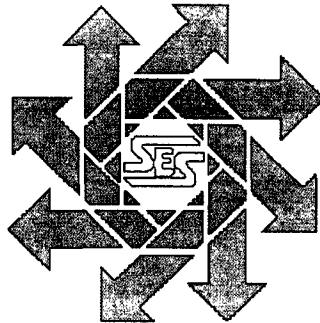


**Fasken Oil and Ranch, LTD.
Denton #10 Release
Delineation Report/Work Plan
Lea County, New Mexico**

October 28, 2010



Prepared for:

**Fasken Oil and Ranch, LTD.
303 West Wall, Suite 1800
Midland, Texas 79701-5116**

Prepared by:

***Safety & Environmental Solutions, Inc.
703 East Clinton
Hobbs, New Mexico 88240
(575) 397-0510***

*approved by:
Jeffrey Siskin
Environmental Engineer
NMCCD-Hobbs
10/28/10*

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I. Company Contacts

Representative	Company	Telephone	E-mail
Jimmy Carlile	Fasken Oil and Ranch, Ltd.	432-818-0210	jimmyc@forl.com
Bob Allen	SESI	575-397-0510	ballen@sesi-nm.com

II. Background

Safety and Environmental Solutions, Inc. (SESI) was engaged by Fasken Oil and Ranch, LTD. to perform cleanup services at the Denton #10.

On July 5, 2010, external corrosion of a flowline released approximately 28 barrels oil and produced water and 22 barrels were recovered.

III. Surface and Ground Water

There are (3) three monitoring wells located on the north and east side of the Denton SWD facility. The Denton SWD Facility is located approximately 4,550 feet southeast of the Denton #10. Depth to water measurements collected from these monitor wells on February 2, 2010 indicated an average ground water depth of 60.06 ft.

IV. Soils

The surface soils in the area are predominantly sand and sandy loam.

V. Work Performed

On July 21, 2010 SESI was onsite with Jimmy Carlile representative of Fasken Oil & Ranch, Ltd. A total of five (5) auger holes were installed within the spill area to determine the vertical extent of the contamination. Samples were collected from each of the auger holes at depths ranging from 14" to 3' 2" below ground level (bgl). Due to auger refusal, borehole #4 was installed to a depth of 3' 2" bgs. All samples were properly preserved and transported under Chain of Custody to Cardinal Laboratories of Hobbs, New Mexico for analysis. The samples were analyzed for Chlorides (EPA Method 4500-Cl⁻ B) and Total Petroleum Hydrocarbons (TPH) (EPA Method 418.1 and 8015M).

The results of the analysis are as follows:

Date	Sample ID	Cl ⁻ (mg/kg)	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	TPH 418.1 (mg/kg)
7/21/10	AH #1-14"	288	-	-	<100
7/21/10	AH #2-2'4"	80	-	-	<100
7/21/10	AH #3-2"	816	<10.0	103	-
7/21/10	AH #4-3'2"	3,040	-	-	<100
7/21/10	AH #5-2'5"	4,240	-	-	192

On August 19, 2010, Safety and Environmental, Inc. (SESI) was onsite with Eco Enviro Drilling to install three (3) boreholes to determine the vertical extent of contamination. Each borehole was drilled to a depth of twenty-five (25) feet due to auger refusal. Samples were retrieved from surface and every five (5) foot intervals. The samples were transported under Chain of Custody to Cardinal Laboratories of Hobbs, New Mexico to be analyzed for Benzene, Toluene, Ethyl Benzene, and Total Xylenes, (BTEX, EPA Method SW-846-8021), Total Petroleum Hydrocarbons (TPH EPA Method 8015M) and Chlorides (EPA Method 4500-Cl⁻ B), if BTEX and TPH is not detected in the first five (5) foot sample then the following samples will only be analyzed for Chlorides.

The results of the analysis are as follows:

Sample ID	Cl ⁻ (mg/kg)	TPH (mg/kg)		Benzene (mg/kg)	Toluene (mg/kg)	EthylBenzene (mg/kg)	Total Xylenes (mg/kg)
		GRO C ₆ -C ₁₀	DRO >C ₁₀ -C ₂₈				
Analysis Date	8/19/10	8/19/10		8/19/10	8/19/10	8/19/10	8/19/10
BH#1-Surface	1,880	-	-	-	-	-	-
BH#1-5'	352	<10.0	18.0	<0.050	<0.050	0.066	<0.150
BH#1-10'	1,090	-	-	<0.050	<0.050	<0.050	<0.150
BH#1-15'	1,760	-	-	-	-	-	-
BH#1-20'	3,440	-	-	-	-	-	-
BH#1-25'	2,640	-	-	-	-	-	-
BH#2-Surface	6,720	-	-	-	-	-	-
BH#2-5'	2,600	<10.0	20.3	<0.050	<0.050	<0.050	<0.150
BH#2-10'	1,840	-	-	-	-	-	-
BH#2-15'	1,180	-	-	-	-	-	-
BH#2-20'	1,410	-	-	-	-	-	-
BH#2-25'	2,280	-	-	-	-	-	-
BH#3-Surface	9,600	-	-	-	-	-	-
BH#3-5'	2,360	<10.0	11.3	<0.050	<0.050	<0.050	<0.150
BH#3-10'	1,880	-	-	-	-	-	-
BH#3-15'	496	-	-	-	-	-	-
BH#3-20'	224	-	-	-	-	-	-
BH#3-25'	256	-	-	-	-	-	-

After samples are retrieved the soil borings were backfilled from total depth to surface with bentonite and hydrated.

On October 6, 2010, Safety and Environmental, Inc. (SESI) was onsite with Eco-Enviro Drilling to further delineate BH#1 and BH#2 to determine the vertical extent of contamination utilizing an air rotary rig. Borehole #1 was re-drilled an additional twenty-five (25) feet to a total depth of fifty (50) feet.

Mr. Allen contacted Mr. Geoff Leking with New Mexico Oil Conservation Division (NMOCD) regarding the difficulty of penetrating the hard rock layer. Mr. Leking approved not to re-drill BH #2 since in BH #1 at 50 feet was less than 250 ppm Cl⁻ it would be acceptable.

BH#1 samples were retrieved and transported under Chain of Custody to Cardinal Laboratories of Hobbs, New Mexico to be analyzed for Chlorides (EPA Method 4500-Cl⁻ B).

The results of the analysis are as follows:

Sample ID	Cl ⁻ (mg/kg)
Analysis Date:	10/6/10
BH#1-30'	1,250
BH#1-45'	16
BH#1-50'	32

VI. Action Plan

It is requested that entire area of contamination will be excavated to a depth of 4' below ground surface. Samples will be retrieved on the side walls to determine the horizontal extent. Samples will be transported to Cardinal Laboratories of Hobbs, New Mexico to be analyzed for Chlorides (EPA Method 4500-Cl⁻ B). The floor of the excavation will be padded and domed with one (1) foot of clean topsoil. A 20-mil reinforced geo-membrane liner will be installed. Upon completion, the area will be padded with an additional one (1) foot of clean topsoil then backfilled with like soils and contoured to grade.

Once all remediation is completed the area will be reseeded in the spring as per landowner's specifications.

After completion of the location a report will be filed with the New Mexico Oil Conservation Division (NMOCD).

VII. Figures & Appendices

Figure 1: Vicinity Map

Figure 2: Site Plan

Appendix A: Analytical Results

Appendix B: Site Photographs

Appendix C: C-141

Figure 1

Vicinity Map

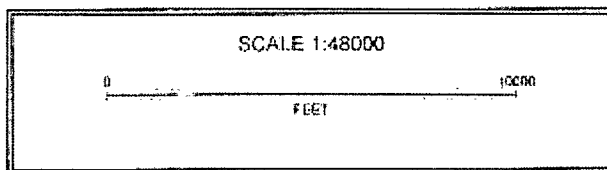
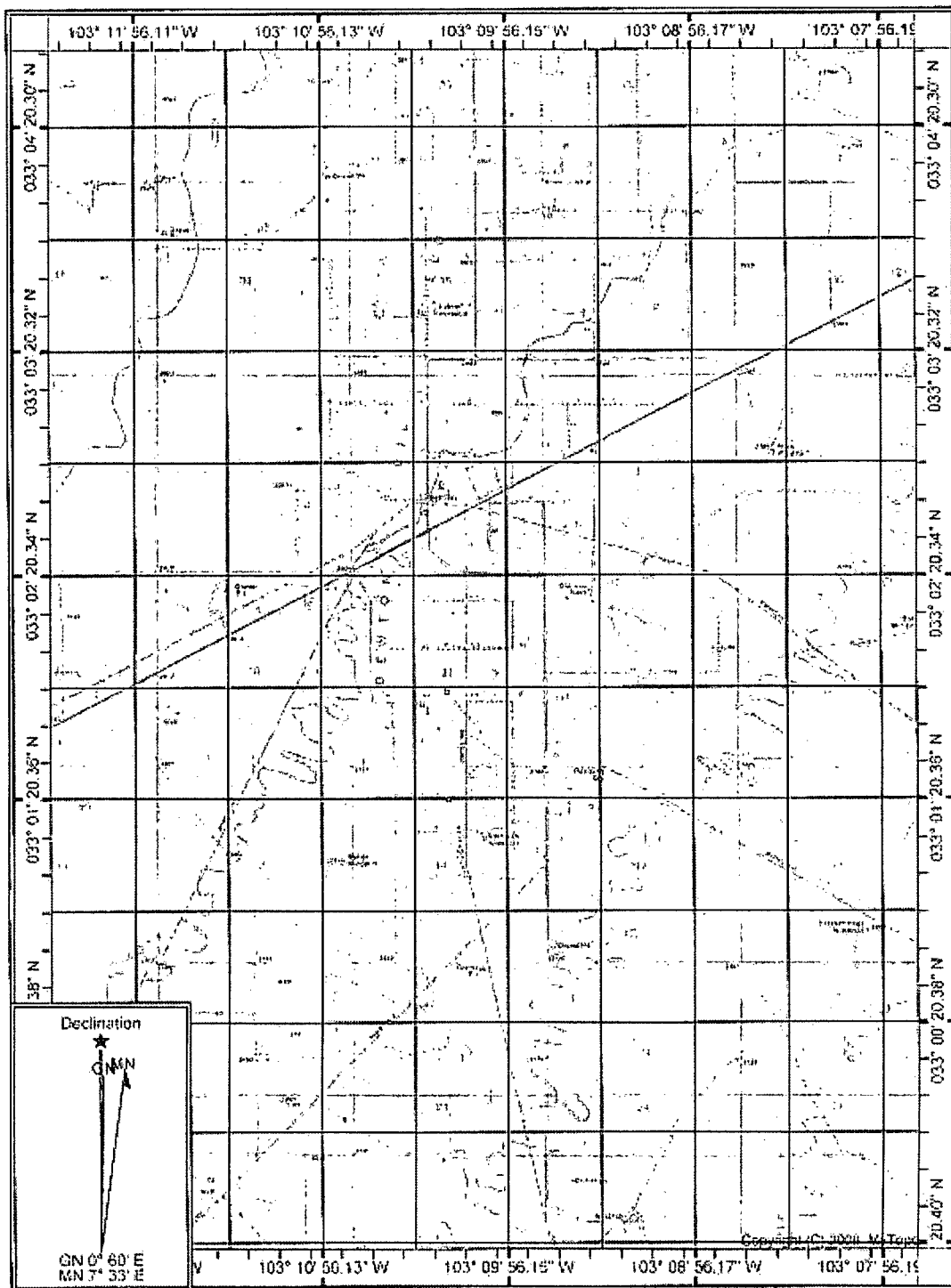
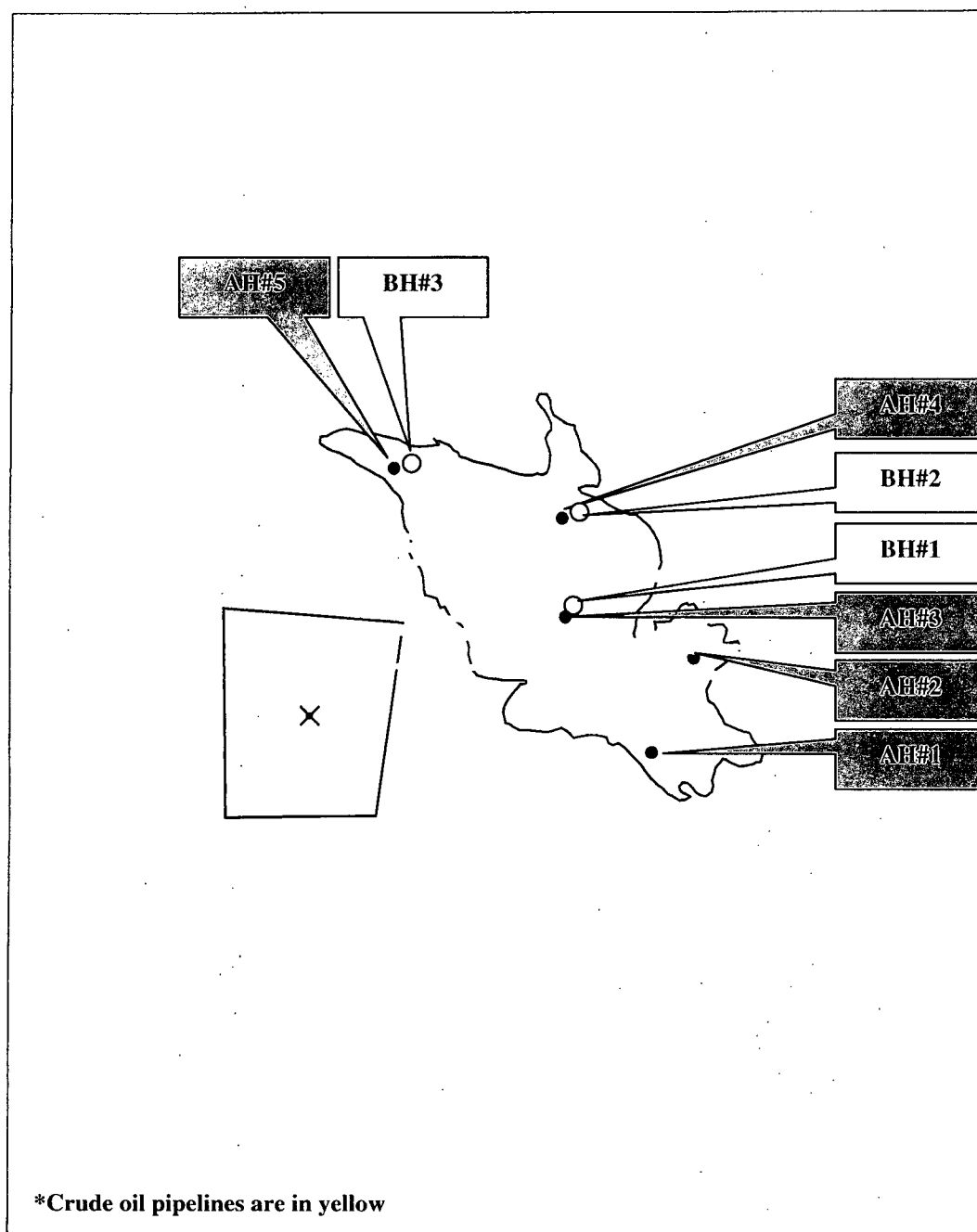


Figure 2 Site Plan



Denton #10

Lat/Long
WGS 1984



Scale 1 in : 100 ft
0 150.0
Feet

FAS-10-008.cor

GPS Pathfinder® Office
 **Trimble**™

Appendix A

Analytical Results



October 08, 2010

Bob Allen

Safety & Environmental Solutions

703 East Clinton

Hobbs, NM 88240

RE: FAS-10-008

Enclosed are the results of analyses for samples received by the laboratory on 10/06/10 17:00.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene

Lab Director/Quality Manager



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

Analytical Results For:

Safety & Environmental Solutions
Bob Allen
703 East Clinton
Hobbs NM, 88240
Fax To: (575) 393-4388

Received: 10/06/2010
Reported: 10/08/2010
Project Name: FAS-10-008
Project Number: DENTON #10
Project Location: LEA COUNTY, NEW MEXICO

Sampling Date: 10/06/2010
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: BH #1 30' BGS (H021000-01)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	1250	16.0	10/08/2010	ND	416	104	400	0.00	

Sample ID: BH #1 45' BGS (H021000-02)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	16.0	16.0	10/08/2010	ND	416	104	400	0.00	

Sample ID: BH #1 50' BGS (H021000-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	32.0	16.0	10/08/2010	ND	416	104	400	0.00	

Cardinal Laboratories

*=Accredited Analyte

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 the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.

Celey D. Keene, Lab Director/Quality Manager

Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C
	Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2326 FAX (575) 393-2476

Company Name: <u>SESE</u>		BILL TO		ANALYSIS REQUEST											
Project Manager: <u>Bob Allen</u>		P.O. #:													
Address: <u>703 E Clinton</u>		Company:													
City: <u>Hobbs</u>	State: <u>NM</u> Zip: <u>88240</u>	Attn: <u>Same</u>													
Phone #: <u>575-397-0810</u>	Fax #:	Address:													
Project #: <u>FAS-10-008</u>	Project Owner: <u>Faskin</u>	City:													
Project Name: <u>Denton #10</u>		State: Zip:													
Project Location: <u>Lea, NM</u>		Phone #:													
Sampler Name: <u>Isaac Kincaid</u>		Fax #:													

Lab I.D.	Sample I.D.	GRAB OR COMP.	# CONTAINERS	MATRIX						PRESERV.		SAMPLING		DATE	TIME	
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER				
H21000-1	BH #1 30' bgs	✓	1			✓					✓		10/6/10	0805	✓	
2	BH #1 45' bgs	✓	1			✓					✓		↓	1500	✓	
3	BH #1 50' bgs	✓	1			✓					✓		↓	1530	✓	

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 the client for the services. All claims, including those for negligence and any other cause whatsoever, shall be deemed waived unless made in writing and received by Cardinal within 90 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 (whether or not related to the performance of services rendered) by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Relinquished By:	Date: <u>10/6/10</u>	Received By: <u>Jodi Stenson</u>	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
Relinquished By: <u>Isaac Kincaid</u>	Time: <u>1700</u>	Received By: <u>Jodi Stenson</u>	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Delivered By: (Circle One) <u>Sampler</u> - DPS - Bus - Other:	Sample Condition Cool/Intact <u>20</u> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	CHECKED BY: <u>JA</u>	REMARKS: <u>IKincaid@SESE-NM.COM</u>	

FORM-006

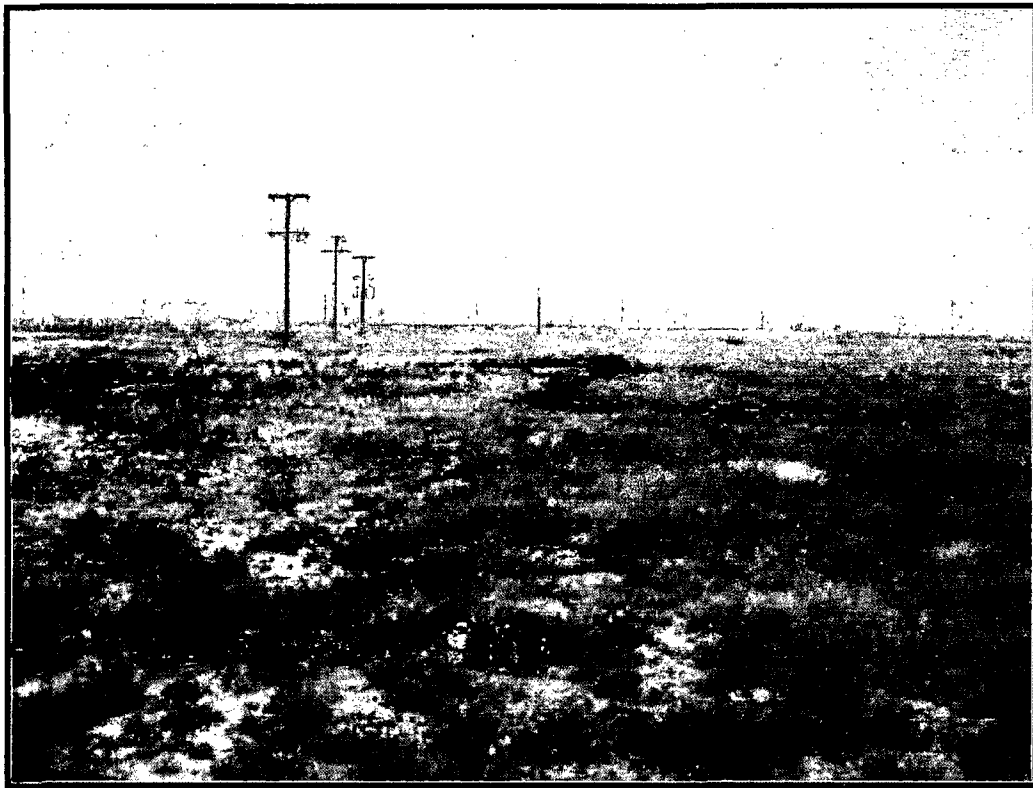
Revision 1.0

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476

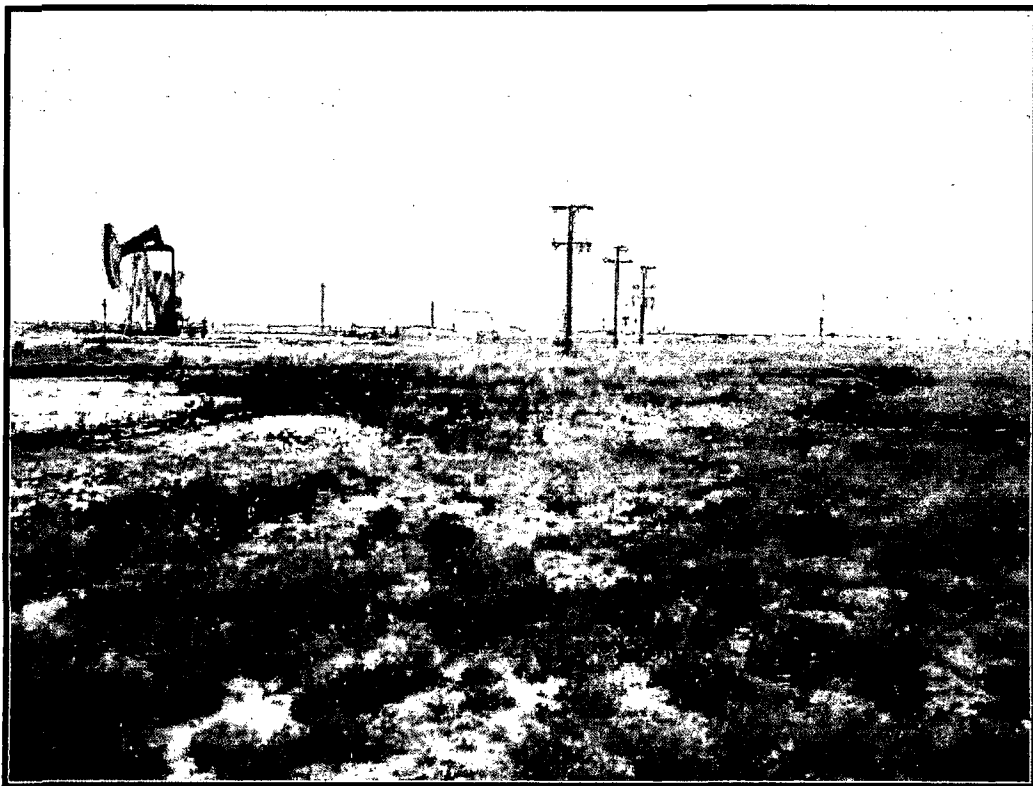
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Appendix B

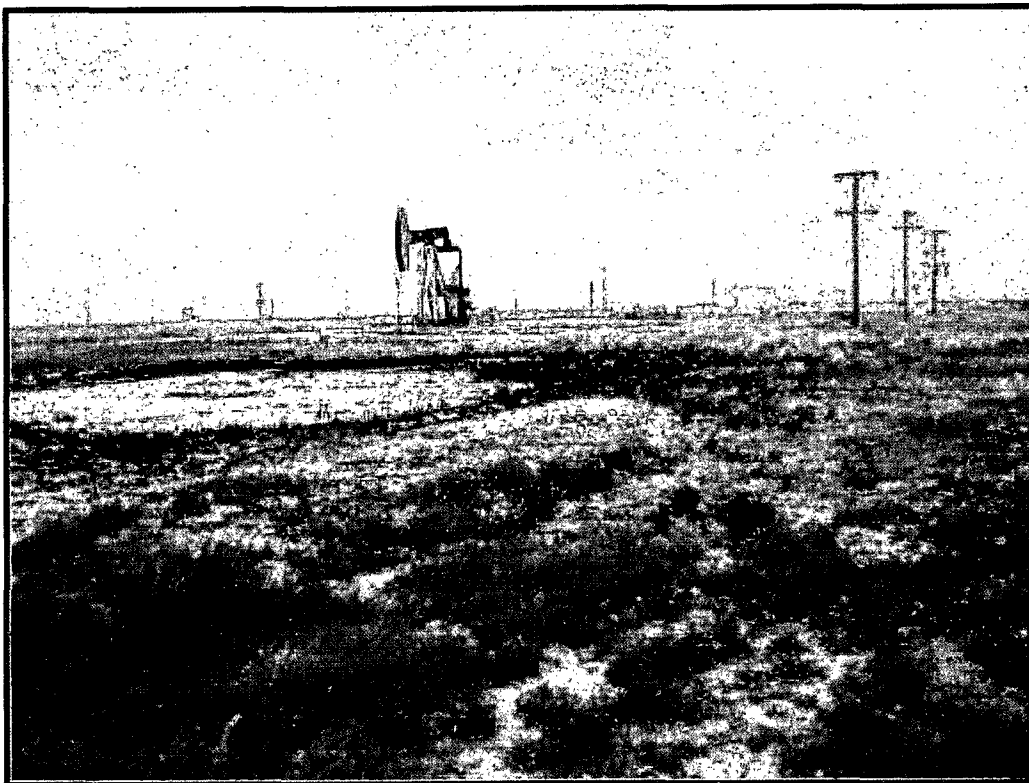
Site Photographs



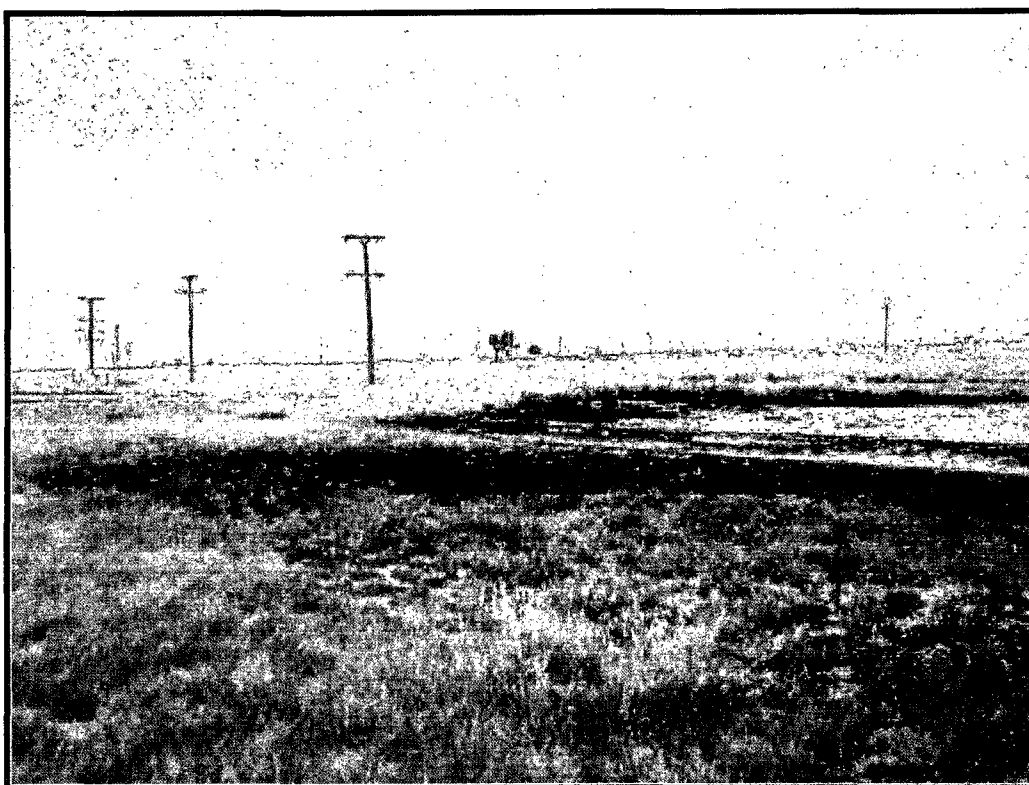
Affected area facing west



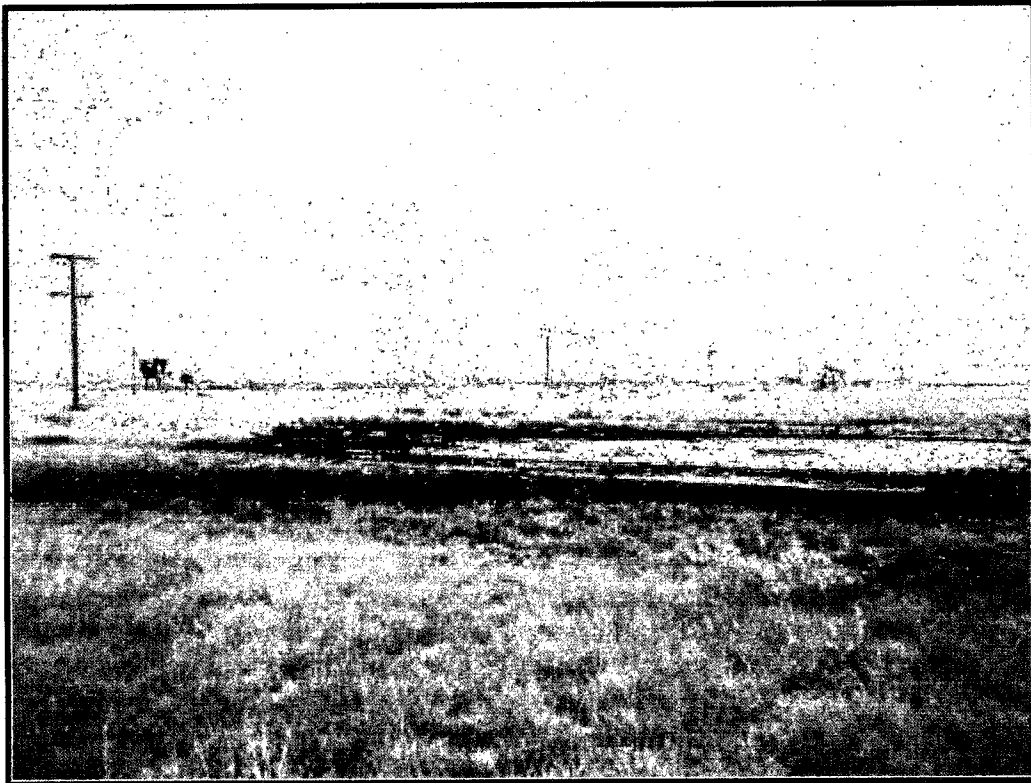
Affected area facing west



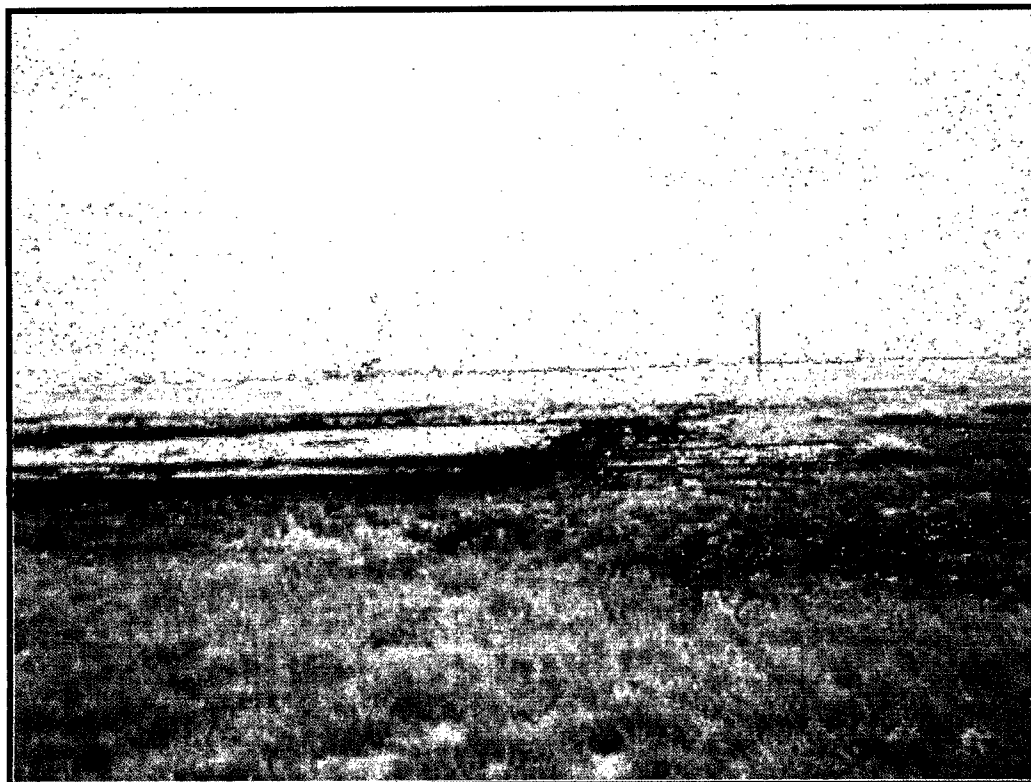
Affected area facing west



Affected area facing northwest



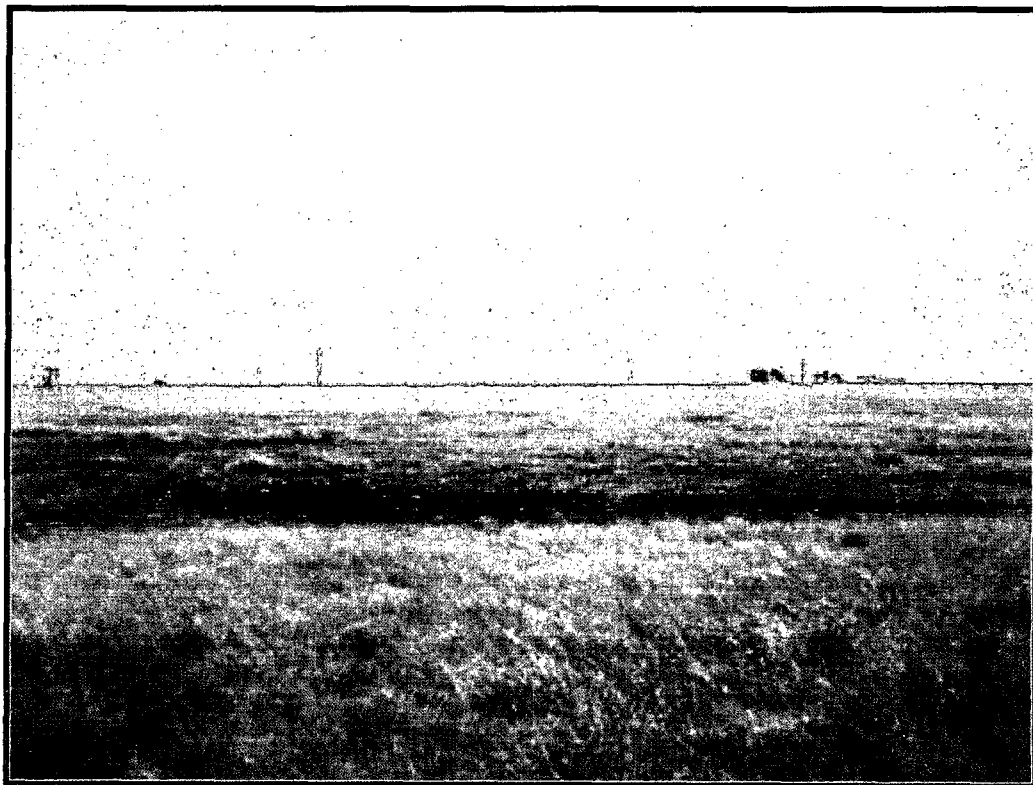
Affected area facing north



Affected area facing north



Affected area facing north



Affected area facing north

Appendix C

C-141

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

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	Fasken Oil and Ranch, Ltd.	Contact	Jimmy D. Carlile
Address	303 W. Wall St., Ste. 1800, Midland	Telephone No.	432-687-1777
Facility Name	Denton No. 10 TX: 79701	Facility Type	Oil Well

Surface Owner	Darr Angell	Mineral Owner		Lease No.	
---------------	-------------	---------------	--	-----------	--

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
H	11	15S	37E	1982'	North	562'	East	Lea

API No. 30-025-05297

Latitude

Longitude

NATURE OF RELEASE

Type of Release	Oil and produced water	Volume of Release	28	Volume Recovered	22
Source of Release	Flowline	Date and Hour of Occurrence		Date and Hour of Discovery	
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	7-5-10 8:00 am		7-5-10 9:00 am
By Whom?		Date and Hour			
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			
		N/A			

If a Watercourse was Impacted, Describe Fully.*

N/A

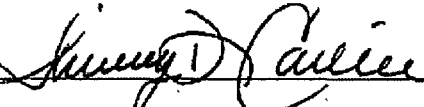
Describe Cause of Problem and Remedial Action Taken.*

External corrosion on flowline. Section of pipe replaced.

Describe Area Affected and Cleanup Action Taken.*

215' X 115' leak occurred in area of standing rain water. Vacuum trucks picked up all water and oil. Will allow area to dry and grab soil samples to check for chloride levels.

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			
Printed Name: Jimmy D. Carlile	Approved by District Supervisor:		
Title: Regulatory Affairs Coordinator	Approval Date:	Expiration Date:	
E-mail Address: jimmyc@for1.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 7-12-10	Phone: 432-687-1777		

* Attach Additional Sheets If Necessary