

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 3, 2008

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

Attn: Kenneth Pearce

Reference: Midnight Matador #2 35-17S-27E UL: F Eddy County, New Mexico
2RP-120

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 January 14, 2008. 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 25, 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 28, 2008

Sherry Bonham
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210

MAR 03 2008
OCD-ARTESIA

RE: Midnight Matador #2 – Flowline leak
2RP-120

Sherry,

As per your letter dated 2-1-2008, I am attaching a proposed spill remediation plan for the Midnight Matador #2 flowline leak we experienced on 1-15-2008. Please review and let me know if this is acceptable or if we need to make any modifications. I am mailing copies of this to you today as well.

Sincerely,



Kenneth Pearce
Sr. Operations Engineer
Fairway Resources
538 Silicon Dr., Suite 101
Southlake, TX 76092
office: 817-416-1946
fax: 817-416-1949
email: kpearce@fairwayresources.com



February 28, 2008

Fairway Resources Operating, LLC
Midnight Matador #2
API 30-015-34511
Unit 'F', Sec. 35, T17S, R27E
Eddy Co., NM
1-15-2008 Oil and Produced Water Spill from Flowline Leak
(C-141 filed 1-23-2008)

Proposed Response Plan

Initial Response Actions Taken

1-15-2008 Flowline leak discovered, no free liquids were found.
Well was shut-in and leak repaired.

Soil and Water Remediation Action Levels

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

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 performed 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 at 1', 2', and 3' depths within the affected area based on visual assessment. The samples will be laboratory analyzed to determine the specific area and depth of contamination above the OCD limits shown above. Additional samples at greater depths will be obtained and analyzed, if needed, to ascertain the soil depth requiring remediation. If chloride levels are found to be in excess of the limitation, unaffected nearby soil samples may be obtained and analyzed to determine the 'background' chloride concentration of the area.

LRP-120

- 2) The affected soil will be excavated and hauled to an off-site OCD approved treatment or disposal facility.
- 3) Clean soil will be hauled in and placed in the excavated area.
- 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.