ENVIRONMENTAL PLUS, INC. STATE APPROVED LAND FARM AND ENVIRONMENTAL SERVICES

July 5, 2006

Mr. Larry Johnson **Environmental Engineer** New Mexico Oil Conservation Division (NMOCD) 1625 North French Hobbs, New Mexico 88240

Re: Gandy Corporation Closure Report

Devon Kachina 8 Federal Well #2,

UL-E, SW1/4 of the NW1/4 of Section 8 T18S R33E

Latitude: 32° 45′ 48.9″N and Longitude: 103° 41′ 29.1″W

Landowner: US Interior Department Bureau of Land Management

API# 30025313710000

Dear Mr. Johnson:

This closure report is being submitted by Environmental Plus, Inc. (EPI) on behalf of the Gandy Corporation and documents successful remediation and restoration of the remediation site consistent with NMOCD approved Remediation Plan submitted on August 27, 2004.

BACKGROUND

The remediation site is located approximately 7.9 miles southeast of Maljamar, New Mexico on land owned by the US Department of Interior and managed by the Bureau of Land Management (BLM). The New Mexico Office of the State Engineer website database records a water well 0.49 miles northeast of the site with a water level of 100 feet below ground surface ('bgs). The attached site information and metrics form ranks the site in accordance with the NMOCD Guidelines for Remediation of Leaks, Spills and Releases (August 13, 1993). Site maps and the water level report are attached. According to the initial NMOCD Rule 116 form C-141 notification form submitted by Gandy Corporation, approximately 120 barrels of saline produced water and a small quantity of crude oil was released into the small playa by a Gandy transport truck. The remedial goals for the constituents of concern (CoCs) are: chloride = 250 mg/Kg, total petroleum hydrocarbon EPA method 8015m (TPH 8015m) = 1,000 mg/Kg, benzene = 10 mg/Kg and BTEX (i.e., the mass sum of benzene, toluene, ethylbenzene, and total xylenes) = 50 mg/Kg. Being associated with oil and gas production, the impacted soil is exempted from RCRA 40 CFR Part 261. Analytical results from samples collected on August 21, 2004 from eight soil borings during implementation of the delineation work plan determined that the chloride source term in excess of the NMOCD remedial goal of 250 mg/Kg was restricted to the upper two feet of soil and confined to inside TPH^{8015m} the spill area perimeter. The **BTEX** results were

10 dent - PALLO AXENERO ... EUNICE, NEW MEXICO 88231

10 dent - PALLO AZ DO 3000 881 FAX 505.394.2601 plication-pPACO620241035

NVIRONME



below the remedial goals and were not issues below the 2-foot vertical interval. The released fluid originated at the Devon Kachina Fed 5-1 tank battery and had a chloride concentration of 86,973 mg/L and may have been treated with hydrocarbon based paraffin inhibitor that is routinely injected into the wellbore. According to the Material Safety Data Sheet (MSDS) provided by Devon, the chemical is not acutely hazardous, contains no heavy metals, and is composed of biodegradable organic hydrocarbon compounds. Water samples collected and analyzed from a perennial water pool (caliche pit) located approximately 0.25 miles northeast of the site and groundwater from soil boring BH2 at 5'3" below ground surface both had nominal chloride concentrations of 84 mg/L. Water was not observed in any other borehole. The analytical results support the conclusion that the perched subgrade playa water has not been impacted. At the request of the BLM, the impacted soil was analyzed for heavy metals to determine the RCRA hazard characteristic and was determined to be less that the thresholds listed in 40 CFR 261. The data summary, analytical reports and illustrations are attached along with the site borehole location map and the final sample location map.

REMEDIATION

On August 31, 2004, with approval from the NMOCD and verbal consensus from Devon Energy and the BLM, Gandy Corporation commenced excavation of impacted soils down to a depth of 2-feet below ground surface ('bgs) and horizontally to approximately 1-foot beyond the visible spill area perimeter and disposed of in the Gandy Marley, Inc. (GMI) permit #NM-01-0019 facility. Estimated disposal volume was approximately 1,020 cubic yards (yd³).

CLOSURE SAMPLING

On December 5, 2005, to confirm that soils impacted in excess of the NMOCD remedial goals had been removed, soil samples were collected from the sides and bottom of the excavation and submitted to the laboratory for chloride analysis. The analytical results were all less than the 250 mg/Kg remedial goal and ranged from 48 mg/Kg in the SP6, SP7 and SP8 samples to 224 mg/Kg in the SP5 sample.

FINAL CONTOUR AND SURFACE RESTORATION

The approved remediation plan proposed backfilling the excavation with clean soil of a similar structure, however, given that the basin floor is composed of pure red clay and will hold water and fill naturally over time with locally eroded soils, Gandy proposed contouring the shallow excavated basin into a water retention basin to collect and store storm water run-off for use by livestock and wildlife. On December 12, 2005, the NMOCD and BLM agreed with the proposed alternative. Photographs of the final contour are attached.



CLOSURE REQUEST

The information provided in this report documents successful remediation and restoration of the remediation site consistent with NMOCD approved Remediation Plan submitted on August 27, 2004. The Gandy Corporation therefore requests that the NMOCD require "no further action" at the site. All official communication should be addressed to:

Jon Gandy
Gandy Corporation
West Star Route
Lovington, New Mexico 88260
Telephone – 505.396.4948
FAX – 505.396.6887
Email - na

If there are any questions please call Iain Olness, EPI Technical Manager or myself at the office or Mr. Jon Gandy at 505.396.4948.

Sincerely,

Pat McCasland Senior Consultant

cc: Jerry Mathews, Devon Energy (Jerry.Mathews@dvn.com)

Paul Evans, BLM Carlsbad (Paul_Evans@nm.blm.gov)

Link Lacewell, BLM Roswell (Link_Lacewell@nm.blm.gov)

Jon Gandy, Gandy Corporation

file

Enclosures:

Area Map

Soil Boring Location Map

Sample Location Map 12-05-05

Delineation Data Table

RCRA Metals Data Table

Closure Data Table

Delineation Data Illustrations

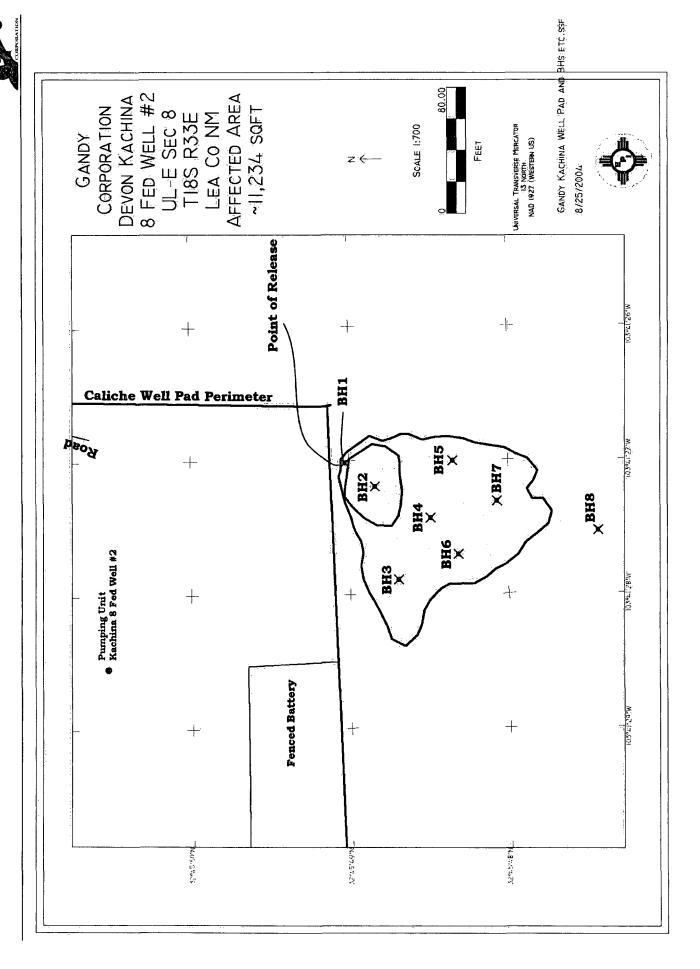
Laboratory Reports

New Mexico Office of the State Engineer Water Well Report

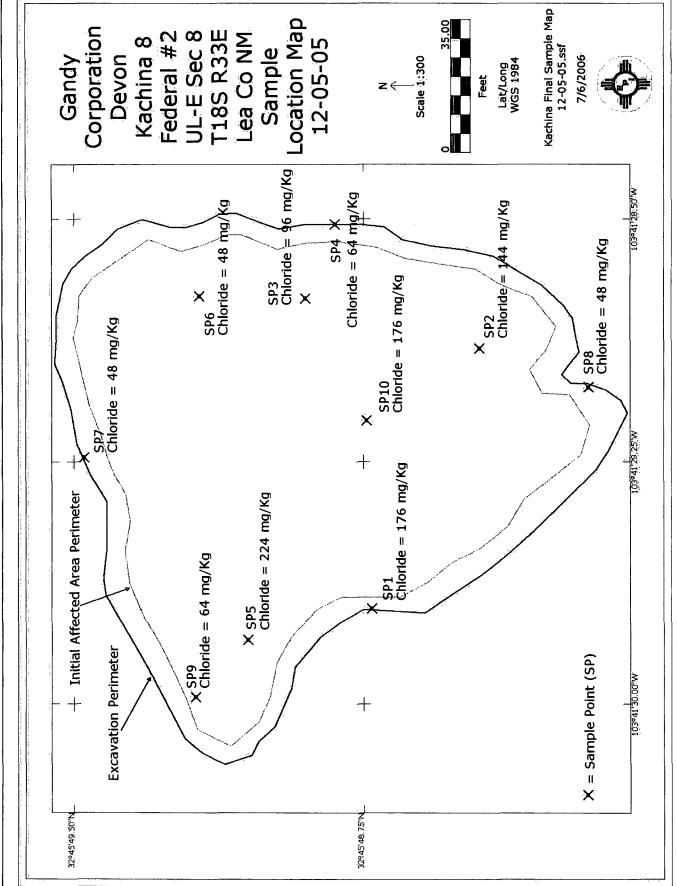
Photographs

Site Information and Metrics Form

Final form C-141









8 8 8 8	Candy Corporation Delineation Data VOC CRO³ DRO³ TPH³ BTEX³ Benzene Lithology Soil Status Headspace GRO³ DRO³ TPH³ BTEX³ Benzene Sandy Clay Loam excavated na 11.3 1,240 1,251 0.155 0.005 Red Gray clay in-situ 93.3 10 19.1 29.1 0.030 0.005 Red Gray clay in-situ 82.2 10 41.6 51.6 0.030 0.005 Red Gray Clay in-situ 0.00 10 56.4 66.4 0.030 0.005 Gray Clay in-situ 1.20 10 10 20 0.030 0.005 Red clay in-situ 0.00 10 10 20 0.030 0.005 Red clay in-situ 0.00 na na na na na Gray Clay in-situ 0.00 na na <th>Soil Status in-situ in-situ</th> <th> Section 8 T18S R3; </th> <th>CRO³ [1 11.3 1 10 10 10 10 10 10 10 10 10 10 10 10 1</th> <th>Lea Color 1 1,240 1 19.1 41.6 56.4 21.5 10 10 10 10 10 10 10 10 10 10 10 10 10</th> <th>nag/kg 1,251 29.1 51.6 66.4 66.4 20</th> <th>New Me</th> <th>[exico</th> <th>Pehulbanzan</th> <th>Toluene</th> <th></th> <th></th>	Soil Status in-situ	Section 8 T18S R3;	CRO ³ [1 11.3 1 10 10 10 10 10 10 10 10 10 10 10 10 1	Lea Color 1 1,240 1 19.1 41.6 56.4 21.5 10 10 10 10 10 10 10 10 10 10 10 10 10	nag/kg 1,251 29.1 51.6 66.4 66.4 20	New Me	[exico	Pehulbanzan	Toluene		
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	Sandy Clay Loam Sandy gray clay Red Gray clay Red clay Sandy Clay Loam Gray Clay Red clay Red clay Red clay Red clay Red clay Sandy Clay Loam Gray Clay	in-situ	93.3 82.2 0.00 2.90 1.20 0.00 0.00 0.00 0.00	┣═┩═┩═╃═╃ ═╇ ╒ ╇╒╇	┡╌╃╌╂┈┼╌╏╶╂╶┼	├────	mg/kg	mg/Kg	mg/Kg	mg/Kg	mg/Kg	mg/Kg
	Sandy gray clay Red Gray clay Red clay Sandy Clay Loam Gray Clay Red clay Sandy Clay Loam Gray Clay Sandy Clay Loam	in-situ in-situ in-situ in-situ in-situ in-situ in-situ in-situ in-situ	93.3 82.2 0.00 2.90 1.20 0.00 0.00 0.00 1.20				⊢	0.005	0.005	0.005	0.140	4,399
	Red Gray clay Red clay Sandy Clay Loam Gray Clay Red clay Sandy Clay Loam Gray Clay Chay Clay Red clay	in-situ in-situ excavated in-situ in-situ excavated in-situ in-situ	82.2 0.00 2.90 1.20 0.00 0.00 0.00 0.00				0.030	0.005	0.005	0.005	0.015	192
	Red clay Sandy Clay Loam Gray Clay Red clay Sandy Clay Loam Gray Clay Red clay	in-situ in-situ in-situ in-situ excavated in-situ	2.90 2.90 1.20 0.00 0.00 0.00 0.00				0.030	0.005	0.005	0.005	0.015	292
	Sandy Clay Loam Gray Clay Red clay Sandy Clay Loam Gray Clay	in-situ in-situ excavated in-situ	2.90 1.20 0.00 1.30 0.00 0.00 1.20		21.5 10 10 na na	- - -	0.030	0.005	0.005	0.005	0.015	192
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	Sandy Clay Loam Gray Clay Red clay	excavated in-situ	0.00	na na	na na		0.030	0.005	0.005	0.005	0.015	144
	Gray Clay Red clay	in-situ	0.00	na na	na	na	na	na	na	na	иa	3,359
l	Red clay		0.00	na		na	na	na	na	na	na	192
DK082004BH3-10' 8/20/04		in-situ	1.20		па	na	na	na	na	na	na	176
DK082004BH4-Surface 8/20/04	Sandy Clay Loam	excavated		na	na	na	na	na	na	na	na	3,759
DK082004BH4-5' 8/20/04	Gray Clay	in-situ	1.00	na	na	na	na	na	na	na	na	96
DK082004BH4-10' 8/20/04	Red clay	in-situ	1.00	na	na	na	na	na	na	na	na	280
9	Sandy Clay Loam	excavated	1.30	na	na	na	na	na	na	na	na	3,439
DK082004BH5-5' 8/20/04	Gray Clay	in-situ	0.00	na	na	na	na	na	na	na	na	48
DK082004BH5-10' 8/20/04	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	96
ace	Sandy Clay Loam	excavated	1.30	na	na	na	na	na	na	na	na	4,399
DK082104BH6-5' 8/21/04	Gray Clay	in-situ	00:0	na	na	na	na	na	na	na	na	112
DK082104BI-16-10' 8/21/04	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	128
e21	Sandy Clay Loam	excavated	0.00	na	na	na	na	na	na	na	na	687
	Gray Clay	in-situ	0.00	na	na	na	na	na	na	na	na	80
DK082104BH7-10' 8/21/04	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	112
DK081904BH8-Surface 8/19/04	Sandy Clay Loam	in-situ	0.00	na	na	na	na	na	na	na	na	96
	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	96
DK081904BH8-10' 8/19/04	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	96
DK081904BH8-15' 8/19/04	Red Gray clay	in-situ	0.00	na	na	na	na	na	na	na	na	112
Kachina Fed 5-1 Water 8/19/04	Black Water	na	na	na	na	na	na	na	na	na	ru	86,973 mg/L
Caliche Pit Water 8/19/04	Clear Water	na	na	na	na	na	na	na	na	na	na	84 mg/L
8/20/04	Clear Water	na	na	na	na	na	na	na	na	na	na	84 mg/l.
				Į,	PH-Total	Petroleum	Hydrocarb	on = GRO	+DRO.			
				g,	3olded valu	ies are in e.	xcess of the	NMOCD	guideline threshol	d for the par	rameter	
				7 It	talicized va	ılues are <	the instrum	ent detecti	on limit.			
				°u	ıa - not an	alyzed						
				,B	3TEX - Ma	Jo mus ssi	benzene, toi	ucne, ethy	Ibenzene, and xyle	nes		
and are included in the	GRO/DRO summation	15.										
	ace 8/21/04 ace 8/21/04 ace 8/21/04 ace 8/21/04 ace 8/21/04 ace 8/19/04 ace 8/19/04 ace 8/19/04 by 8/19/04 ac 8/19/04 ac 8/19/04 by 8/19/04 ac ac included in the	ace 8/20/04 Red clay ace 8/21/04 Sandy Clay Loam 8/21/04 Gray Clay ace 8/21/04 Red clay ace 8/21/04 Sandy Clay Loam 8/21/04 Gray Clay ace 8/19/04 Red clay ace 8/19/04 Red clay bce 8/19/04 Red clay ace 8/19/04 Red clay bce 8/19/04 Clay Loam acc 8/19/04 Clay Clay bcc 8/19/04 Clay Clay clay Red Cray Clay acc 8/19/04 Clay Red Clay bcc 8/19/04 Clear Water 8/19/04 Clear Water 8/20/04 Clear Water	8/20/04 Red clay 8/21/04 Sandy Clay Loam 8/21/04 Gray Clay Loam 8/21/04 Red clay 8/21/04 Gray Clay Loam 8/21/04 Red clay 8/21/04 Red clay 8/19/04 Red clay 8/19/04 Red clay 8/19/04 Red Clay 8/19/04 Clay Clay Clay 8/19/04 Red Clay 8/19/04 Red Clay 8/19/04 Red Clay 8/19/04 Clear Water 8/20/04 Clear Water 8/20/04 Clear Water	in-situ xcavated in-situ in-situ in-situ in-situ in-situ in-situ in-situ na na na	in-situ 0.00 na xcavated 1.30 na in-situ 0.00 na in-situ in-si	in-situ 0.00 na xcavated 1.30 na in-situ 0.00 na in-situ in-si	in-situ 0.00 na ma masitu 0.00 na in-situ 0.00	in-situ 0.00 na ma keavated 1.30 na in-situ 0.00 na in-situ 0.	in-situ 0.00 na ma keavated 1.30 na in-situ 0.00 na ma keavated 0.00 na in-situ 0.00 na in-sit	in-situ 0.00 na maxcavated 1.30 na in-situ 0.00 na maxcavated 0.00 na in-situ	in-situ 0.00 na ma keavated 1.30 na in-situ 0.00 na in-situ 0.	in-situ 0.00 na



	Mercury
0	Lead Mercury
Vew Mexic	Chromium
a County Nion Data	Arsenic Silver Barium Cadmium Chromium
a 33E Lez cterizati	Barium
rporatio T18S R s Chara	Silver
Gandy Corporation 2 Section 8 T18S R33 Hazardous Charact	Arsenic
Gandy Corporation Kachina 8 Federal #2 Section 8 T18S R33E Lea County New Mexico RCRA Metals Hazardous Characterization Data	Lithology
achina 8 RC	Date
Devon K	SAMPLE ID#
	Sampling Interval

Selenium

0.152

<0.1 ppm

21.600 ppm

mdd $\stackrel{\vee}{\scriptstyle \sim}$

mdd 2

ppm 5.6

bbm 4.2

Sandy Clay Loam

8/19/04

DK081904BH1-Surface

(FT. BGS¹) 0-2

BH1

Borchole

mdd $\vec{\forall}$

Description	SAMPLE ID#	Sampling Interval	von Kac	Devon Kachina 8 Federal #2 Section 8 T18S R33E Lea County New Mexico Closure Data In Bate Lithology Soil Status PID GRO ³ DRO ⁴ TPH ⁵ BTEX ⁹ Benzene E	Gandy I #2 Secti	Gandy Corporation 2 Section 8 T18S R33 Closure Data PID GRO	S R331 tta	3 Lea	Count	y New	Mexic Benzene	S R33E Lea County New Mexico ta GRO³ DRO⁴ TPH⁵ BTEX® Benzene Ethylbenzene Toluene Xylene	Toluene	Xylene	Chloride
West Sidewall	SP1-2'	(rt. 863)	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na na	na	na	na	na	na	176
Southeast Bottom	SP2-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	144
East Bottom	SP3-2'	2	12/2/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	96
East Sidewall	SP4-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	ua	rıa	na	na	na	na	na	na	64
West Bottom	SP5-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	па	na	na	na	na	na	na	224
Northeast Bottom	SP6-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	48
North Sidewall	'Z-77S	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	48
South Sidewall	SP8-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	48
Northwest Bottom	SP9-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	64
Center Bottom	SP10-2'	2	12/2/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	rıa	176

00 ppm Isobutylene calibration gas = 101 ppm

VOC-Volatile Organic Contaminants/Constituents bgs - below ground surface

GRO-Gasoline Range Organics C₆-C₁₀

⁴DRO-Diesel Range Organies C_{10} C₃₃ Reported detection limits are considered "de minimus" values and are included in the GRO/DRO summations.

⁵ГРН-Total Petroleum Hydrocarbon = GRO+DRO.

'Bolded values are in excess of the NMOCD guideline threshold for the parameter

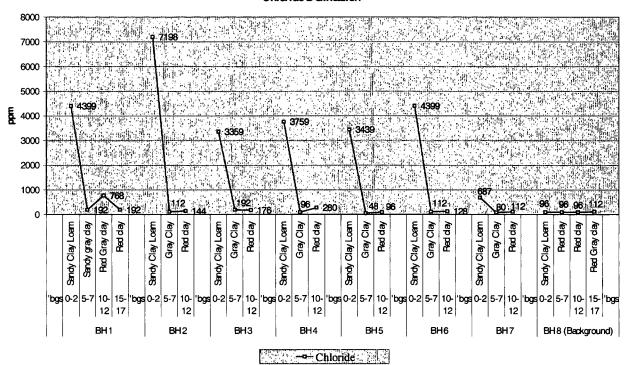
⁷Italicized values are < the instrument detection limit.

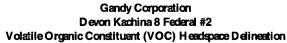
 $^8{\rm na}$ - not analyzed $^9{\rm RIEX}$ - Mass sum of benzene, toluene, ethylbenzene, and xylenes

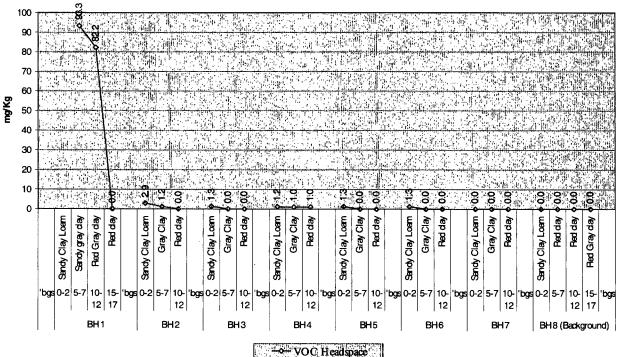
Devon Kachina 8 Federal Well #2



Gandy Corporation Devon Kachina 8 Federal #2 Chloride Delineation











PHONE (325) 673-7001 . 2111 BEECHWOOD . ABILENE, TX 79603

PHONE (805) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR ENVIRONMENTAL PLUS, INC. ATTN: PAT McCASLAND P.O. BOX 1558 EUNICE, NM 88231 FAX TO: (505) 394-2601

Receiving Date: 08/23/04
Reporting Date: 08/25/04
Project Owner: GANDY CORP.

Project Name: DEVON KACHINA 8 FED. #2

Project Location: SEC 8 T18S R33E

Analysis Date: 08/25/04 Sampling Date: 08/20/04 Sample Type: WATER

Sample Condition: COOL & INTACT

Sample Received By: BC

Analyzed By: AH

My HUY
Chemist

METHOD: Standard Methods

8)25|0/

4500-CFB

PLEASE NOTE: Limblity and Demoges. Certificats tability and client's exclusive remarky for any claim arising, whether based in control or fact, shall be Emited to the amount plate by client for enabyse.
At claims, including does let negligence and any other cause whetherover shall be deemed watved unless made in writing and received by Cardinal within they (30) days after completion of the application and the processor of the other processor of the other processor of the processor of the other processor of th





PHONE (325) 673-7001 · 2111 BEECHWOOD · ABILENE, TX 79803

PHONE (605) 393-2328 · 101 E. MARLAND · MOBBS, NM 88240

ANALYTICAL RESULTS FOR ENVIRONMENTAL PLUS, INC. ATTN: PAT McCASLAND P.O. BOX 1558 **EUNICE, NM 88231** FAX TO: (506) 394-2601

Receiving Date: 08/23/04 Reporting Date: 08/25/04 Project Owner: GANDY CORP.

Project Name: DEVON KACHINA 8 FED. #2

Project Location: SEC 8 T18S R33E

Analysis Date: 08/25/04 Sampling Date: 08/19-08/20/04

Sample Type: SOIL

Sample Condition: COOL & INTACT

Sample Received By: BC Analyzed By: AH

LAB NUMBER	SAMPLE ID	CF (mg/Kg)
H9064-1	DK081904BH1-SURFACE	4399
H9064-2	DK081904BH1-5'	192
H9064-3	DK081904BH1-10'	768
H9064-4	DK081904BH1-15'	192
H9064-5	DK082004BH2-SURFACE	7198
H9064-6	DK082004BH2-5'	112
H9064-7*	DK082004BH2-10'	144
H9064-9	DK082004BH3-SURFACE	3359
H9064-10	DK082004BH3-5'	192
Quality Control	1,7	1010
True Value QC		1000
% Recovery		101
Relative Percent	Difference	6.8

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

*Matrix interference (color) observed.





PHONE (\$25) 673-7001 · 2111 SEECHWOOD · ABILENE, TX 79803

PHONE (505) 393-2326 - 101 E. MARLAND - HOBBS, NM 89240

ANALYTICAL RESULTS FOR ENVIRONMENTAL PLUS, INC. ATTN: PAT McCASLAND P.O. BOX 1558

EUNICE, NM 88231 FAX TO: (505) 394-2601

Receiving Date: 08/23/04
Reporting Date: 08/25/04

Project Owner: GANDY CORP.
Project Name: DEVON KACHINA 8 FED. #2

Project Location: SEC 8 T18S R33E

Analysis Date: 08/25/04 Sampling Date: 08/20-08/21/04

Sample Type: SOIL

Sample Condition: COOL & INTACT

Sample Received By: BC Analyzed By: AH

Analysica by. A

LAB NUMBER	SAMPLE ID	CIT (mg/Kg)
H9062-1	DK082004BH3-10'	176
H9062-2	DK082004BH4-SURFACE	3759
H9062-3	DK082004BH4-5'	96
H9062-4	DK082004BH4-10'	280
H9062-5	DK082004BH5-SURFACE	3439
H9062-6	DK082004BH5-5'	48
H9062-7	DK082004BH5-10'	96
H9062-8	DK082104BH6-SURFACE	4399
H9062-9	DK082104BH6-5	112
H9062-10	DK082104BH6-10'	128
Quality Control		1010
True Value QC		1000
% Recovery	* * ***********************************	101
Relative Percent	Difference	6.8

METHOD: Standard Methods 4500-CIB

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

Chamist / Hill

8/25/04 Date

PLEASE NOTE: Liability and Damages. Curdinal's liability and client's exclusive remody for any claim strang, whether bussed in contract or ton, shall be inched to the amount paid by client for analyzed All cuting, including those for angigence and any other cause whetherever shall be deemed waived unless made in willing and neceived by Curdinal within thirty (30) days after complaint of the several Substitution of the spirit included by Curdinal be liability to includent or consequented damages, including, while initiation, business intermydents, lose of unit, or tops of performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.





PHONE (325) 873-7001 - 2111 BEECHWOOD - ABILENE, TX 79803

PHONE (505) 393-2326 - 101 E. MARLAND - HOBBS, NM 88240

ANALYTICAL RESULTS FOR ENVIRONMENTAL PLUS, INC. ATTN: PAT McCASLAND P.O. BOX 1558 EUNICE, NM 88231 FAX TO: (505) 394-2601

Receiving Date: 08/23/04 Reporting Date: 08/25/04

Project Owner: GANDY CORP.
Project Name: DEVON KACHINA 8 FED. #2

Project Location: SEC 8 T18S R33E

Analysis Date: 08/25/04

Sampling Date: 08/19/04 & 08/21/04

Sample Type: SOIL

Sample Condition: COOL & INTACT

Sample Received By: BC Analyzed By: AH

CIT

LAB NUMBER	SAMPLE ID	(mg/Kg)
H9063-1	DK082104BH7-SURFACE	687
H9063-2	DK082104BH7-5	80
H9063-3	DK082104BH7-10'	112
H9063-4	DK081904BH8-SURFACE	96
H9063-5°	DK081904BH8-5'	96
H9083-6	DK081904BH8-10'	96
H9063-7*	DK0819048H8-15'	112
Quality Control		1010
True Value QC		1000
% Recovery		101
Relative Percent	Difference	6.8
I JOSEPHA E L. CIPCHI	DIMETER OF	0.6

METHOD: Standard Methods

4500-CFB

Note: Analyses performed on 1:4 w.v aqueous extracts. *Matrix interference (color) observed.

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Date

PLEASE NOTE: Liability and Demages. Cardinal's stability and client's exclusive remony for any claim artising, whether besed to contract of ton, shall be limited to the amount poid by client for analysis.

As claims, including these for registeries and any other cause whethereon chair be desired within the property of the applicable sarved? In the property of the applicable sarved? In the property of the property of the applicable sarved? In the property of the property of the property of the property of the applicable sarved? In the property of the property of the applicable of successing a stain of the property of the appropriate of the ap





PHONE (325) 673-7601 · 2111 BEECHWOOD · ABILENE, TX 79503 PHONE (505) 383-2326 · 101 E. MARLAND · MOBBS, NM 88240

ANALYTICAL RESULTS FOR ENVIRONMENTAL PLUS, INC. ATTN: PAT McCASLAND P.O. BOX 1658

EUNICE, NM 88231 FAX TO: (505) 394-2601

Receiving Date: 08/23/04
Reporting Date: 08/25/04
Project Owner: GANDY CORP.

Project Name: DEVON KACHINA 8 FED. #2

Project Location: SEC 8 T18S R33E

Analysis Date: 08/25/04 Sampling Date: 08/19/04 Sample Type: WATER

Sample Condition: COOL & INTACT

Sample Received By: BC

Analyzed By: AH

LAB NUMBER SAMPLE ID (mg/L)H9063-8 KACHINA FED 5-1 WATER 86973 H9063-9 CALICHE PIT WATER Quality Control 1010 True Value QC 1000 % Recovery 101 Relative Percent Difference 6.8

Any Hill

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METHOD: Standard Methods

8125/04 Date!

4500-CIB

PLEASE NOTE: Liability and Dumagos. Cardina's liability and clients exclusive remedy for any cleim artaing, whether based in contract or ton, shall be limited to the amount paid by client by rangings as caping, including more or marginetic and any other causes whatmourer shall be deemed watered unique and an excelled by Cardinal within thicky (DI) pays after companies of the applicable and Cardinal within thicky (DI) pays after companies of the applicable and the caping of the caping of the pays of the pa





PHONE (325) 673-7001 · 2111 BEECHWOOD · ABILENE, TX 79803

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 89240

ANALYTICAL RESULTS FOR ENVIRONMENTAL PLUS, INC. ATTN: PAT McCASLAND P.O. BOX 1558 **EUNICE, NM 88231** FAX TO: (505) 34-2801

Receiving Date: 08/23/04 Reporting Date: 08/27/04 Project Owner: GANDY CORP.

Project Name: DEVON KACHINA 8 FED #2

Project Location: SEC 8 T18S R33E

Sampling Date: 08/19/04 Sample Type: SOIL

Sample Condition: COOL & INTACT

Sample Received By: BC

Analyzed By: AH

RCRA METALS

LAB NUMBE	ER SAMPLE ID	As ppm	Ag ppm	8a ppm	Cd ppm	Cr ppm	Pb ppm	Hg ppm	Se ppm
ANALYSIS I	DATE:	08/26/04	08/26/04	08/26/04	08/26/04	08/28/04	08/26/04	08/28/04	08/28/04
H9064-1	DK081904BH1- SURFACE	4.16			<1	21.8	<1	<0.1	0.152
Quality Cont	l/ol	0.055	4.890	21.92	0.987	4.954	5.236	0.0096	0.054
True Value (QC	0.050	5.000	25.00	1.000	5.000	5.000	0.0100	0.050
% Recovery	·	110	97.8	87.7	98.7	99.1	105	96.0	108
Relative Per	rcent Difference	4.8	0.1	3.9	0.3	0.2	1.3	6.3	1.4
METHODS:	EPA 600/4-79-020	208.2	272.1	208,1	213.1	218.1	239.1	245.1	270,2
METHODS:	SW-848	7060A	7760A	7080A	7130	7190	7420	7470A	7740

H9064m

PLEASE NOTE: Liability and Dumagne. Cardinar's Robility and claim's exclusive remark for any claim arising, whether based in contract or ton, shall be limited to me amount past by client for analy All claims, including those for hopiquence and any other cause whetherever shall be decread waked unless made is whiting and received by Cardinal within thirty (All) days after completion of the applications, which we went shall Confidual be liable for inclinated or consequential demagns, including, without implicits, business thermptions, loss of use, or loss of profits incurred by client, its admittals arithmen of successors arising out of or related to the partermance of services insuranted by Cardinals, regardless of whether such claim to based upon time of the above-cannot reasons or otherwise.





PHONE (325) 673-7001 - 2111 BEECHWOOD - ABILENE, TX 79503

PHONE (505) 393-2328 · 101 E. MARLAND · HOBBS, NM 88240

ANALYTICAL RESULTS FOR ENVIRONMENTAL PLUS, INC. ATTN: PAT McCASLAND P.O. 80X 1558 EUNICE, NM 88231 FAX TO: (505) 394-2801

Receiving Date: 08/23/04 Reporting Date: 08/28/04

Project Owner: GANDY CORPORATION
Project Name: DEVON KACHINA 8 FEDERAL #2

Project Location: SEC 8 T18S R33E

Sampling Date: 08/19/04 & 08/20/04

Sample Type: SOIL

Sample Condition: COOL & INTACT

Sample Received By: BC

Analyzed By: BC

LAB NO.	SAMPLE ID	GRO (Cs-C10) (mg/Kg)	DRO (>C ₁₀ -C ₂₀) (mg/Kg)	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSI	S DATE:	08/24/04	08/24/04	08/25/04	08/25/04	08/25/04	08/25/04
H9064-1	DK081904BH1-SURFACE	11.3	1240	<0.005	<0.005	<0.005	0.140
H9064-2	DK081904BH1-5"	<10.0	19.1	<0.005	<0.005	<0.005	<0.015
H9064-3	DK081904BH1-10	<10.0	41.6	<0.005	<0.005	< 0.005	<0.015
H9084-4	DK081904BH1-15	<10.0	56.4	<0.005	<0.005	<0.005	<0.015
H9064-5	DK081904BH2-SURFACE	<10.0	21.5	<0.005	<0.005	<0.005	<0.015
H9064-8	DK081904BH2-5	<10.0	<10.0	<0.005	<0,005	<0.005	<0.015
H9064-7	DK081904BH2-10	<10.0	<10.0	<0.005	<0.005	<0.005	<0.015
Quality C	ontrol	783	774	0.098	0.097	0.093	0.282
True Valu	e QC	800	800	0.100	0.100	0.100	0.300
% Recovi	ery	97.9	86.8	98.3	86.5	92.9	94.0
Relative I	Percent Difference	1.9	4.0	1.2	5	2.9	3.5

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8260,

Burgess VA. Copye. Ph. D.

Date

H9064B.XLS

PLEASE NOTE: Liability and Damages. Cardinar's liability and client's emission or only claim striang, whether based in contract or toot, shall be limited to the amount pold by client for emission.

All claims, including inces for negligance and any other cause whethereor shall be decemed walved unless reach in writing and received by Cardinal within thirty (20) clays after complication of the applicable.

All claims, including inces for negligance and any other cause whethereor shall be decemed walved unless reach, business interruptions, toos of use, or toos at profits incurred by clays, its unlessfunds, anxion, in no event shall Cardinal be lightle for incidental or consequential damages, including, without such claims is beauted upon any of the above-caused reasons or otherwise.





PHONE (325) 673-7001 · 2111 BEECHWOOD · ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR **ENVIRONMENTAL PLUS, INC.** ATTN: PAT McCASLAND

P.O. BOX 1558 **EUNICE, NM 88231** FAX TO: (505) 394-2601

Receiving Date: 12/05/05 Reporting Date: 12/08/05

Project Owner: GANDY CORPORATION

Project Name: DEVON KACHINA 8 FEDERAL #2

Project Location: SEC 8 T18S, R33E

Analysis Date: 12/08/05 Sampling Date: 12/05/05 Sample Type: SOIL

Sample Condition: COOL & INTACT

Sample Received By: NF

Analyzed By: AH

	04481518	Ċſ
LAB NUMBER	SAMPLE ID	(mg/Kg)
H10479-1	SP1-2'	176
H10479-2	SP2-2'	144
H10479-3	SP3-2'	96
H10479-4	SP4-2'	64
H10479-5	SP5-2'	224
H10479-6	SP6-2'	48
H10479-7	SP7-2'	48
H10479-8	SP8-2'	48
H10479-9	SP9-2'	64
H10479-10	SP10-2'	176
Quality Control		950
True Value QC		1000
% Recovery		95.0
Relative Percent	Difference	7.0

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

Date

12-09-05

PLEASE NOTE: Liability and Damages. Cardina'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 analysis All claims, including those for negligence and any other cause whatsoever shall be deemed walved unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In 1047/h 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.



Cardinal Laboratories Inc.

101 East Marland, Hobbs, NM 88240 505-393-2326 Fax 505-393-2476

2111 Beechwood, Abilene, TX 79603 915-673-7001 Fax 915-673-7020

																							I
Company Name	Environmental Plus,	is, Inc.														3	3	E	STATE OF THE STATE	S			
EPI Project Manager					L									Г	r	H	┝	L	L			一	
Billing Address	P.O. BOX 1558				_		. —	Gan	d S	Sorp	Gandy Corporation				ran 10 Table 1						·		
City, State, Zip	Eunice New Mexico	0 88231	٣		r			-	Vest (West Star Route	loute			_				<u> </u>					
EPI Phone#/Fax#	# 505-394-3481 / 505-3	-394-2601	<u>8</u>		_			į	ingto	n, NM	Lovington, NM 88260									-		_	
Client Company	Gandy Corporation				· ·			Att	ention	not :	Attention: Jon Gandy				27.0								
Facility Name	Devon Kachina 8 Fe	Federa	deral #2													<u></u>					_		
Project Reference	e Sec 8 T18S R33E															-	***	-5.1					
EPI Sampler Name	ne George Blackburn							,					.17									71	
					MA	MATRIX		. vi	PRES	PRESERV.		SAMPLING									•		
LAB1:D.	SAMPLE I.D.	ЯМО(Э) ЯО ВАЯ(Э)	# CONTAINERS	GROUND WATER	WASTEWATER SOIL	CHIDE OIL	SLUDGE	:ЯЭНТО	ICE/COOF	OTHER	DATE	TIME	BIEX 8021B	Matos Hqt	снговірез (сі.)	SULFATES (SO4")	TCLP PH	HCRA Metals	12. ma 2.22				, , , , , , , , , , , , , , , , , , , ,
1	SP1-2	၁၂	Ţ	Н	X				Ľ	Ļ	12/5/05	10:00		Г	×	\vdash	-	L	L			T	Ť
2	2 SP2-2'	သ	Ţ	10-7-2-	X				Ĥ	×	12/5/05	10:20			×	\vdash	┞	H	L				Γ
3	3 SP3-2'	ပ	Ţ		×				×	IJ	12/5/05	10:30			X	H		_				H	
4	4 SP4-2'	ပ	-		×			\exists	\exists	×	12/5/05	1.1:00			×	Н		Щ	a				П
5	5 SP5-2'	ပ	귀	-	×			7	귀	×	12/5/05	11:15		T	×	\dashv	4	133	Ц				П
9:	6SP6-2'	ပ	-		ĭ	\Box		┪		×	12/5/05	11:45			×								
Ĺ	7SP7-2'	ပ	-	┥	×			\dashv	×		12/5/05	12:15		T	×	-		<u>.</u>	-				
80	8 SP8-2	ပ	-	+	×	\rfloor		7	7	×	12/5/05	1:00		7	×		-	\dashv					
6	9 SP9-2	ပ	-	\dashv	긱	\rfloor		1	7	×	12/5/05	1:20		╗	×	\dashv	_	4				.=	
10	10 SP10-2	ပ	-	_	ĭ	\Box			\exists	×	12/5/05	1:50			×	\dashv							
Sampler Relinquished:	The 12 50		Received By	ر کی	Boon	ž	ل	0	正出	Fax Resi	Fax Results To Pat McCasland 505-394-2601	t McCasla	ind 5	05-3	34-2E			. ,					
Relinduished by:	00x 8 12 5-05		Received By.	SE SE	Uab staff	1	W		 1														
Delivered by:	Sample	gle Cool 8	Cool & Intact			\$ \(\)	Chacked By:	Ä															
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New Mexico Office of the State Engineer

Page 1 of 1

New Mexico Office of the State Engineer Well Reports and Downloads

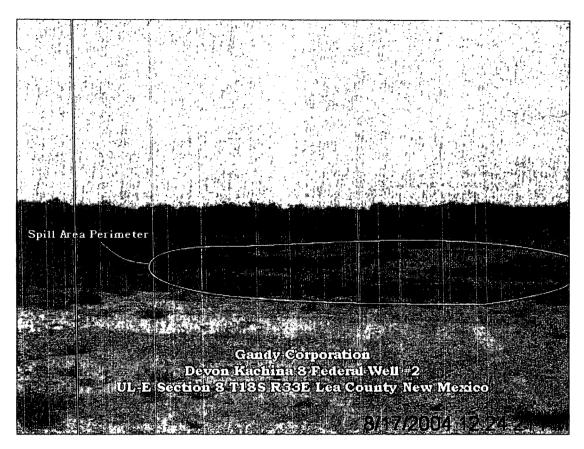
Township: 188 Range: 33E Sec	itions:
NAD27 X: Y: Ze	one: Search Radius:
County: Basin:	Number: Suffix:
Owner Name: (First) (Läst)	C Non-Domestic C Domestic
Well./ Surface Data Report:	Avg Depth to Water Report
2 20 21	umn Report
Clear Form W	ATERS Menu Help

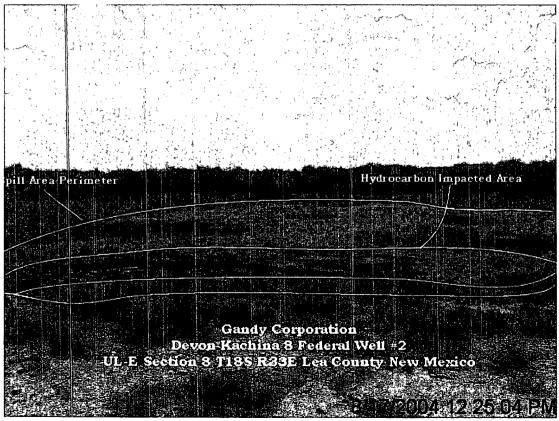
AVERAGE DEPTH OF WATER REPORT 08/17/2004

								(Depth	Water in	Feet)
Bsn	Tws	Rng	Sec	Zone	x	Y	Wells	Min	Max	Avg
CP	185	33E	24				1	195	1,95	195
Ŀ	185	33E	08				1	100	100	100
Ŀ	185	33E	12				2	130	150	140
L.	18S	33E	30				2	35	35	35

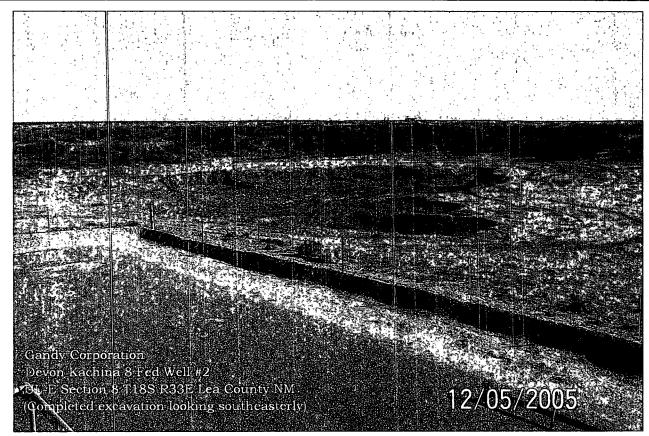
Record Count: 6

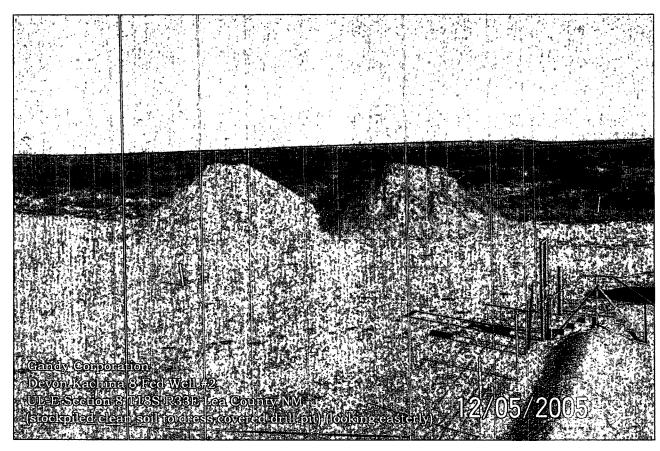




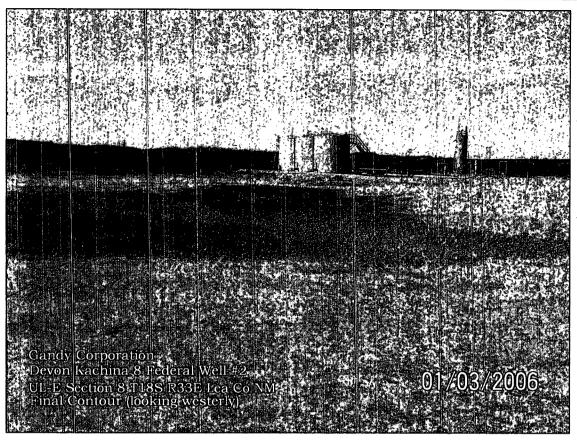


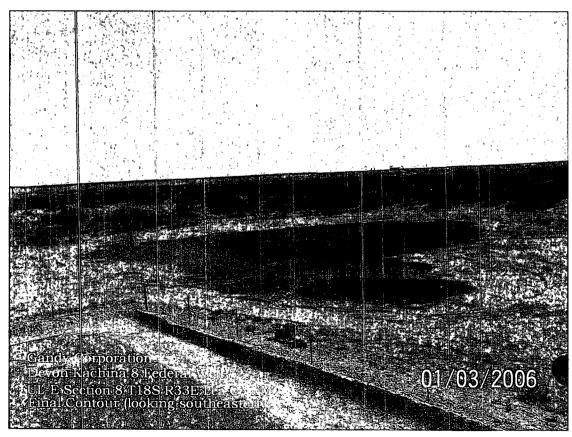














	Corporation	Incident Date:	NMOCD Notific	ed:								
Site Information and Metrics SITE: Devon Kachina 8 Federal Well #2 Assigned Site Reference #:												
Company: Gan		Assigned Site Ki	reference π.									
Street Address:												
Mailing Address:												
City, State, Zip:												
Representative: J	ohn Gandy			1								
Representative T		18										
Telephone:												
Fluid volume released (bbls): Recovered (bbls):												
>25 bbls: Notify NMOCD verbally within 24 hrs and submit form C-141 within 15 days.												
(Also applies to unauthorized releases >500 mcf Natural Gas)												
5-25 bbls: Submit form C-141 within 15 days (Also applies to unauthorized releases of 50-500 mcf Natural Gas)												
Leak, Spill, or Pi		Kachina 8 Federal Well #2										
Source of contamination: Transport												
Land Owner, i.e., BLM, ST, Fee, Other: BLM												
LSP Dimensions												
LSP Area:	11,234 sqft ft ²											
Location of Refe												
	e and direction from RP		<u></u>									
	45' 48.9"N											
Longitude: 103°												
Elevation above mean sea level: 3,905'amsl												
Feet from South			**									
Feet from West S												
	r 1/41/4: SW1/4 of the NW	Unit Letter: 1	E									
Location- Section												
Location- Towns												
Location- Range	: R33E											
	dy within 1000 ' radius o											
Surface water bo	dy within 1000 ' radius o	of site:										
	wells within 1000' radius											
	wells within 1000' radius											
	er wells within 1000' rad		_									
Agricultural water	er wells within 1000' rad	ius of site:										
	ply wells within 1000' ra											
Public water sup	ply wells within 1000' ra	dius of site:										
Depth from land	surface to ground water	(DG) 100										
Depth of contam												
Depth to ground	water $(DG - DC = DtGV)$	W) - ?										
	ound Water	2. Wellhead Protection	n Area	3. Distance to Surface Water Body								
If Depth to GW	<50 feet: 20 points	If <1000' from water source, o	r;<200' from -	<200 horizontal feet: 20 points								
If Depth to GW	50 to 99 feet: 10 points	private domestic water source:	20 points	200-100 horizontal feet: 10 points								
If Depth to GW >100 feet: 0 points		If >1000' from water source, or; >200' from private domestic water source: <i>0 points</i>		>1000 horizontal feet: 0 points								
Ground water Score = 10 Wellhead Protection Area Score = 0 Surface Water Score = 0												
Site Rank $(1+2+3) = 10$												
Total Site Ranking Score and Acceptable Concentrations												
Parameter	>19	10-19		0-9								
Benzene ^I	10 ppm	10 ppm		10 ppm								
	50 ppm	50 ppm		50 ppm								
BTEX ¹	JO ppin			50 ppin								
	100 ppm	1000 ppm		5000 ppm								

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** Department Oil Conservation Division

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

Revised October 10, 2003

Form C-141

1220 South St. Francis Dr. Santa Fe, NM 87505

side of form

		Kele	ase Noun	ication ar	ia Correctiv	e Action				
	OPE	RATOR		☐ Initial Report ☐ Final Report						
Name of Company: Gandy Corporation				Contact: Jon Gandy						
Address: West Star Route					Telephone No. 505.396.4948					
Facility Name					Facility Type					
Devon Energy Kachina 8 Federal Well #2					Tank Battery					
Surface Owner:		rederat wen	<u> </u>		Mineral Owner BLM Lease No.					
Surface Owller: DLIVI					Willetat Owlief BEW Lease No.			0.		
			LOC	ATION O	F RELEASE					
			Feet from the	North/South Line	Feet from the	et from the East/West Line County:				
		Latitude:	32° 45' 48.9"]		Longitude:	103° 41' 29.1	"W			
			NA	TURE OF	RELEASE					
Type of Release				Volume of	Release	Volume	e Recovered			
Produce Water				120 b			0 ba			
Source of Release	•				lour of Occurrence Date and Hour of			•		
Transport				8-13-04			1 9:30 AM			
					f YES, To Whom? Larry Johnson NMOCD, BLM, DOT, Lea County Sheriff's Office, and Devon					
By Whom? Date at				Date and I	and Hour					
					4-04 @ 10:30 AM					
					Volume Impacting the Watercourse.					
				NA						
If a Watercourse	was Impacted	d, Describe Fully.	*							
Describe Cause o	f Problem an	d Remedial Action	n Taken.*							
Saline produced v	water was rele	eased into the sha	ıllow basin. Fre	e liquids were	picked up and dispo	sed of in an NN	ACOD approved	facility.		
Describe Area Af	fected and C	leanup Action Ta	ken.*							
								ed of in the Gandy		
				laboratory ar	alysis (see attache	ed reports), an	d the basin left	open as a storm		
water catchmen	t for livesto	ck and wildlife.								
								NMOCD rules and		
regulations all op	erators are re	equired to report a	nd/or file certai	n release notifi	cations and perform	corrective action	ons for releases w	hich may endanger		
public health or th	ne environme	ent. The acceptan	ice of a C-141 r	eport by the NI	MOCD marked as "I	inal Report" do	oes not relieve the	operator of liability		
should their opera	itions have fa	ailed to adequatel	y investigate an	d remediate co	ntamination that pos	se a threat to gro	oundwater, surfac	e water, human		
				a C-141 repor	does not relieve the	e operator of re	sponsibility for co	ompliance with any		
other federal, stat	e, or local lav	ws and/or regulati	ions.			COMODD	I A MICAL DE			
Signature: Sat M Cal (SET) for Con					OIL CONSERVATION DIVISION ENDROSE GROWN					
Printed Name: Jo	In Gandy				Approved by D	istrict Supervis	or:	5 pleson		
E-mail Address	1/	A			Approval Date:	7.21.0) 6 Expirati	on Date:		
Title:	1000	Nanager	-		Conditions of A	· · · · · · · · · · · · · · · · · · ·	-			
THE YUNE	nac /	anage				approvat:	Attache	d 🔲		
Date: 7.19.06 Phone: 505 306 3341					-					

Attach Additional Sheets If Necessary