

West Pearl Queen #301

Located in SECTION 31, T19S, R35E of Lea Co., NM

GPS Reading of 32°-37'-04.0"-N & 103°-29'-27.0"-W

API # 30-025-36791

***Reserve Drilling Pit Closure
Report***

Presented to:

Xeric Oil & Gas Corp.

14781 Memorial Drive Ste 1754

Houston, Texas 777079

Prepared by:

Phoenix Environmental, LLC.

P.O. Box 1856

Hobbs, New Mexico 88240



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case 14106..... Exhibit B

Submitted by:

XERIC OIL AND GAS CORPORATION

Hearing Date: September 4, 2008

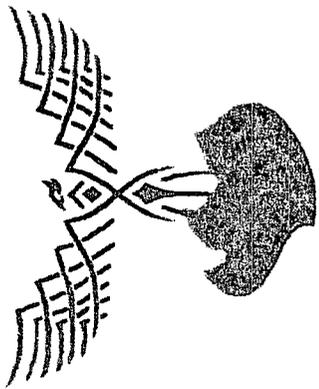
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IMPORTANT NOTICE:

Phoenix Environmental, LLC., with offices at 2113 French Drive, Hobbs, New Mexico 88241 (the Company), has prepared this project report for remediation of West Pearl Queen #301, to the best of its ability. No warranty, expressed or implied, is made or intended. The report was prepared for Xeric Oil & Gas Corp., with offices at 14781 Memorial Drive, Ste 1754, Houston, Texas, 77079, (the Client). All information disclosed in this plan is for internal purposes only and is considered confidential. By accepting this document, the recipient agrees to keep confidential the information contained herein. The recipient further agrees not to copy, reproduce or distribute to any third party this project plan in whole or in part, without express written permission from the Company or Client.





SECTION I



State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMED District Office.
For groundwater facilities, submit to Santa Fe office.

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general permit"? Yes No

Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

Operator: XERIC OIL & GAS COOP Telephone: 482-483-3471 e-mail address: _____

Address: P.O. Box 352

Facility or well name: Libert Road Green West #301 API #: 30-025-34791 U/L or Q/L: H Sec: 31 T: 19S R: 35E

County: Lea County NM Latitude: N32°-37'-04.0" Longitude: W108°-49'-32.6" NAD: 1927 1983

Surface Owner: Federal State Private Indian

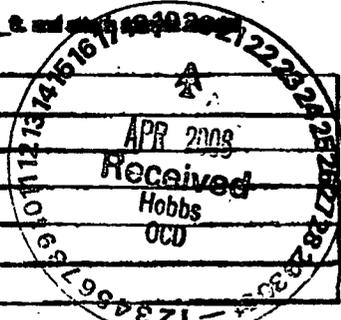
Tank: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input type="checkbox"/> Teflon <input type="checkbox"/> <u>P</u> <input type="checkbox"/> Clay <input type="checkbox"/> Pit Volume: <u>44</u>	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detector? Yes <input type="checkbox"/> If not, explain why not: <u>NA</u>
---	--

Depth to ground water (vertical distance from bottom of pit to seasonal high water (elevation of ground water.)	Less than 30 feet 30 feet or more, but less than 100 feet <u>100 feet or more</u>	(20 points) (10 points) (0 points) <input type="radio"/>
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes <u>No</u>	(20 points) (0 points) <input type="radio"/>
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet <u>1000 feet or more</u>	(20 points) (10 points) (0 points) <input type="radio"/>
Ranking Score (Total Points)		

(1) Attach a diagram of the facility showing the pit's relationship to other equipment and units. (2) Indicate disposal location: (check the circle box if you are burying in place) onsite offsite If offsite, name of facility: _____ (3) Attach a general description of chemical wastes including concentration (start date and end date). (4) Groundwater encountered: No Yes If yes, show depth below ground surface: _____ ft. and attach _____

(5) Attach soil sample results and a diagram of sample locations and constructions.

Additional Comments: Please see attached work plan for pit closure.



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMEDCD guidelines a general permit or an (attached) alternative OCB-approved plan .

Date: 4-21-06
Printed Name/Title: Nick Hood Signature: Nick Hood

Your certification and NMEDCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contribute to ground water or otherwise endanger public health or the environment. Nor does it release the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: _____
Printed Name/Title: GARY W. WINK / STAFF MGR. Signature: Gary W. Wink Date: 4/25/06



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

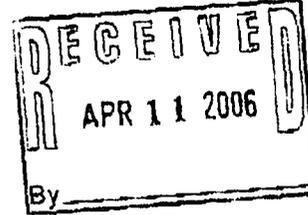
BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Allen
505 391 9687

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"



05-Apr-06

XERIC OIL & GAS CORP
PO BOX 352
MIDLAND TX 79702

NOTICE OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

WEST PEARL QUEEN UNIT No.301		H-31-19S-35E	30-025-36791-00-00			
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/04/2006	Routine/Periodic	Buddy Hill	Yes	No	7/8/2006	ILWH0609435391
Violations: Emergency/Temporary Pits Comments on Inspection: Drilling Pit Open. DRILL PITS NEED TO BE CLOSED PER NMOCD RULE 50. FIRST NOTICE						

32°-37'-04.0"
103°-29'-27.0" *ELL-3720*

API 30-025-36791

cc: Nick

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

Chris Williams
Chris Williams, District Supervisor

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

18-Feb-08

XERIC OIL & GAS CORP
PO BOX 352
MIDLAND TX 79702

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

WEST PEARL QUEEN UNIT No.301		H-31-19S-35E		30-025-36791-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/12/2008	Routine/Periodic	Buddy Hill	Yes	No	3/13/2008	iLWH0804343170
Violations Surface Leaks/Spills						

Comments on Inspection: LARGE AREA ON NORTH WEST EDGE OF LOCATION, BEHIND COMPRESSOR, HEAVY OIL STAIN..COVERED BY BACK-HOE..NO REMEDIATION..NO SPILL REPORT..NEEDS SPILL REPORT AND REMEDIATION PLAN SUBMITTED ASAP..FIRST NOTICE,,,,DRILL PITS STILL OPEN,

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

J. W. Buddy Hill

Sincerely,

COMPLIANCE OFFICER

Hobbs OCD-District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.



PHOENIX ENVIRONMENTAL LLC

P.O. Box 1856

2113 French Dr.

Hobbs, NM 88241-1856

Office 505-391-9685

Fax 505-391-9687

April 21, 2006

Xeric Oil & Gas Corporation
P.O. Box 352
Midland Tx. 79702

Attn: Mr. Nick Hood

**RE: Work Plan to Clean Up the West Pearl Queen Unit # 301 Drilling Pit
Located in Unit H Sec 31, T19S and R35E of Lea County, New Mexico**

Dear Mr. Ledbetter:

Phoenix Environmental, LLC (Phoenix) would like to take this time to thank you and Xeric Oil & Gas Corp for the opportunity to provide our professional services on the site remediation of the above listed site that is located in Lea Co. New Mexico.

If you have any questions and/or need more data in regards to this project please call at any time.

Sincerely,

Ray J. Garza
Sr. Project Manager
Phoenix Environmental LLC



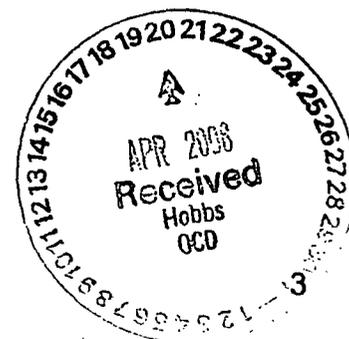
4. Phoenix will move the stockpile of soils on the backside of the pits back to allow room to excavate the tomb to hold the contents of the pit. While leaving the top of the impacted soils at a minimum of three feet below grade, the size of the tomb will need to be 150x27x20 and will yield an estimated 3,000cyds of total material and will hold an estimated 2,000cyds of impacted soils.
5. Once the tomb area has been excavated it will be lined with 12mil HDPE bottom and a 20mil top with enough to fold back over the top of the impacted soils before backfilling.
6. Impacted soils at the site will then be excavated, and placed in the lined tomb area until the top of the impacted soils are at a minimum of three feet below grade.
7. Phoenix will field screen the site during the excavation and once the TPH and CL has dropped below clean up requirements final samples will be taken and sent to a third party lab for analysis.
8. Once all of the remediation criteria have been met for site closure and compliance, the site will be backfilled with clean material from the site. The site will be contoured with a slit crown to prevent the ponding of any water and reseeded.
9. Once all of the closure criteria have been met, a final closure report will be prepared by Phoenix. This report will include a summary of remediation operations, findings on-site and lab analysis, site maps and project photos.

If you have any questions and/or need more data in regards to this project please call 505-631-8314 at any time.

Sincerely,



Ray J. Garza
Sr. Project Manager
Phoenix Environmental LLC



Summary/Overview

The Drilling Pit site should be completed and remediated in accordance with the standards of the NMOCD. It is our understanding that any potential contamination from the site was a result of activities associated with the drilling and production of oil and gas.

The potential contaminates of concern are mid to high-level concentrations of salt water, drilling mud, cuttings and fluids that were left after drilling operations were completed.

The lands primary use is domestic pasture for ranching and the production of oil and gas.

The ground water depth data available for this area showed there is no ground water or if there is any it is deeper than 100' BGS.

Pursuant to the standards of the NMOCD, the clean up level for this site will be at <5,000ppm of TPH, < 50 for BTEX and Chlorides less than <250ppm.

The following scope of work was based on data from our site visit and the requirements of the NMOCD for site clean up.

Scope of Work for Entombment of Impacted Soils

NOTE: Phoenix for the purpose of this work plan will estimate that there is approximately 2,000cyds of impacted soils and mud at the site that needs to be addressed for site closure.

1. First Phoenix will call One-Call for line spot clearance before any excavation at the site is started and notify land owner of intent.
2. Phoenix will mobilize to the site located East of Marathon Road 22 miles west of Hobbs NM, equipment and personnel necessary to start and complete the site remediation as required, getting the site back into compliance.
3. First the site will be cleared of brush and debris and a staging area set up for site control and safety.





PHOENIX ENVIRONMENTAL LLC

P.O. Box 1856

2113 French Dr.

Hobbs, NM 88241-1856

Office 505-391-9685

Fax 505-391-9687

April 15, 2008

Xeric Oil & Gas Corporation
P.O. Box 352
Midland Tx. 79702

Attn: Mr. Joe Cook / Mr. Tim Collier

**RE: Work Plan to Clean Up the West Pearl Queen Unit # 301 Drilling Pit
Located in Unit H Sec 31, T19S and R35E of Lea County, New Mexico**

Dear Srs:

Phoenix Environmental, LLC (Phoenix) would like to take this time to thank you and Xeric Oil & Gas Corp for the opportunity to provide our professional services on the site remediation of the above listed site that is located in Lea Co. New Mexico.

If you have any questions and/or need more data in regards to this project please call at any time 575-631-8314.

Sincerely,

Allen Hodge, REM
VP Operations
Phoenix Environmental LLC



Summary/Overview

The Drilling Pit site should be completed and remediated in accordance with the standards of the NMOCD. It is our understanding that any potential contamination from the site was a result of activities associated with the drilling and production of oil and gas.

The potential contaminants of concern are mid to high-level concentrations of salt water, drilling mud, cuttings and fluids that were left after drilling operations were completed.

The lands primary use is domestic pasture for ranching and the production of oil and gas.

The ground water depth data available for this area showed there is no ground water or if there is any it is deeper than 100' BGS.

Pursuant to the standards of the NMOCD, the clean up level for this site will be at <5,000ppm of TPH, < 50 for BTEX and Chlorides less than <250ppm.

The following scope of work was based on data from our site visit and the requirements of the NMOCD for site clean up.

NOTE: Phoenix has spoken with Mr. Larry Johnson with the NMOCD and due to the time that the drilling pit has been open with the liner down he has requested that XOG install a monitor well to check ground water depth and to check for possible impact. If there are no problems then XOG can complete the approved work plan.

Scope of Work for Entombment of Impacted Soils

NOTE: Phoenix for the purpose of this work plan will estimate that there is approximately 2,500cyds of impacted soils and mud at the site that needs to be addressed for site closure.

1. First Phoenix will call One-Call for line spot clearance before any excavation at the site is started and notify land owner of intent.
2. Phoenix will mobilize to the site located East of Marathon Road 22 miles west of Hobbs NM, equipment and personnel necessary to start and complete the site remediation as required, getting the site back into compliance.



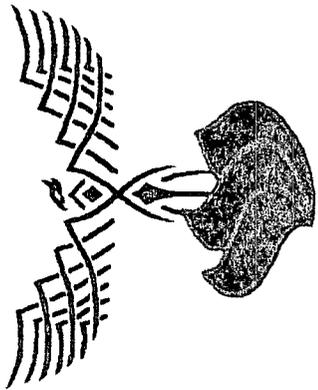
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4. Phoenix will move the stockpile of soils on the backside of the pits back to allow room to excavate the tomb to hold the contents of the pit. While leaving the top of the impacted soils at a minimum of three feet below grade, the size of the tomb will need to be 150x30x20 and will yield an estimated 3,333cyds of total material and will hold an estimated 2,833cyds of impacted soils while leaving the top three feet below grade.
5. Once the tomb area has been excavated it will be lined with 12mil HDPE bottom and a 20mil top with enough to fold back over the top of the impacted soils before backfilling.
6. Impacted soils at the site will then be excavated, and placed in the lined tomb area until the top of the impacted soils are at a minimum of three feet below grade.
7. Phoenix will field screen the site during the excavation and once the TPH and CL has dropped below clean up requirements final samples will be taken and sent to a third party lab for analysis.
8. Once all of the remediation criteria have been met for site closure and compliance, the site will be backfilled with clean material from the site. The site will be contoured with a slit crown to prevent the ponding of any water and reseeded.
9. Once all of the closure criteria have been met, a final closure report will be prepared by Phoenix. This report will include a summary of remediation operations, findings on-site and lab analysis, site maps and project photos.

If you have any questions and/or need more data in regards to this project please call 505-631-8314 at any time.

Sincerely,


Allen Hodge, REM
VP Operations
Phoenix Environmental LLC





SECTION II

Project Overview

Phoenix Environmental, LLC. (Phoenix) was contracted for the closure of a reserve-drilling pit on the West Pearl Queen # 301, belonging to Xeric Oil and Gas Corp... The West Pearl Queen # 301 is located in Section 31 T19S R35E. The GPS Reading is 32°37'04.0"N & 103°29'27.0"W, with an elevation of 3708 feet above sea level. The land, in and around the site, is primarily used as domestic pasture for ranching and the production of oil and gas. The pit site is located on the west side of the location.

The potential contaminates of concern were mid- to high-level concentrations of salt water, drilling mud, cuttings, and drilling fluids that were left after drilling operations were completed.

The ground water depth data available from the State of New Mexico Engineers' office showed the vertical depth to the top of water to be about 80 feet below surface.

Pursuant to the NMOCD guidelines for clean up of unlined surface impoundments, the clean up level for this site will be at <5,000 ppm for TPH (Total Petroleum Hydrocarbons) and <50 ppm for BTEX (Benzene, Toluene, Ethylbenzene, and Xylene). The NMOCD has also asked for CL (Chlorides) be returned back as close to background levels as possible or <250 ppm.

Findings and Conclusion

It appeared that in excess of 3,000 cubic yards (cyds) of cuttings, drilling mud, and soil were impacted in the pit area with the dimensions of 120'x120'x8'.

The bottom of the excavation (approximately 15 feet) was tested for Chlorides to make certain that the target limits had been met prior to backfilling and compaction for closure. The site cleaned up well with vertical depth of impact, listed above at 15 feet and not impacting groundwater. All of the final lab analyses were below the NMOCD guidelines for unlined surface impoundments (refer to attached laboratory reports for actual levels).

Larry Johnson with the New Mexico Oil Conservation Division requested that a soil boring/ monitor well be installed to determine the depth of ground water (refer to page 16 on the results of soil boring.)

The site was backfilled and compacted with clean backfill and contoured with a crown back to grade to prevent ponding on the area. The site was reseeded and should vegetate very well with upcoming rains.



12. *May 1, 2008 – Crew continued to transfer contents from the reserve drilling pit to deep bury pit.*
13. *May 2, 2008 – 1st Deep bury (entombment) pit was capped with a 20 mil HDPE top. Backfilling began on the 1st deep bury pit.*
14. *May 5, 2008 - 2nd Deep bury (entombment) pit was started to hold the rest of the reserve drilling pit contents.*
15. *May 6 & 7, 2008 – Crew continued to dig 2nd deep bury (entombment) pit.*
16. *May 14, 2008 – Crew continued to dig out deep bury pit.*
17. *May 16, 2008 – Crew moved dirt out of way and stockpile to the side to be used for backfilling at a later date.*
18. *May 19, 2008 – Crew continued to digging out dirt from deep bury pit.*
19. *May 20, 2008 – Crew finished digging out deep bury pit. Bottom of deep bury (entombment) pit was cleaned and dressed to prevent damage to liner. The deep bury (entombment) pit was lined with 20 mil HDPE bottom. The crew started transferring the contents of the reserve drilling pit to the deep bury (entombment) pit.*
20. *May 21 and May 22, 2008 – Crew continued to transfer contents of the reserve drilling pit to the deep bury pit.*
21. *May 23, 2008 - The bottom of the reserve drilling pit was cleaned and final samples were taken and sent to a third party laboratory for analysis of Chlorides for final verification of the limits met. (Please refer to attached reports, pages 17 through 20 of this report). The deep bury (entombment) pit was capped with a 20 mil HDPE top.*
22. *May 26 & May 27, 2008 – Crew continued to backfill reserve drilling pit.*
23. *May 28, 2008- Crew finished backfilling reserve drilling pit. Location was dressed. Final contouring and compaction was implemented to return the site back to grade. Contouring was completed with a crown to prevent rainwater ponding.*
24. *June 6, 2008 – The site was reseeded with native grasses and with the available moisture should vegetate very quickly.*

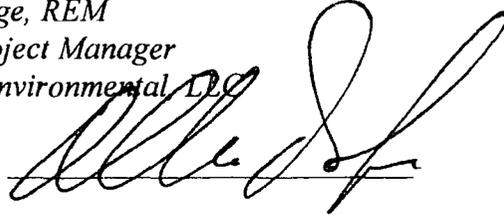


Certification

The following Phoenix Environmental personnel have reviewed this report and verified that to the best of their knowledge the contents are true and correct.

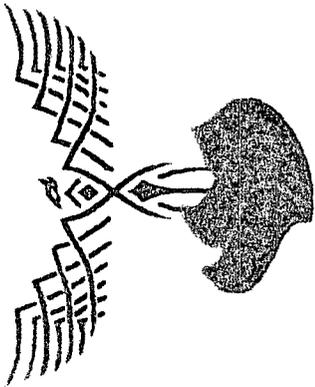
*Allen Hodge, REM
Senior Project Manager
Phoenix Environmental LLC*

Signature:



*Registered Environmental Manager #7096
National Registry of Environmental Professionals*





SECTION III



Company Drilled for:

Xeric Oil & Gas Corp

Location: West Pearl Queen # 301

Sec 31-T19S-R35E

32°-37'-02.4" N 103°-29'-27.1" W

Drilling Log

Well/Bore Number: 1

Date Drilled: 4-24-08

Driller: Hunger Horse

Logged By: Allen Hodges

Drilling Method: Air Rotary

Depth of Boring: 80'

Depth of Well: —

Length of Casing: —

Length of Screen: —

Casing Diameter: 5 1/2

Casing Diameter: N/A

Screen Diameter: —

Slot Size: —

Well Material: —

Depth	Uthology	Sample Type	DVA (PPM)	Remarks	Well Design	Depth
0	Top Soil Red Sand					0
5	white to Pink Caliche					5
10	Caliche					10
15						15
20	Dry					20
25	Pink Caliche with Sandstone layers					25
30						30
35						35
40	Dry					40
45	Pea Gravel with Brown Clay Dry					45
50	Brown to Red Clay Dry Some Pea Gravel				50	
55	Red Red Clay				55	
60	Dry				60	
65					65	
70	Blue to Gray Clay Dry				70	
75	Red Brown Clay				75	
80	Dry				80	
85	T.D.				85	
90	No water				90	
95					95	
100					100	
105					105	



SUMMARY SOIL ANALYSIS REPORT

Client: Xeric Oil & Gas Corp.
Supervisor: Allen Hodge
Sample Matrix: Soil

Facility: West Pearl Queen
Order No.: Ron St. John
Samples Received: Intact on site

Initial Project Screening

Sample	Date	Depth	Chlorides	TPH	BTEX	Location	Test Method
#1	5/22/08	12'	1100			Outside South	EPA 325.3
#2	5/22/08	12'	875			Outside West	EPA 325.3
#3	5/22/08	10'	450			Outside North	EPA 325.3
#4	5/22/08	8'	1000			Inside North	EPA 325.3
#5	5/22/08	8'	650			Inside South	EPA 325.3
#6							EPA 325.3

Samples reported in parts per million (ppm) and depth is in feet (') and inches (")

Interim Project Screening

Sample	Date	Depth	Chlorides	TPH	BTEX	Location	Test Method
#1	5/23/08	15'	80			Outside South	EPA 325.3
#2	5/23/08	15'	125			Outside West	EPA 325.3
#3	5/23/08	12'	150			Outside North	EPA 325.3
#4	5/23/08	10'	125			Inside North	EPA 325.3
#5	5/23/08	12'	100			Inside South	EPA 325.3
#6							EPA 325.3
#7							
#8							
#9							
#10							
#11							
#12							
#13							
#14							
#15							
#16							

Samples reported in parts per million (ppm) and depth is in feet (') and inches (")

Final (Third Party Laboratory) Project Screening Verification

Sample	Date	Depth	Chlorides	TPH	BTEX	Location	Test Method
#1	8/11/08	15'	96			Outside South	See Report
#2	8/11/08	15'	96			Outside West	See Report
#3	8/11/08	12'	112			Outside North	See Report
#4	8/11/08	10'	112			Inside North	See Report
#5	8/11/08	12'	112			Inside South	See Report
#6	8/11/08	0-6"	<16			Background	See Report
#7							

Samples reported in parts per million (ppm) and depth is in feet (') and inches (")



Phoenix Environmental, LLC.
P.O. Box 1856 – 2113 French Drive
Hobbs, New Mexico 88241
505.391.9685 – FAX: 505.391.9687

SOIL ANALYSIS REPORT

Date: 5/23/08
Client: Xeric Oil & Gas Corp.
Supervisor: Allen Hodge
Sample Matrix: Soil

Facility: West Pearl Queen #301
Test Method: EPA 325.3
Order No.: Donny Money
Sample Received: Intact on site

<u>Sample</u>	<u>CL (ppm)</u>	<u>Depth (feet)</u>	<u>Location</u>
#1	80	15'	Outside South
#2	125	15'	Outside West
#3	150	12'	Outside North
#4	125	10'	Inside North
#5	100	12'	Inside South
#6			

COMMENTS: These samples are field screen samples taken to confirm regulator limits prior to final lab analysis.

ARDINAL LABORATORIES
 101 East Marland, Hobbs, NM 88240
 (575) 393-2326 Fax (575) 393-2476

ANALYSIS REQUEST		BILL TO	
Company Name: <u>PHOENIX ENVIRONMENTAL LLC</u> Project Manager: <u>ALLAN HODGE</u> Address: <u>PO BOX 1856</u> City: <u>HOBBS</u> State: <u>NM</u> Zip: <u>88241</u> Phone #: <u>575-391-9685</u> Fax #: <u>575-391-9687</u> Project #: <u>API 30-025-36791</u> Project Owner: <u>XOG</u> Project Name: <u>WEST PEARL QUEEN 301</u> Project Location: <u>UL-H-SEC 31-TMS-1355 LA CONA</u> Sampler Name: <u>ALLAN HODGE</u>		P.O. #: <u> </u> Company: <u> </u> Attn: <u> </u> Address: <u> </u> City: <u> </u> State: <u> </u> Zip: <u> </u> Phone #: <u> </u> Fax #: <u> </u>	
Matrix: <u> </u> # CONTAINERS: <u> </u> (G)RAB OR (C)OMP: <u> </u>		PRESERV: <u> </u> ACID/BASE: <u> </u> ICE/COOL: <u> </u> OTHER: <u> </u>	
MATRIX: <u> </u> GROUNDWATER: <u> </u> WASTEWATER: <u> </u> SOIL: <u> </u> OIL: <u> </u> SLUDGE: <u> </u> OTHER: <u> </u>		DATE: <u> </u> TIME: <u> </u> 88-08 1:00 1:20 1:40 2:00 2:20 2:50	
Lab I.D.	Sample I.D.		
H 150-1	1-OUTSIDE SOUTH @ 15'	X	X
-2	2-OUTSIDE WEST @ 15'	X	X
-3	3-OUTSIDE NORTH @ 12'	X	X
-4	4-INSIDE NORTH @ 10'	X	X
-5	5-INSIDE SOUTH @ 12'	X	X
-6	6-BACKGROUND @ 0-6'	X	X

PLEASE NOTE: Liability and Damages: Cardinal's liability and chemist's exclusive remedy for any claim arising hereunder based in contract or tort, shall be limited to the amount paid by the client for the analysis. All claims, including those for negligence and/or other causes whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall liability be held for consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates, or contractors. Cardinal is not liable for the performance of services hereunder by Cardinal's contractors or vendors unless such claim is based upon any of the above stated reasons or otherwise.

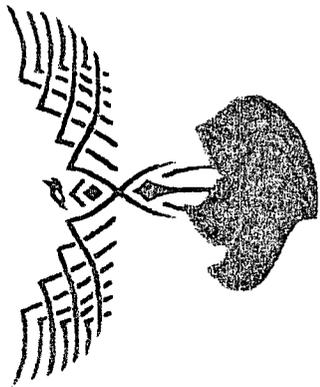
Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sample Returned:
 Date: 8-7-05
 Time: 4:58
 Received By: [Signature]
 Date:
 Time:
 Received By: [Signature]

Phone Result: No Add'l Phone #:
 Fax Result: No Add'l Fax #:
 REMARKS: RUSH - ASAP

Delivered By: (Circle One)
 Sampler - UPS - Bus - Other:
 Temp.
 Sample Condition:
 Cool Intact Yes No
 Checked By: [Signature]

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



SECTION IV



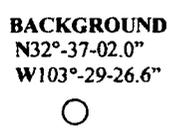
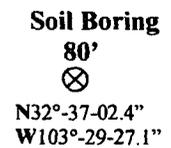
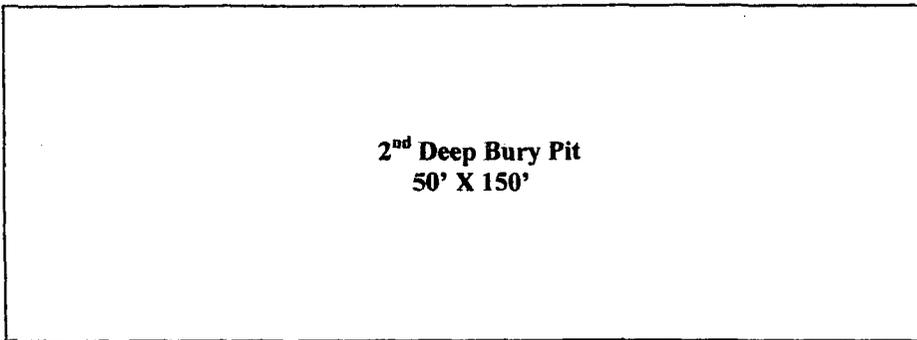
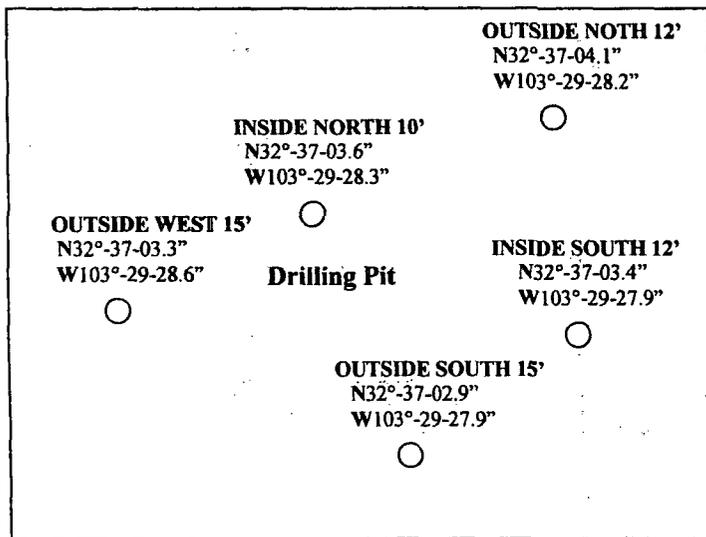
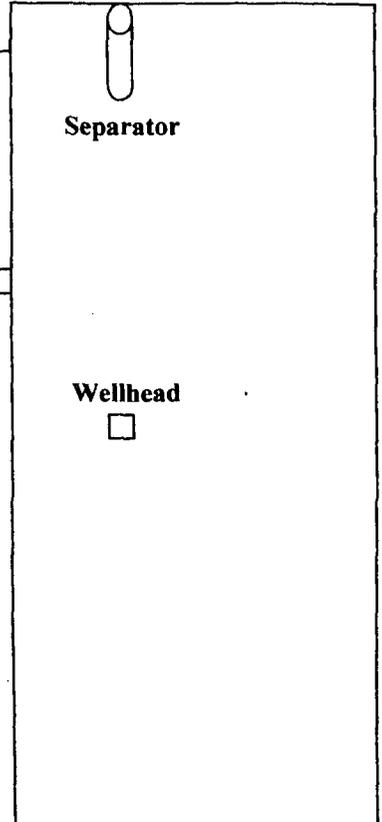
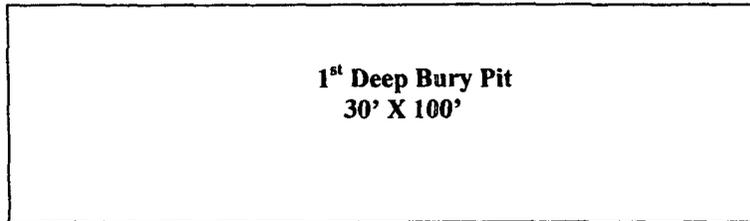


Xeric Oil & Gas Corp.

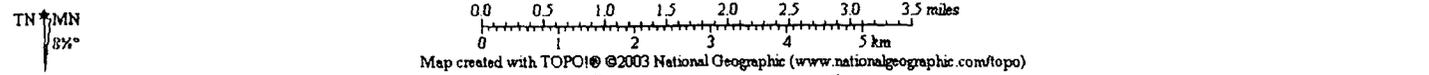
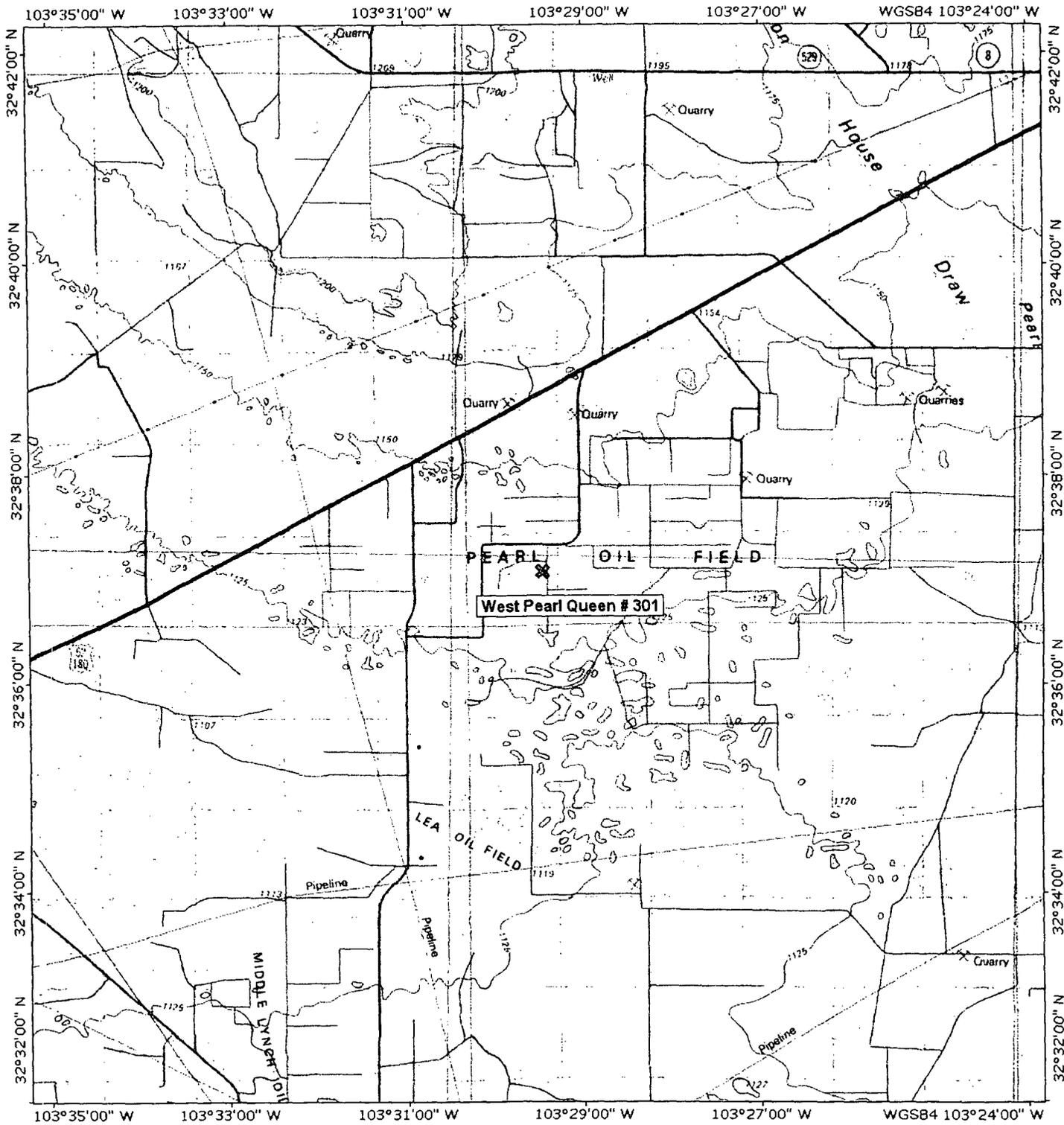
West Pearl Queen #301

UL-H-Sec. 31 T19S-R35E

API#30-025-36791

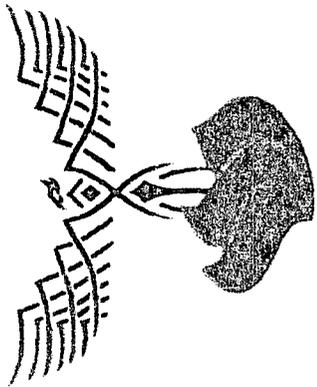


TOPO! map printed on 08/18/08 from "Untitled.tpo"



Map created with TOPO! © 2003 National Geographic (www.nationalgeographic.com/topo)





SECTION V





Photo #1 Beginning 1st Deep Bury (entombment) Pit

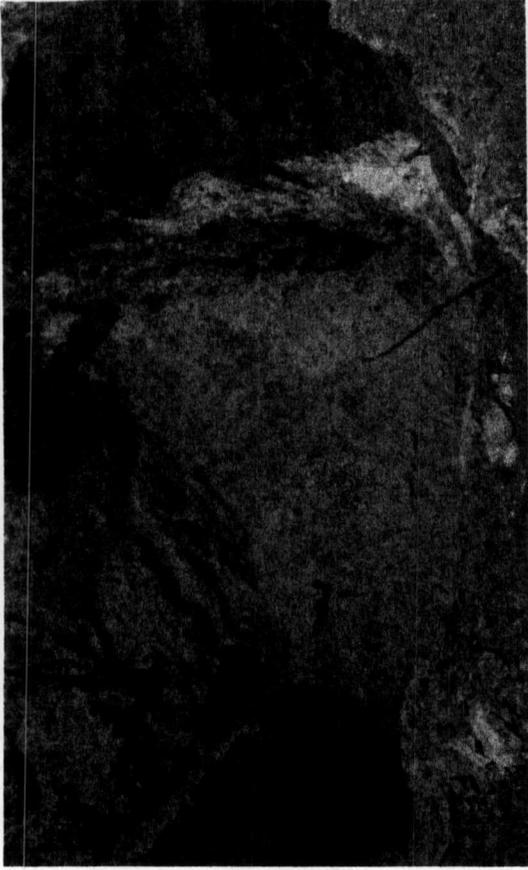


Photo #2 Digging out 1st Deep Bury (entombment) Pit



Photo #3 Digging out 1st Deep Bury (entombment) Pit



Photo #4 Digging out 1st Deep Bury (entombment) Pit



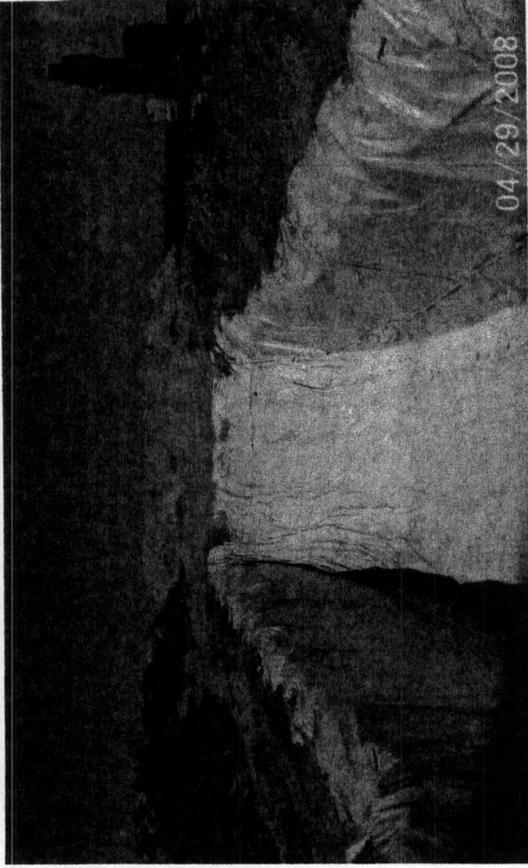


Photo #6 1st Deep Bury (entombment) Pit Lined



Photo #8 1st Deep Bury Pit Capped and Started Backfilling

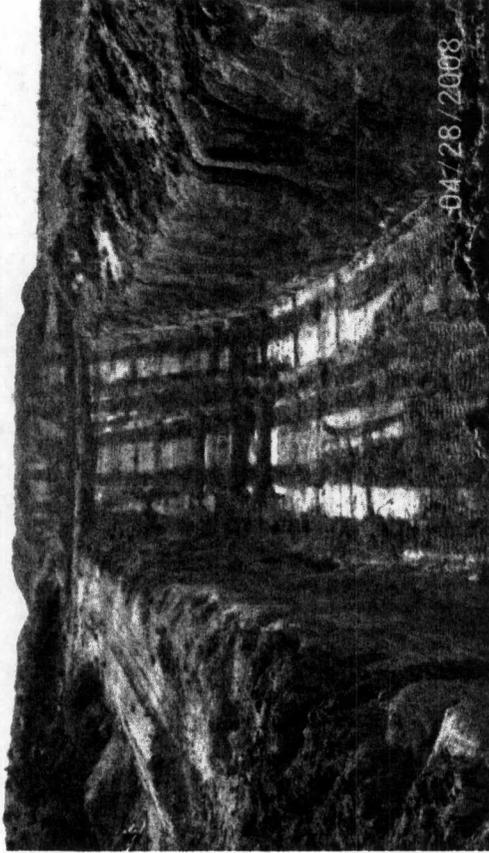


Photo #5 Cleaning Bottom of 1st Deep Bury (entombment) Pit



Photo #7 Transferring Reserve Drilling Pit to Deep Bury Pit



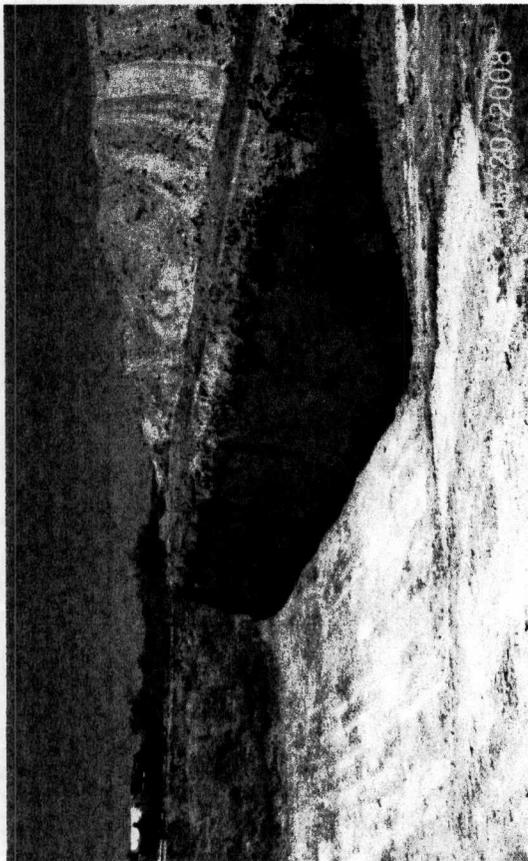


Photo #9 2nd Deep Bury (entombment) Pit

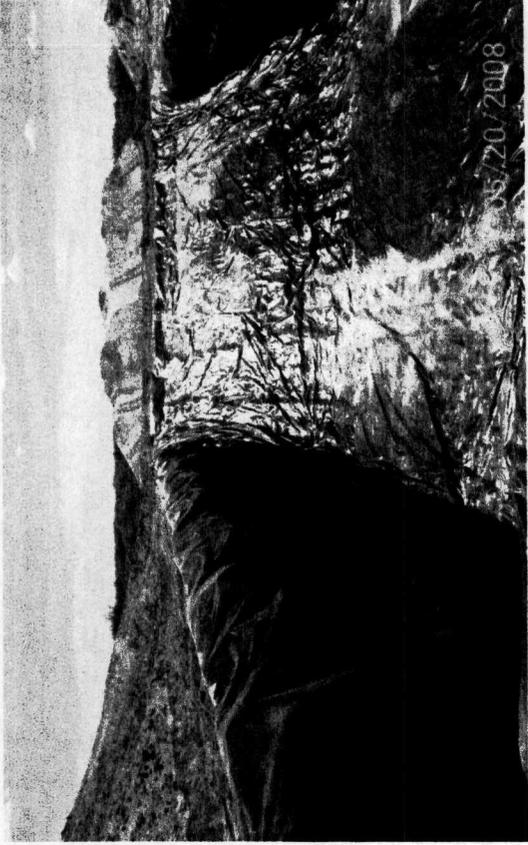


Photo #10 2nd Deep Bury (entombment) Pit Lined



Photo #11 Transferring Reserve Drill Pit to Deep Bury Pit

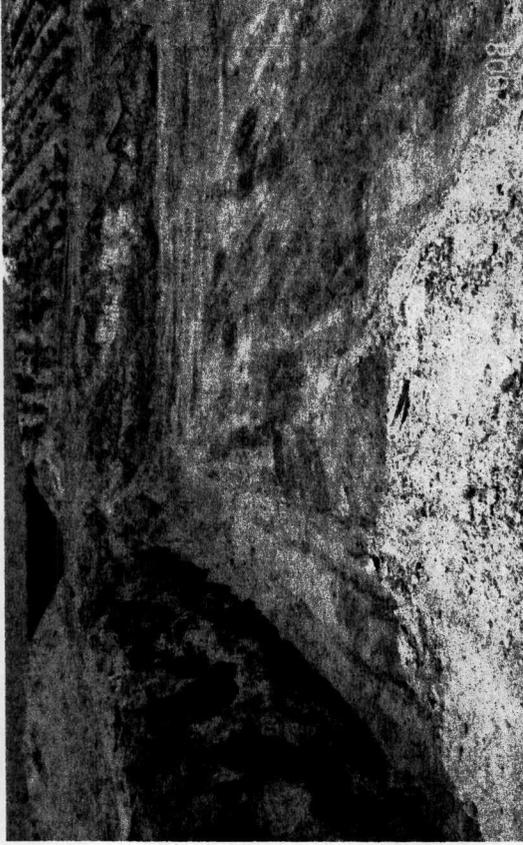


Photo #12 Cleaned Bottom of Reserve Drilling Pit



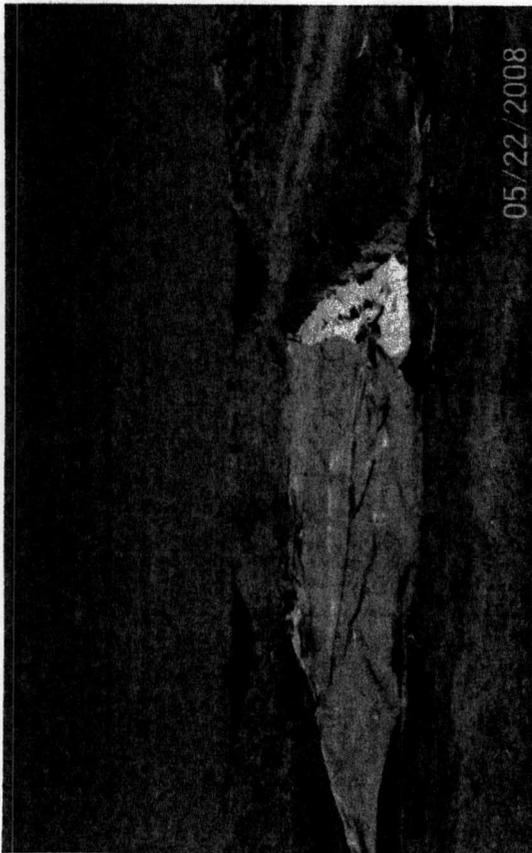


Photo #13 2nd Deep Bury (entombment) Pit Capped

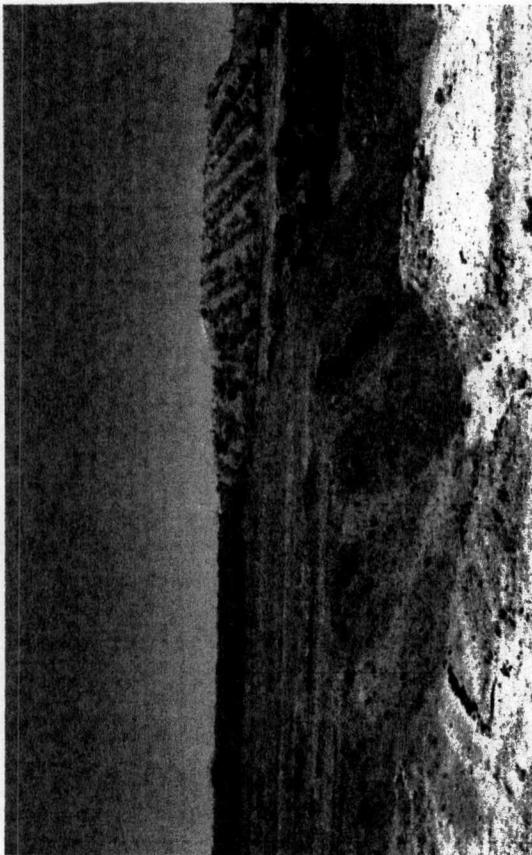


Photo #14 Backfilling Reserve Drilling Pit



Photo #15 Final View of Location Completed

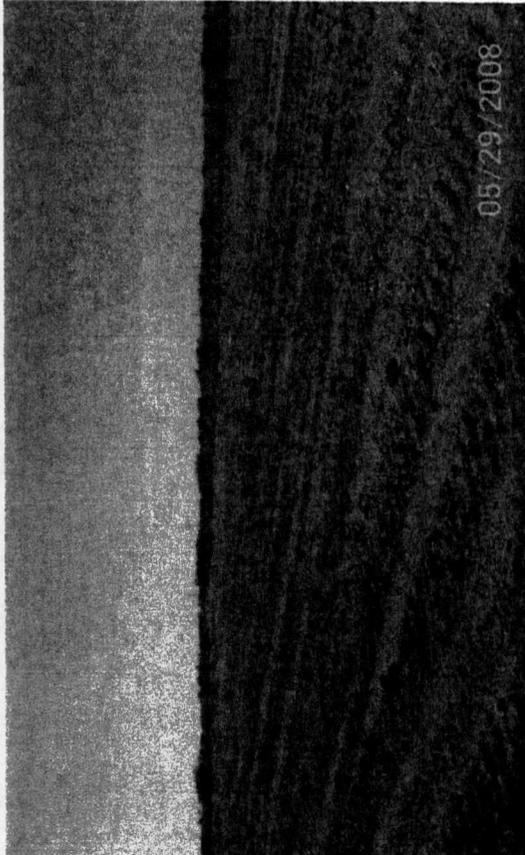


Photo #16 Final View of Location Completed

