Associates, Inc.

Attachment 1

Table



Daniel B. Stephens & Associates, Inc.

**Table 1. Summary of Chloride Soil Analytical Data
Salty Dog Brine Facility, Lea County, New Mexico
Page 1 of 1**

Sample Designation	Sample Date	Depth Interval (ft bgs)	Chloride Concentration (mg/kg) ^a
<i>Oil Conservation Division Soil Standard</i>			<i>500</i>
SBW-1	09/28/2010	0-0.5	15,000
SBW-2	09/28/2010	0-0.5	12,000

Bold indicates concentrations that exceed the applicable standard.

^a All samples analyzed by EPA method 300.0.

ft bgs = Feet below ground surface

mg/kg = Milligrams per kilogram

Attachment 2
Laboratory Report



COVER LETTER

Tuesday, October 12, 2010

Mike McVey
Daniel B. Stephens & Assoc.
6020 Academy NE Suite 100
Albuquerque, NM 87109

TEL: (505) 822-9400

FAX: (505) 822-8877

RE: Salty Dog

Order No.: 1009C55

Dear Mike McVey:

Hall Environmental Analysis Laboratory, Inc. received 2 sample(s) on 9/29/2010 for the analyses presented in the following report.

These were analyzed according to EPA procedures or equivalent. Below is a list of our accreditations. To access our accredited tests please go to www.hallenvironmental.com or the state specific web sites.

Reporting limits are determined by EPA methodology.

Please do not hesitate to contact HEAL for any additional information or clarifications.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Freeman".

Andy Freeman, Laboratory Manager

NM Lab # NM9425 NM0901

AZ license # AZ0682

ORELAP Lab # NM100001

Texas Lab# T104704424-08-TX



Hall Environmental Analysis Laboratory, Inc.

Date: 12-Oct-10

CLIENT:	Daniel B. Stephens & Assoc.	Client Sample ID:	SBW-1
Lab Order:	1009c55	Collection Date:	9/28/2010 11:35:00 AM
Project:	Salty Dog	Date Received:	9/29/2010
Lab ID:	1009c55-01	Matrix:	SOIL

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 300.0: ANIONS						Analyst: SRM
Chloride	15000	750		mg/Kg	500	10/8/2010 4:43:33 AM

Qualifiers:

* Value exceeds Maximum Contaminant Level	B Analyte detected in the associated Method Blank
E Estimated value	H Holding times for preparation or analysis exceeded
J Analyte detected below quantitation limits	MCL Maximum Contaminant Level
NC Non-Chlorinated	ND Not Detected at the Reporting Limit
PQL Practical Quantitation Limit	S Spike recovery outside accepted recovery limits

Hall Environmental Analysis Laboratory, Inc.

Date: 12-Oct-10

CLIENT: Daniel B. Stephens & Assoc.

Client Sample ID: SBW-2

Lab Order: 1009c55

Collection Date: 9/28/2010 11:40:00 AM

Project: Salty Dog

Date Received: 9/29/2010

Lab ID: 1009c55-02

Matrix: SOIL

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 300.0: ANIONS						Analyst: SRM
Chloride	12000	750		mg/Kg	500	10/8/2010 5:00:57 AM

Qualifiers:

* Value exceeds Maximum Contaminant Level

E Estimated value

J Analyte detected below quantitation limits

NC Non-Chlorinated

PQL Practical Quantitation Limit

B Analyte detected in the associated Method Blank

H Holding times for preparation or analysis exceeded

MCL Maximum Contaminant Level

ND Not Detected at the Reporting Limit

S Spike recovery outside accepted recovery limits

QA/QC SUMMARY REPORT

Client: Daniel B. Stephens & Assoc.
Project: Salty Dog

Work Order: 1009c55

Analyte	Result	Units	PQL	SPK Val	SPK ref	%Rec	LowLimit	HighLimit	%RPD	RPDLimit	Qual
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Method: EPA Method 300.0: Anions

Sample ID: MB-24021		MBLK									
Chloride	ND	mg/Kg	1.5								
Sample ID: LCS-24021		LCS									
Chloride	13.76	mg/Kg	1.5	15	0	91.7	90	110			

Qualifiers:

- | | | | |
|----|--|----|--|
| E | Estimated value | H | Holding times for preparation or analysis exceeded |
| J | Analyte detected below quantitation limits | NC | Non-Chlorinated |
| ND | Not Detected at the Reporting Limit | R | RPD outside accepted recovery limits |

Hall Environmental Analysis Laboratory, Inc.

Sample Receipt Checklist

Client Name DBS

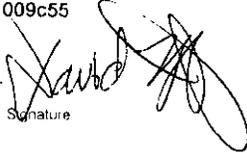
Date Received:

9/29/2010

Work Order Number 1009c55

Received by: AT

Checklist completed by:



Signature

Sample ID labels checked by:

Date 9/29/10

Initials MA

Matrix:

Carrier name: Client drop-off

Shipping container/cooler in good condition?	Yes ✓	No	Not Present	
Custody seals intact on shipping container/cooler?	Yes	No	Not Present	Not Shipped ✓
Custody seals intact on sample bottles?	Yes ✓	No	N/A	✗
Chain of custody present?	Yes ✓	No		
Chain of custody signed when relinquished and received?	Yes ✓	No		
Chain of custody agrees with sample labels?	Yes ✓	No		
Samples in proper container/bottle?	Yes ✓	No		
Sample containers intact?	Yes ✓	No		
Sufficient sample volume for indicated test?	Yes ✓	No		
All samples received within holding time?	Yes ✓	No		
Water - VOA vials have zero headspace?	No VOA vials submitted ✓	Yes	No	Number of preserved bottles checked for pH:
Water - Preservation labels on bottle and cap match?	Yes	No	N/A ✓	
Water - pH acceptable upon receipt?	Yes	No	N/A ✓	<2 >12 unless noted below
Container/Temp Blank temperature?	6.1°	<6° C Acceptable If given sufficient time to cool.		

COMMENTS:

Client contacted

Date contacted:

Person contacted

Contacted by

Regarding

Comments:

Corrective Action

