



ENVIRONMENTAL PLUS, INC.

Micro-Blaze

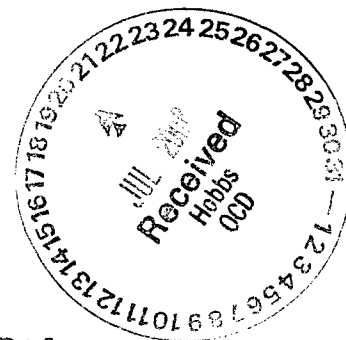
Micro-Blaze Out™

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, SW¼ of the NW¼ 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 the spill area perimeter. The TPH^{8015m} and BTEX results were

incident - nPAC0620240847
application - pPAC0620241035

•• EUNICE, NEW MEXICO 88231
FAX 505-394-2601

RP#969

ENVIRONMENTAL PLUS, INC.

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 than 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,

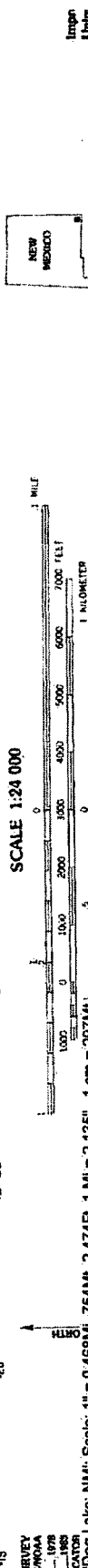
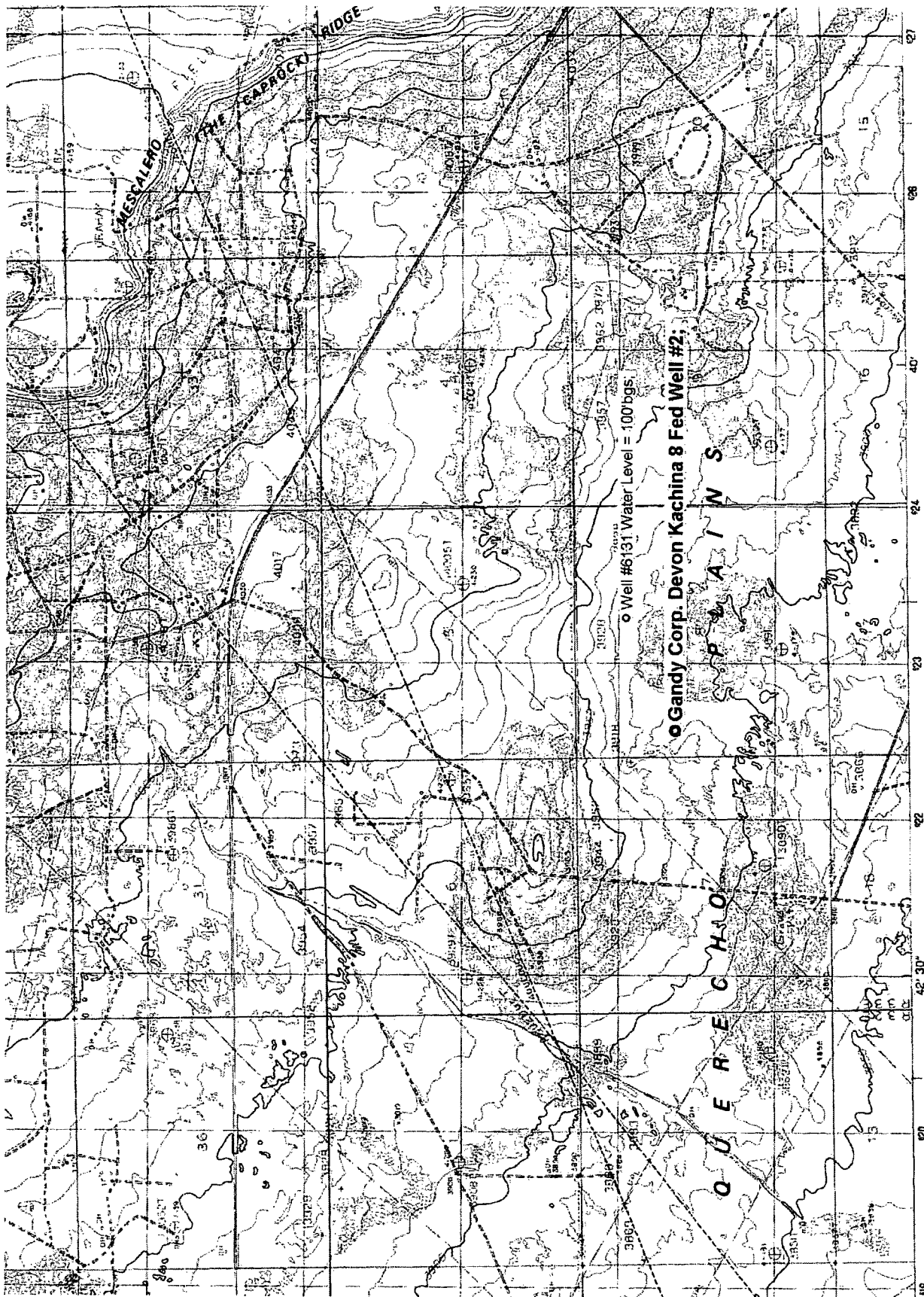
A handwritten signature in black ink, appearing to read "Pat McCasland".

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





GANDY
CORPORATION
DEVON KACHINA
8 FED WELL #2
UL-E SEC 8
T18S R33E
LEA CO NM
AFFECTED AREA
~11,234 SQFT



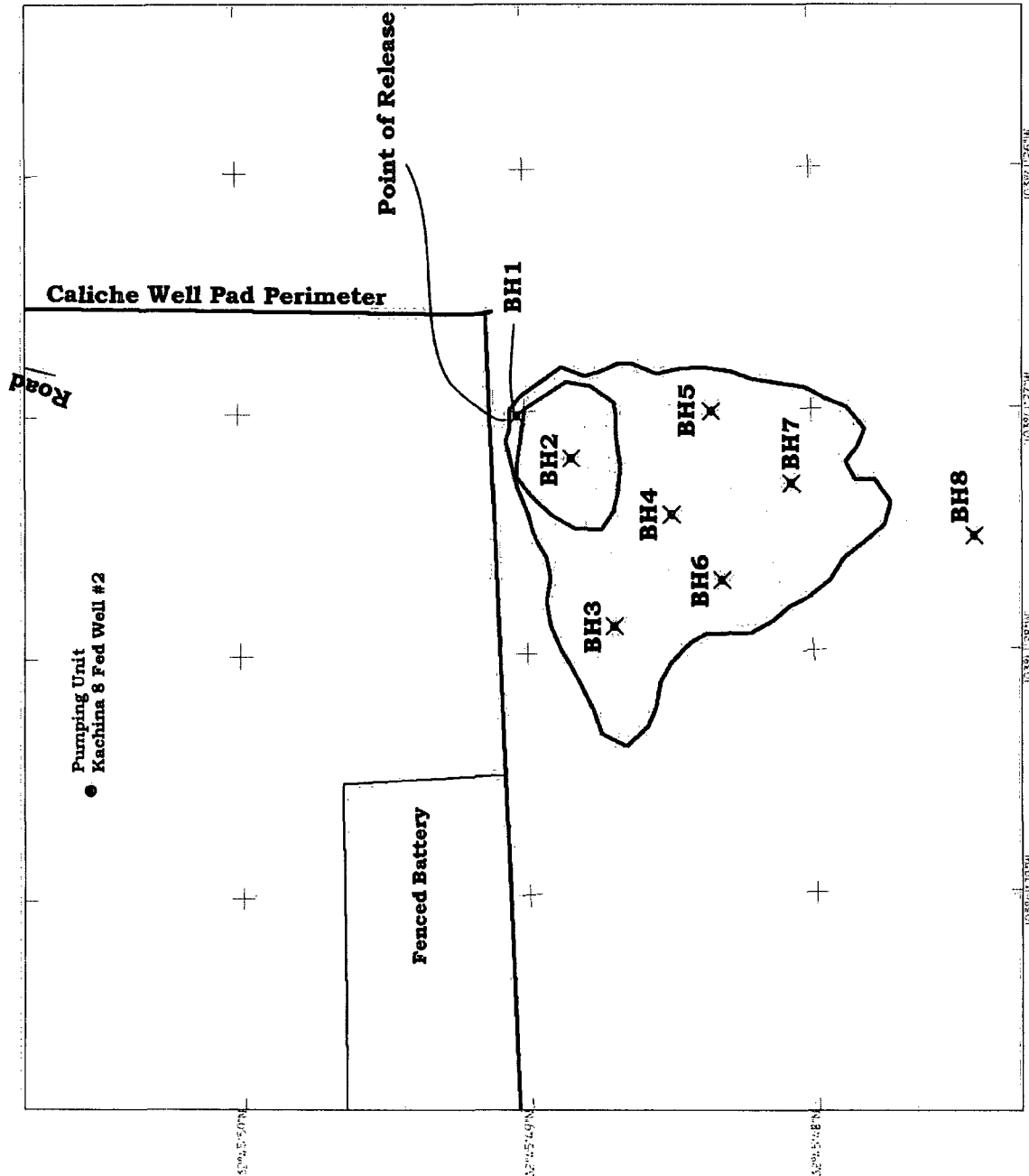
SCALE 1:700



FEET

UNIVERSAL TRANSVERSE MERCATOR
13 NORTH
NAD 1927 (WESTERN US)

GANDY KACHINA WELL PAD AND BHS ETC. SSF
8/25/2004





Gandy
Corporation
Devon
Kachina 8
Federal #2
UL-E Sec 8
T18S R33E
Lea Co NM
Sample
Location Map
12-05-05



Scale 1:300

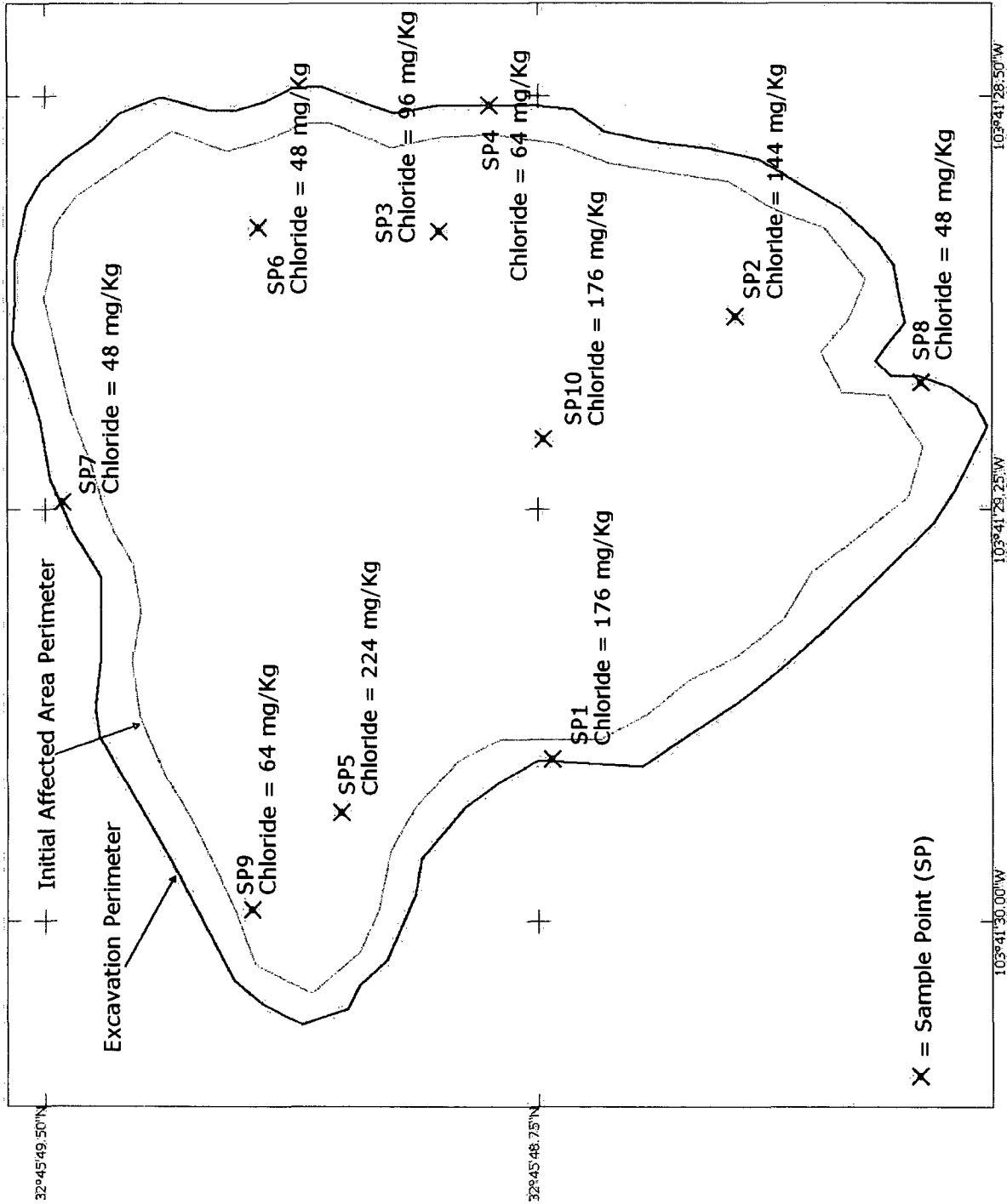


Feet

Lat/Long
WGS 1984

Kachina Final Sample Map
12-05-05.ssf

7/6/2006





Gandy Corporation

Devon Kachina 8 Federal #2 Section 8 T18S R33E Lea County New Mexico

Delineation Data

Borehole	Sampling Interval (ft. BGS ¹)	SAMPLE ID#	Date	Lithology	Soil Status	VOC Headspace ppm	GRO ³ mg/kg	DRO ⁴ mg/kg	TPH ⁵ mg/kg	BTEX ⁹ mg/kg	Benzene mg/kg	Ethylbenzene mg/kg	Toluene mg/kg	Xylene mg/kg	Chloride mg/kg
BH1	0-2	DK081904BH1-Surface	8/19/04	Sandy Clay Loam	excavated	na	11.3	1,240	1,251	0.155	0.005	0.005	0.005	0.140	4,399
	5-7	DK081904BH1-5'	8/19/04	Sandy gray clay	in-situ	93.3	10	19.1	29.1	0.030	0.005	0.005	0.005	0.015	192
	10-12	DK081904BH1-10'	8/19/04	Red Gray clay	in-situ	82.2	10	41.6	51.6	0.030	0.005	0.005	0.005	0.015	768
	15-17	DK081904BH1-15'	8/19/04	Red clay	in-situ	0.00	10	56.4	66.4	0.030	0.005	0.005	0.005	0.015	192
BH2	0-2	DK082004BH2-Surface	8/20/04	Sandy Clay Loam	excavated	2.90	10	21.5	31.5	0.030	0.005	0.005	0.005	0.015	7,198
	5-7	DK082004BH2-5'	8/20/04	Gray Clay	in-situ	1.20	10	70	20	0.030	0.005	0.005	0.005	0.015	112
	10-12	DK082004BH2-10'	8/20/04	Red clay	in-situ	0.00	10	70	20	0.030	0.005	0.005	0.005	0.015	144
	0-2	DK082004BH3-Surface	8/20/04	Sandy Clay Loam	excavated	1.30	na	na	na	na	na	na	na	na	3,359
BH3	5-7	DK082004BH3-5'	8/20/04	Gray Clay	in-situ	0.00	na	na	na	na	na	na	na	na	192
	10-12	DK082004BH3-10'	8/20/04	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	176
	0-2	DK082004BH4-Surface	8/20/04	Sandy Clay Loam	excavated	1.20	na	na	na	na	na	na	na	na	3,759
	5-7	DK082004BH4-5'	8/20/04	Gray Clay	in-situ	1.00	na	na	na	na	na	na	na	na	96
BH4	10-12	DK082004BH4-10'	8/20/04	Red clay	in-situ	1.00	na	na	na	na	na	na	na	na	280
	0-2	DK082004BH5-Surface	8/20/04	Sandy Clay Loam	excavated	1.30	na	na	na	na	na	na	na	na	3,439
	5-7	DK082004BH5-5'	8/20/04	Gray Clay	in-situ	0.00	na	na	na	na	na	na	na	na	48
	10-12	DK082004BH5-10'	8/20/04	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	96
BH5	0-2	DK082104BH6-Surface	8/21/04	Sandy Clay Loam	excavated	1.30	na	na	na	na	na	na	na	na	4,399
	5-7	DK082104BH6-5'	8/21/04	Gray Clay	in-situ	0.00	na	na	na	na	na	na	na	na	112
	10-12	DK082104BH6-10'	8/21/04	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	128
	0-2	DK082104BH7-Surface	8/21/04	Sandy Clay Loam	excavated	0.00	na	na	na	na	na	na	na	na	687
BH6	5-7	DK082104BH7-5'	8/21/04	Gray Clay	in-situ	0.00	na	na	na	na	na	na	na	na	80
	10-12	DK082104BH7-10'	8/21/04	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	112
	0-2	DK081904BH8-Surface	8/19/04	Sandy Clay Loam	in-situ	0.00	na	na	na	na	na	na	na	na	96
	5-7	DK081904BH8-5'	8/19/04	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	96
BH7	10-12	DK081904BH8-10'	8/19/04	Red clay	in-situ	0.00	na	na	na	na	na	na	na	na	96
	15-17	DK081904BH8-15'	8/19/04	Red Gray clay	in-situ	0.00	na	na	na	na	na	na	na	na	112
	0-2	Kachina Fed 5-1 Water	8/19/04	Black Water	na	na	na	na	na	na	na	na	na	na	86,973 mg/L
	5-7	Caliche Pit Water	8/19/04	Clear Water	na	na	na	na	na	na	na	na	na	na	84 mg/L
BH2	53"bgs	Groundwater	8/20/04	Clear Water	na	na	na	na	na	na	na	na	na	na	84 mg/L

100 ppm Isobutylene calibration gas = 101 ppm

bgs - below ground surface

VOC-Volatile Organic Contaminants/Constituents

GRO-Gasoline Range Organics C₆-C₁₀

DRO-Diesel Range Organics C₁₀-C₂₅

Reported detection limits are considered "de minimus" values and are included in the GRO/DRO summations.

⁵TPH-Total Petroleum Hydrocarbon = GRO+DRO.

⁶Bolded values are in excess of the NMOCD guideline threshold for the parameter

⁷Italicized values are < the instrument detection limit

⁸na - not analyzed

⁹BTEX - Mass sum of benzene, toluene, ethylbenzene, and xylenes



Gandy Corporation
Devon Kachina 8 Federal #2 Section 8 T18S R33E Lea County New Mexico
RCRA Metals Hazardous Characterization Data

Borehole	Sampling Interval	SAMPLE ID#	Date	Lithology	Arsenic		Silver	Barium	Cadmium	Chromium	Lead	Mercury	Selenium
	(FT. BGS) ¹				ppm	ppm				ppm	ppm	ppm	ppm
BH1	0-2	DK081904BH1-Surface	8/19/04	Sandy Clay Loam	4.2	5.6	<5	<1	<1	21.600	<1	<0.1	0.152

Gandy Corporation
Devon Kachina 8 Federal #2 Section 8 T18S R33E Lea County New Mexico
Closure Data

Description	SAMPLE ID#	Sampling Interval (FT. BGS) ¹	Date	Lithology	Soil Status	PID	GRO ³	DRO ⁴	TPH ⁵	BTEX ⁹	Benzene	Ethylbenzene	Toluene	Xylene	Chloride
West Sidewall	SP1-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	mg/kg
Southeast Bottom	SP2-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	176
East Bottom	SP3-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	144
East Sidewall	SP4-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	96
West Bottom	SP5-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	64
Northeast Bottom	SP6-2'	2	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	224
North Sidewall	SP7-2'	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	12/5/05	Sandy Clay Loam	in-situ	na	na	na	na	na	na	na	na	na	176

¹100 ppm isobutylene calibration gas = 101 ppm

²bgs - below ground surface

³VOC-Volatile Organic Contaminants/Constituents

⁴GRO-Casoline Range Organics C₆-C₁₀

⁵DRO-Diesel Range Organics C₁₀-C₃₃

Reported detection limits are considered "de minimus" values and are included in the GRO/DRO summations.

⁶TPH-Total Petroleum Hydrocarbon = GRO+DRO.

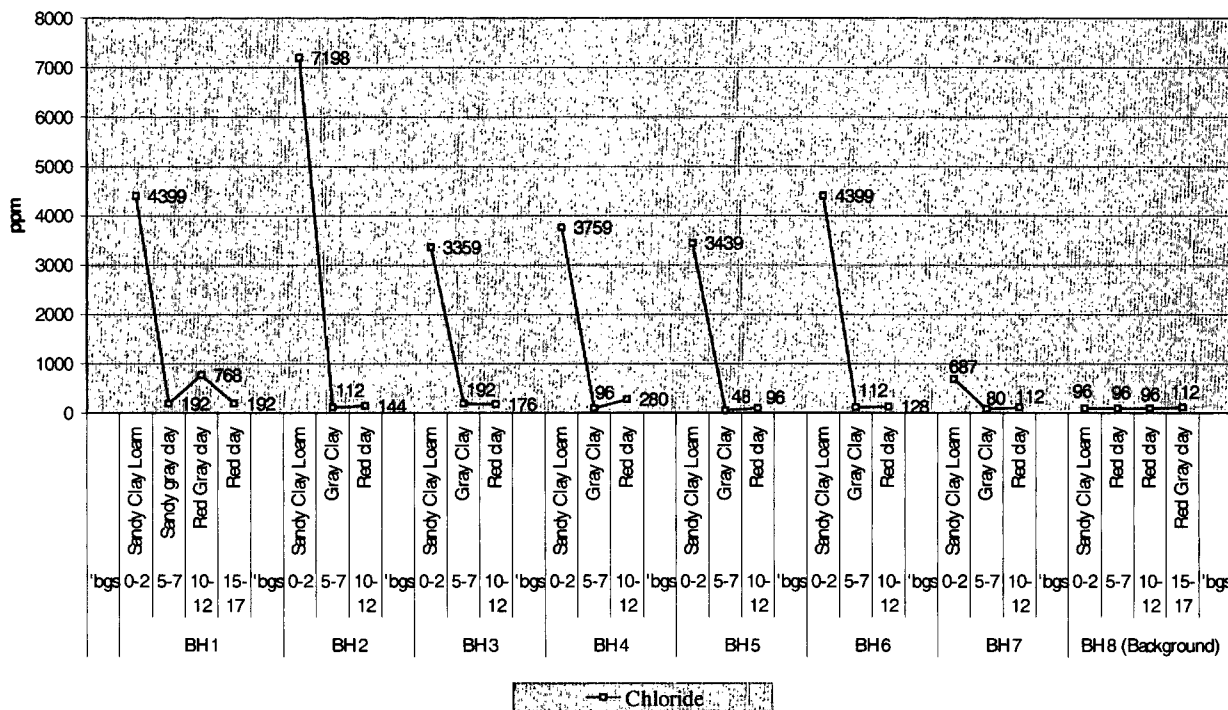
⁷Bolded values are in excess of the NMOCD guideline threshold for the parameter

⁸Italicized values are < the instrument detection limit.

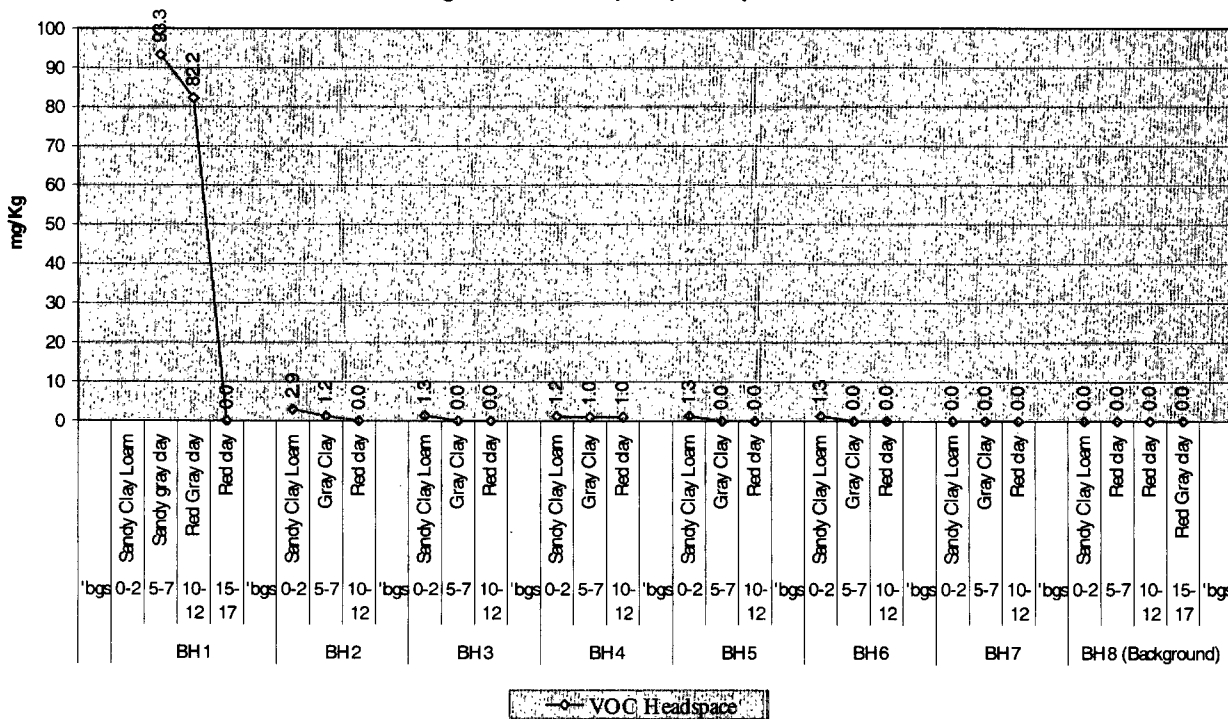
⁹na - not analyzed

¹⁰BTEX - Mass sum of benzene, toluene, ethylbenzene, and xylenes

**Gandy Corporation
Devon Kachina 8 Federal #2
Chloride Delineation**



**Gandy Corporation
Devon Kachina 8 Federal #2
Volatile Organic Constituent (VOC) Headspace Delineation**





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

Analyzed By: AH

Amy Hill
Chemist

8/25/04
Date

Devon Kachina 8 Federal Well #2



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: 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	Cl ⁻ (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		1010
True Value QC		1000
% Recovery		101
Relative Percent Difference		6.8

METHOD: Standard Methods 4500-CRB

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

*Matrix interference (color) observed.

Amy Kiel
Chemist

8/25/04
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. Client 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.



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: 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

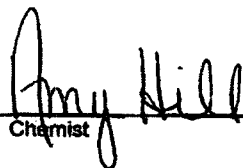
Sample Received By: BC

Analyzed By: AH

LAB NUMBER	SAMPLE ID	Cl ⁻ (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-ClB

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


Chemist

8/25/04
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. Furthermore, Cardinal shall 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.



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: 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

LAB NUMBER	SAMPLE ID	Cl ⁻ (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
H9063-6	DK081904BH8-10'	96
H9063-7*	DK081904BH8-15'	112
Quality Control		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.

Amy Hill
Chemist

8/25/04
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. No client 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.



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

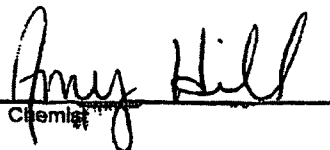
PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

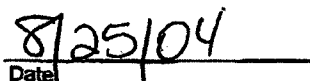
ANALYTICAL RESULTS FOR
ENVIRONMENTAL PLUS, INC.
ATTN: PAT McCASLAND
P.O. BOX 1658
EUNICE, NM 88231
FAX TO: (505) 394-2601

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	Cl ⁻ (mg/L)
H9063-8	KACHINA FED 5-1 WATER	86973
H9063-9	CALICHE PIT WATER	84
Quality Control		1010
True Value QC		1000
% Recovery		101
Relative Percent Difference		6.8
METHOD: Standard Methods		4500-ClB


Chemist


Date: 8/25/04

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. As 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. Cardinal shall 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.



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

PHONE (505) 393-2328 • 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) 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 NUMBER	SAMPLE ID	As ppm	Ag ppm	Ba ppm	Cd ppm	Cr ppm	Pb ppm	Hg ppm	Se ppm
ANALYSIS DATE:		08/26/04	08/26/04	08/26/04	08/26/04	08/26/04	08/26/04	08/26/04	08/26/04
H9064-1	DK081904BH1-SURFACE	4.16	5.60	<5	<1	21.6	<1	<0.1	0.152
Quality Control		0.055	4.890	21.82	0.987	4.954	5.236	0.0088	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	98.0	108
Relative Percent Difference		4.8	0.1	3.9	0.3	0.2	1.3	6.3	1.4
METHODS: EPA 8004-79-020		208.2	272.1	208.1	213.1	218.1	238.1	245.1	270.2
METHODS: SW-846		7060A	7760A	7080A	7130	7190	7420	7470A	7740

Andy Hill
Chemist

8/27/04
Date

H9064m

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 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 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.



PHONE (525) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

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

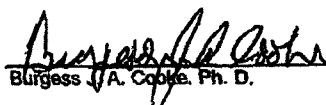
ANALYTICAL RESULTS FOR
ENVIRONMENTAL PLUS, INC.
ATTN: PAT McCASLAND
P.O. BOX 1558
EUNICE, NM 88231
FAX TO: (505) 394-2601

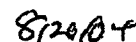
Receiving Date: 08/23/04
Reporting Date: 08/28/04
Project Owner: GANDY CORPORATION
Project Name: DEVON KACHINA 8 FEDERAL #2
Project Location: SEC 8 T18S R33E

Sampling Date: 08/18/04 & 08/20/04
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: BC
Analyzed By: BC

LAB NO.	SAMPLE ID	GRO (C ₈ -C ₁₀) (mg/Kg)	DRO (C ₁₀ -C ₂₈) (mg/Kg)	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS 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	41.8	<0.005	<0.005	<0.005	<0.015
H9064-4	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
H9064-6	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 Control		783	774	0.098	0.097	0.093	0.282
True Value QC		800	800	0.100	0.100	0.100	0.300
% Recovery		97.9	98.8	98.3	96.5	92.9	94.0
Relative Percent Difference		1.9	4.0	1.2	6	2.9	3.5

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


Burgess J.A. Cooke, Ph. D.


Date

H9064B.XLS

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.



ARDINAL LABORATORIES

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

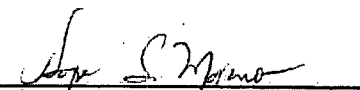
Receiving Date: 12/05/05
Reporting Date: 12/08/05
Project Owner: GANDY CORPORATION
Project Name: DEVON KACHINA 8 FEDERAL #2
Project Location: SEC 8 T18S, R33E

Analysis Date: 12/08/05
Sampling Date: 12/05/05
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: NF
Analyzed By: AH

LAB NUMBER	SAMPLE ID	Cl ⁻ (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-Cl⁻B

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


Chemist

12-09-05
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. H10479 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

Company Name		Environmental Plus, Inc.		Billing		ANALYSIS REQUEST	
EPI Project Manager		Pat McCasland		Gandy Corporation			
Billing Address		P.O. BOX 1558		West Star Route			
City, State, Zip		Eunice New Mexico 88231		Lovington, NM 88260			
EPI Phone#/Fax#		505-394-3481 / 505-394-2601		Attention: Jon Gandy			
Client Company		Gandy Corporation					
Facility Name		Devon Kachina 8 Federal #2					
Project Reference		Sec 8 T18S R33E					
EPI Sampler Name		George Blackburn					

LAB I.D.	SAMPLE I.D.	# CONTAINERS	MATRIX						PRESERV.			SAMPLING		TIME	BTEX 8021B	TPH 8016M	CHLORIDES (C)	SULFATES (SO ₄)	PH	TCLP	RCRA Metals	
			GROUND WATER	WASTEWATER	SOIL	CRUDE OIL	SLUDGE	OTHER	ACID/BASE	ICE/COOL	OTHER	DATE										
1	SP1-2'	C 1			X							X		12/5/05	10:00		X					
2	SP2-2'	C 1			X							X		12/5/05	10:20		X					
3	SP3-2'	C 1			X							X		12/5/05	10:30		X					
4	SP4-2'	C 1			X							X		12/5/05	11:00		X					
5	SP5-2'	C 1			X							X		12/5/05	11:15		X					
6	SP6-2'	C 1			X							X		12/5/05	11:45		X					
7	SP7-2'	C 1			X							X		12/5/05	12:15		X					
8	SP8-2'	C 1			X							X		12/5/05	1:00		X					
9	SP9-2'	C 1			X							X		12/5/05	1:20		X					
10	SP10-2'	C 1			X							X		12/5/05	1:50		X					

Sample Relinquished:	Date: 12-5-05	Received By: Jason Boone
Relinquished by: [Signature]	Date: 12-5-05	Received By: [Signature]
Delivered by: [Signature]	Date: 12-5-05	Received By: [Signature]
Sample Cool & Intact (Yes/No)		Checked By: [Signature]

Fax Results To Pat McCasland 505-394-2601

REMARKS:

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

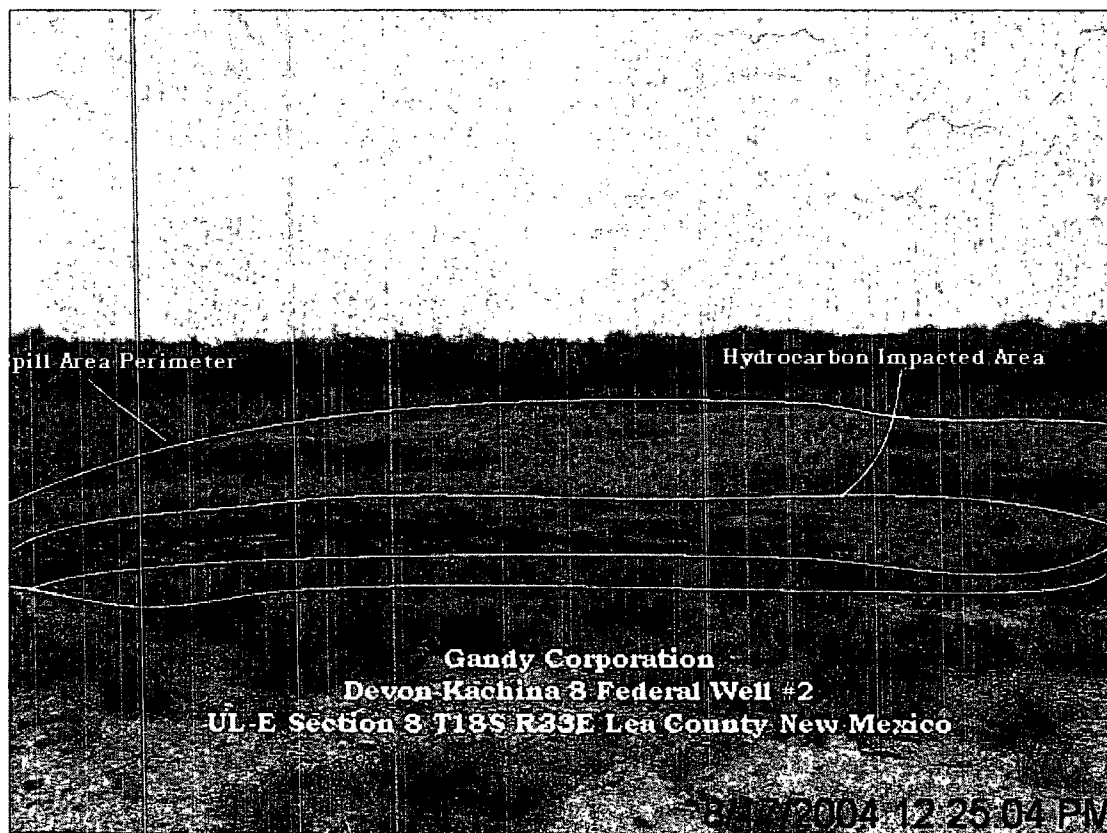
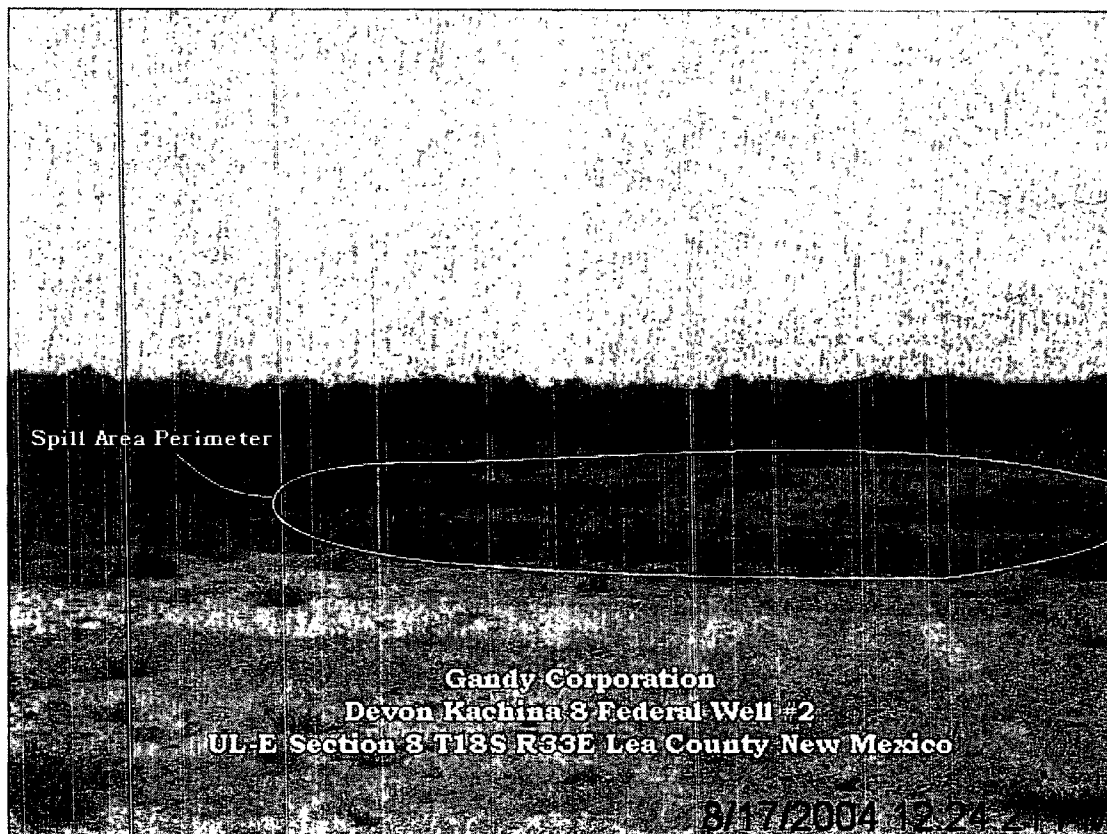
County: Basin: Number: Suffix:

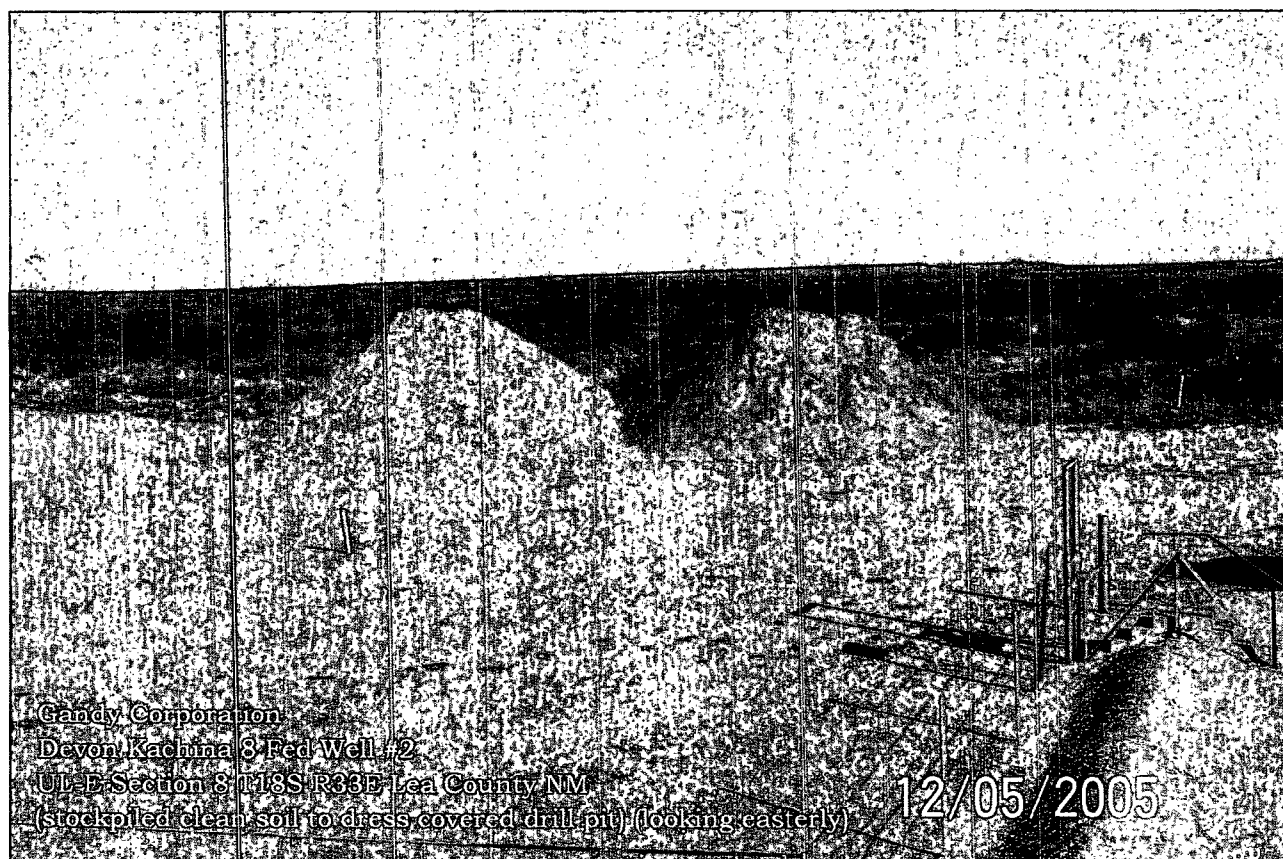
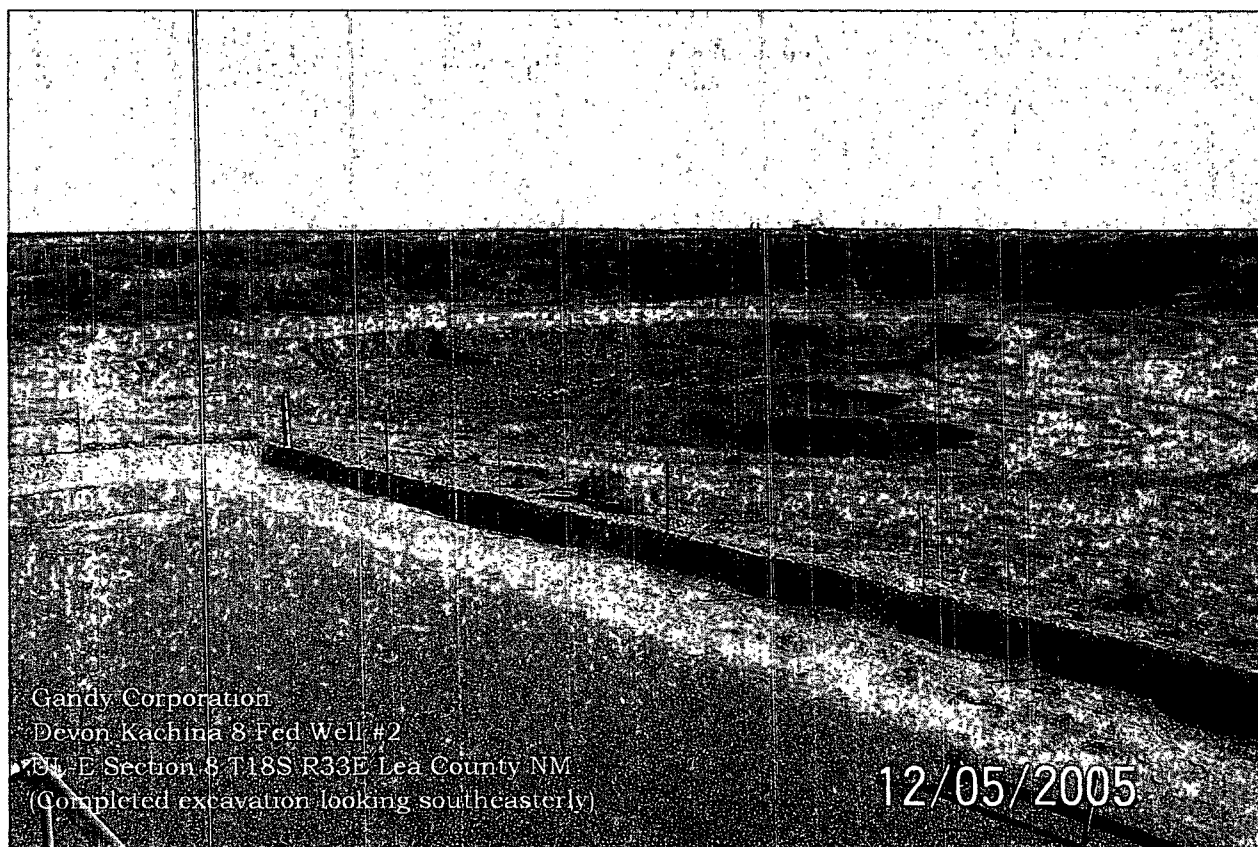
Owner Name: (First) (Last) ☐ Non-Domestic ☐ Domestic
☒ All

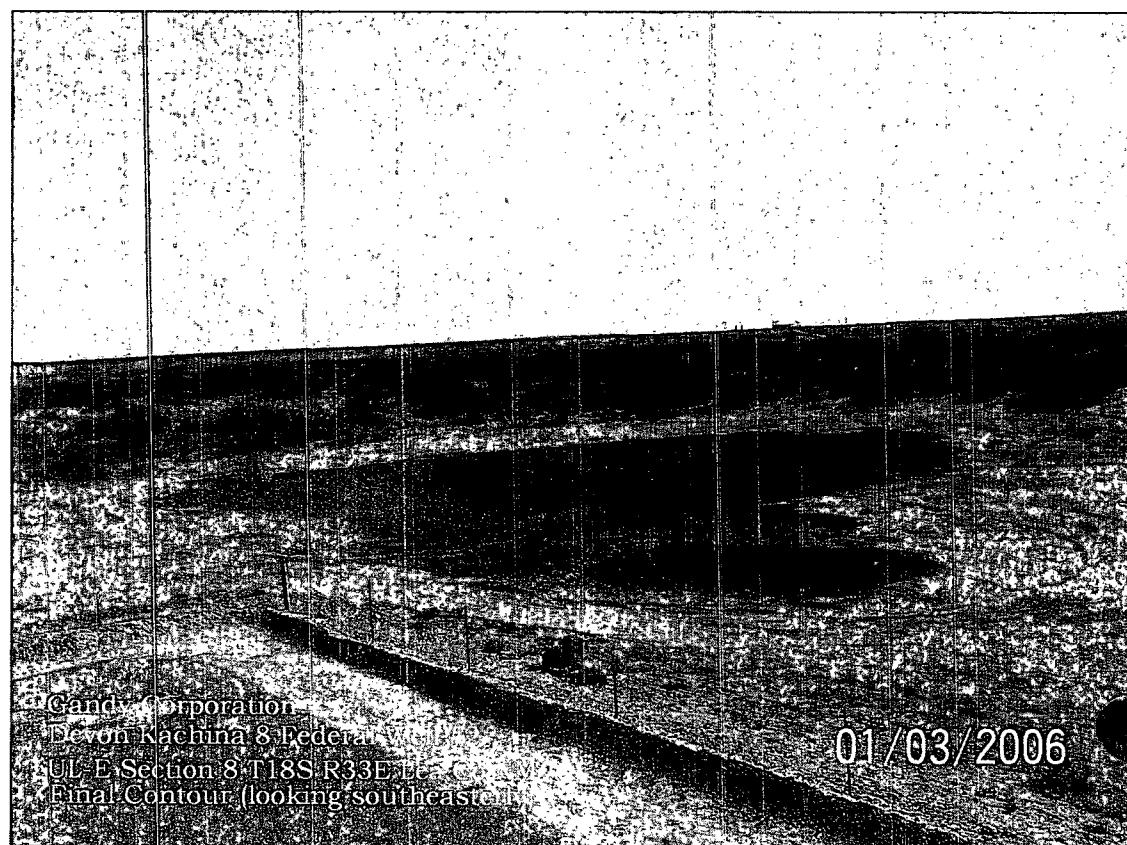
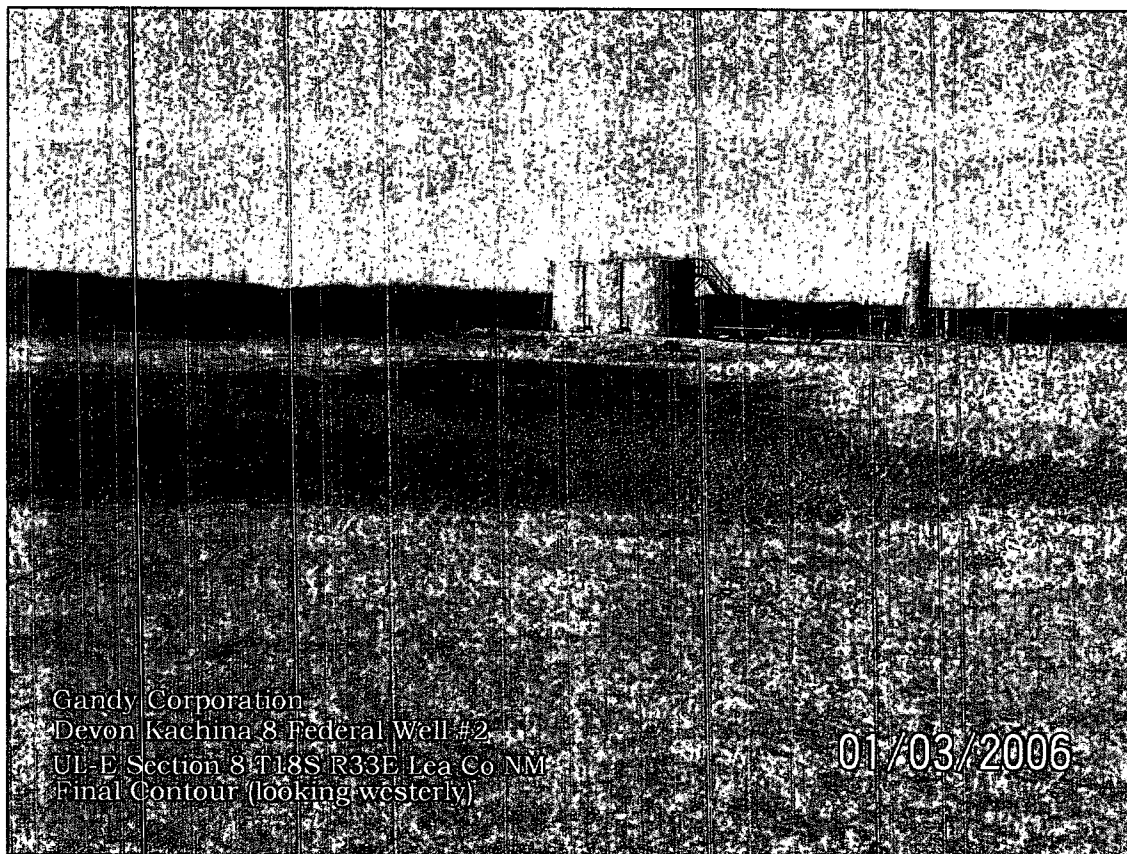
AVERAGE DEPTH OF WATER REPORT 08/17/2004

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

Record Count: 6







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
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

☐ Initial Report ☒ Final Report

Name of Company: Gandy Corporation	Contact: Jon Gandy
Address: West Star Route	Telephone No. 505.396.4948
Facility Name Devon Energy Kachina 8 Federal Well #2	Facility Type Tank Battery
Surface Owner: BLM	Mineral Owner BLM Lease No.

LOCATION OF RELEASE

Unit Letter E	Section 8	Township T18S	Range R33E	Feet from the	North/South Line	Feet from the	East/West Line	County: Lea
-------------------------	---------------------	-------------------------	----------------------	---------------	------------------	---------------	----------------	--------------------

Latitude: **32° 45' 48.9"N** Longitude: **103° 41' 29.1"W**

NATURE OF RELEASE

Type of Release Produce Water	Volume of Release 120 barrels	Volume Recovered 0 barrels
Source of Release Transport	Date and Hour of Occurrence 8-13-04 PM	Date and Hour of Discovery 8-14-04 9:30 AM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Larry Johnson NMOCD, BLM, DOT, Lea County Sheriff's Office, and Devon	
By Whom? T.D. Pevler (Gandy)	Date and Hour 8-14-04 @ 10:30 AM	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. NA	
If a Watercourse was Impacted, Describe Fully.*		

Describe Cause of Problem and Remedial Action Taken.*

Saline produced water was released into the shallow basin. Free liquids were picked up and disposed of in an NMOCD approved facility.

Describe Area Affected and Cleanup Action Taken.*

Approximately 11,234 sqft of surface was impacted. Soils impacted above the NMOCD remedial goals were disposed of in the Gandy Marley, Inc. facility, adequate removal documented with laboratory analysis (see attached reports), and the basin left open as a storm water catchment for livestock and wildlife.

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 groundwater, 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: <i>Jon Gandy</i>	OIL CONSERVATION DIVISION	
Printed Name: Jon Gandy	Approved by District Supervisor: <i>[Signature]</i>	
E-mail Address: N/A	Approval Date: 7-21-06	Expiration Date: —
Title: General Manager	Conditions of Approval: —	Attached <input type="checkbox"/>
Date: 7-19-06 Phone: 505.396.3341		

Attach Additional Sheets If Necessary