RECR - 5

REPORTS

YEAR:
2007

INTERA Incorporated
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Albuquerque, NM 87110
Telephone: 505 246 1600
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June 29, 2007

Mr. Glenn Von Gonten
Senior Hydrologist
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

RE: Phase I and II Remediation, Former Enersource Facility, Monument, Lea County, New Mexico

Mr. Von Gonten:

INTERA Incorporated has completed Phase I and II remediation services at the Former Enersource facility and a report detailing these activities has been developed. Three hardcopies and one electronic copy of this report are attached. Please note that the receipts for metal recycling were not available at the time the report was prepared and are, therefore, not included with the report. These receipts will be forwarded when they are received from our subcontractor, Controlled Recovery, Inc.

INTERA appreciates the opportunity to work with the New Mexico Oil Conservation Division. If you have any questions please do not hesitate to contact us at (505) 246-1600. Thank you very much.

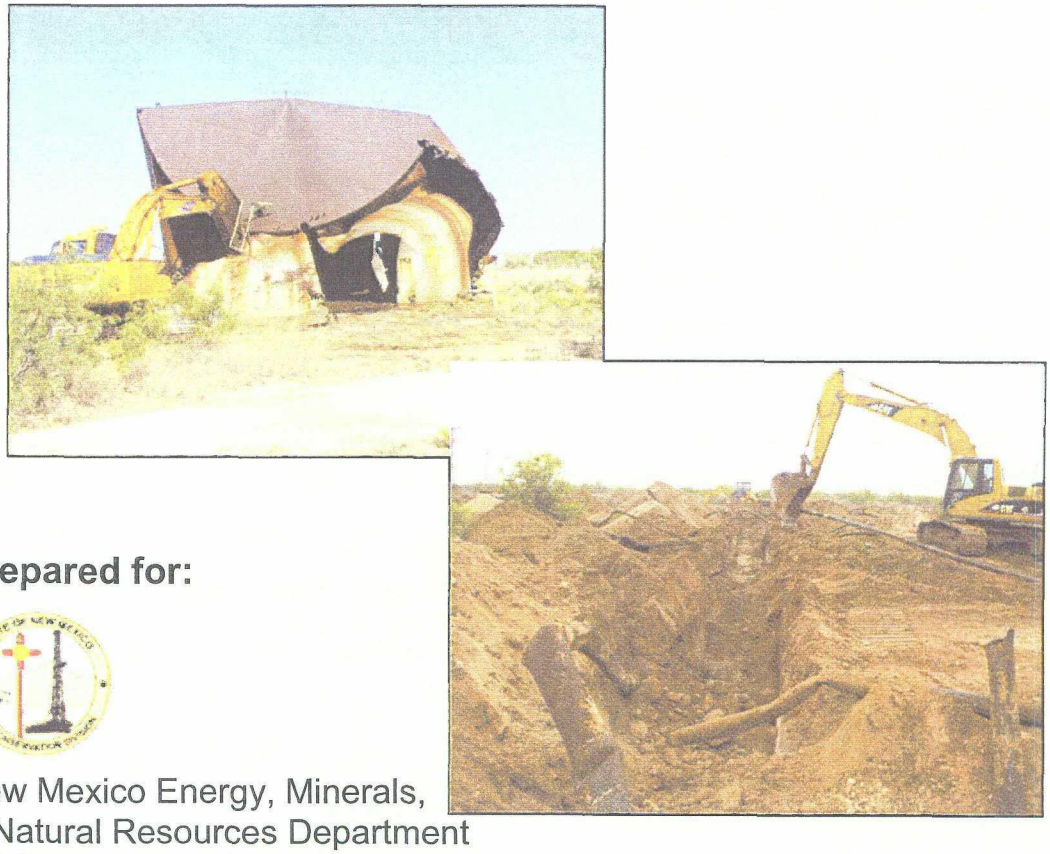
Sincerely,
INTERA Inc.

Joe A. Galemore, P.G.
Project Manager

Joe Tracy, R.G.
Senior Geologist

Enclosure

Phase I and II Remediation, Former Enersource Facility Monument, Lea County, New Mexico



Prepared for:

New Mexico Energy, Minerals,
& Natural Resources Department
Oil Conservation Division

Prepared by:

INTERA, Inc.
6000 Uptown Boulevard NE
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June 29, 2007

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Acronyms and Abbreviations

AST	above-ground storage tank
BBLs	Barrels
bgs	below ground surface
BS&W	AST bottom sediment and water
CD	compact disk
CRI	Controlled Recovery, Inc.
cy	cubic yards
DRO	diesel range organics
EPA	U.S. Environmental Protection Agency
GSD	General Services Department
HASP	health and safety plan
HEAL	Hall Environmental Analytical Laboratory
INTERA	INTERA, Incorporated
mg/kg	milligram per kilogram
OCD	New Mexico Energy, Minerals, and Natural Resources Department, Oil Conservation Division
Site	former Enersource Facility
TPH	total petroleum hydrocarbons
NORM	naturally-occurring radioactive materials
uR/hr	micro Roentgens per hour

1.0 INTRODUCTION

INTERA Incorporated (INTERA) has completed Phase I and Phase II remediation services at the former Enersource Facility (Site) located approximately 2 miles west-southwest of Monument, New Mexico. Phase I of the project was authorized by the New Mexico Energy, Minerals, and Natural Resources Department, Oil Conservation Division (OCD) through purchase order number 408050918283 dated May 30, 2006. Phase I was completed in general accordance with INTERA's work plan dated August 31, 2005 (INTERA, 2005) and State of New Mexico, General Services Department (GSD), Price Agreement number 408050918283. Phase II was authorized by the OCD through purchase order numbers 52100-0000004048 dated February 12, 2007 and 52100-0000004636 dated March 14, 2007. Phase II was completed in general accordance with INTERA's work plan dated May 10, 2007 (INTERA, 2007) and the terms and conditions of GSD Price Agreement number 61-805-09-18553.

Figure 1 illustrates the location of the Site on the Monument North and Monument South 7.5 minute Quadrangles, U.S. Geological Survey Topographic Maps (USGS, 1985a and 1985b). A Site plan and 2005 aerial photograph showing the features of the Site when INTERA commenced work is provided on Figure 2. The remainder of the report contains the following sections:

- Project background,
- Field Activities, and
- Conclusions and Recommendations.

2.0 PROJECT BACKGROUND

This section of the report includes general information related to the background of the project. The intent of this section is to provide a foundation for the remainder of the report and information that can be used to guide decisions concerning future project activities. The section is divided into two parts. The first part provides a history of the project and the second summarizes the physical setting of the Site.

2.1. Project History

INTERA generated this summary of the history of the project based on information obtained from a review of historical aerial photographs, interviews with local residents and OCD personnel, and review of property ownership records at the Lea County Courthouse. Based on an evaluation of historical aerial photographs taken in 1949, 1966, and 1978 (Figures 3 through 5), it appears that major development at the Site occurred after 1949. The historical aerial photograph taken in 1949 (Figure 3) reveals one large above-ground storage tank (AST) that straddles the northwestern Site boundary. The remainder of the Site is undeveloped with the

exception of three roads traversing the Site. The 1966 (Figure 4) and 1978 (Figure 5) historical aerial photographs show numerous (greater than 25) ASTs located within or slightly outside the property boundary. The ASTs are arranged into an eastern and a western cluster. The AST sizes within the western cluster are, in general, larger than the ASTs in the eastern cluster. The two clusters of tanks are separated by a central area that contains buildings and, based on the shape of the shadows, tall narrow structures.

INTERA interviewed Mr. Lary Parker, a long-time resident of Lea County and project manager for Controlled Recovery, Inc. (CRI) of Hobbs, New Mexico, concerning historical activities at the Site. Mr. Parker stated that the Site was operated by Famariss Energy Refinery and produced jet fuel in the 1970s. Given this information, the tall, narrow structures formerly located in the central part of the Site may be cracking towers and/or distillation towers. Given the larger AST sizes, the western AST cluster probably used for crude oil storage, and the eastern AST cluster was used for product (jet fuel) storage. A semi-tractor trailer can be seen in the 1978 historical aerial photograph (Figure 5) just north of the central processing area; this area may have been used for product loading.

It is unknown how long refinery operations occurred at the Site. Based on information obtained from the Lea County Tax Assessor, Enersource, Inc. became the property owner in 1985. Our understanding is that Enersource used the facility to reclaim crude oil until sometime prior to 2006 when INTERA was contracted by OCD. Mr. Parker stated that the structures formerly located in the central part of the Site were dismantled and parts were buried in the west-central portion of the Site. It is unknown when this occurred.

2.2. Physical Setting

The Site covers 9.56 acres and is located in the northwest quarter of Section 1, Township 20 South, Range 36 East, Lea County, New Mexico (Figure 1). The Site is at an elevation of approximately 3,600 feet above mean sea level. The topographic surface in the vicinity of the Site slopes downward from northwest to southeast at a rate of approximately 0.003 feet/foot (16 feet/mile). Monument Draw, a northwest to southeast flowing intermittent stream is located approximately 2.5-miles south of the Site (USGS, 1985a and 1985b).

Primary area land uses are oil and gas exploration/production and cattle ranching. The Versado Gas Processing Plant (remediation permit # 1R-281, operated by Targa Resources, Inc.) is located immediately adjacent to the northern property boundary. El Paso Natural Gas operates a facility within 500 feet of the eastern property boundary. Numerous oil/gas wells, pump jacks, and ASTs are observed in the vicinity. The estimated property boundary and the fenced area believed to have been used by Enersouce operations are illustrated on Figure 2.

INTERA interviewed Mr. Cal Wrangham of Targa Resources, Inc. concerning investigations and remediation at the adjacent Versado Plant. Mr. Wrangham informed INTERA that several ground water monitoring wells are located in the area (including one at the northeast corner of the Site) and historical ground water monitoring data indicate that ground water flow is to the south-southeast. The depth to water in the vicinity of the Site ranges from about 25 to 35 feet below ground surface (bgs). The estimated locations of water supply wells in the area as determined by searching the New Mexico Office of the State Engineer WATERS database are illustrated on Figure 1 (OSE, 2007). The closest production supply well is a domestic well located approximately 2,000 feet north of the Site; no information concerning depth to water was provided in the WATERS database for this well. The next closest well is also a domestic supply well located about 3,000 feet east of the Site. The WATERS database lists the depth to water in this well as 40 feet bgs.

3.0 FIELD ACTIVITIES

This report covers two phases of field activities that were separated in time by approximately one year. The first phase occurred in 2006 and included the demolition and removal of surface materials (e.g., ASTs, concrete blocks, surface piping, and miscellaneous debris). The second phase occurred in 2007 and included the identification and removal of subsurface materials (e.g. piping, concrete, and miscellaneous metal). Details of each phase of remediation are provided below. A chronology of field activities for each phase is provided in Table 1.

3.1. Phase I Remediation

INTERA was contracted in 2006 to (1) survey the Site, (2) test the ASTs for naturally-occurring radioactive materials (NORM), (3) remove and dispose of fluids within the ASTs (4) demolish, haul and dispose of the ASTs and miscellaneous debris, and (5) collect and analyze soil samples for the presence of total petroleum hydrocarbons and chlorides. This phase of work is referred to as phase I remediation and a summary of the work performed is provided below. Field-work for this phase of work started on July 10, 2006 and was completed on September 14, 2006. Photographs documenting this phase of work are provided in Appendix A and photograph locations are illustrated on Figure 6. Mr. Konrad Clark, Senior Environmental Technician, provided oversight services for INTERA.

The fluid removal and disposal services were performed by CRI under direct supervision of INTERA. CRI subcontracted Permian Demolition of Odessa, Texas to perform AST shearing, transportation, and recycling services. CRI also subcontracted NORM Decon Services, LLC of Midland, Texas to perform the NORM survey.

3.1.1. Spatial and NORM Surveys

A spatial survey was performed on June 13, and July 24, 2006 by John West Surveying Company of Hobbs, New Mexico. A copy of the survey is included in Appendix B. The survey was used to construct the property boundary shown on Figure 2 and to stake the property boundary corners. These staked locations were used later in the project as the basis for a grid to help manage spatial data (see Section 3.2).

Figure 2 illustrates the location of a fence encompassing the Enersource facilty. This fence was originally assumed by OCD to represent the property boundary; however, the survey showed that the fence, and consequently some former Enersource structures, was actually outside the property boundary.

The NORM survey was performed on July 13, 2006 by NORM Decon Services, LLC, who was subcontracted by CRI. The metal materials (i.e., ASTs and metal piping) did not exceed 50 micro roentgens per hour (uR/hr) above background and were therefore suitable for general recycling. A copy of the NORM survey report is included in Appendix C.

3.1.2. Phase I Removal Action

Phase I demolition and removal activities included the removal of the following estimated quantities of materials:

- 18,414 barrels (773,388 gallons) of liquids and AST tank bottom sediments and water (BS&W);
- 1,202 cubic yards (cy) of concrete, crude oil impacted soils, and miscellaneous debris;
- 395,820 pounds of metal generated from 18 ASTs and surface piping;
- Approximately eight 55-gallon drums containing oil/polymers;
- A mobile home; and
- A heat exchanger (Photo 1).

A brief description of these activities is provided below.

Prior to the start of work, a site-specific health and safety plan (HASP) was developed. The HASP was reviewed by INTERA and all subcontractor personnel prior to working on Site. Health and safety briefings were conducted each morning to discuss general health and safety issues and any specific health and safety issues observed during the preceding day. All site personnel were required to review and sign the site-specific HASP acknowledging the opportunity to review the HASP and that the health and safety issues presented at the Site were discussed.

CRI vacuum trucks were used to remove and haul 18,414 barrels of liquids and solids from the bottoms of the ASTs. These wastes are referred to by CRI as BS&W on the liquid waste manifests. BS&W were removed from the Site from July 10 to August 18, 2006. Table 2 contains a list of the volume of BS&W removed from each tank. The tank numbers referenced on Table 2 are illustrated on Figure 6. Waste manifests and transport tickets documenting disposal of BS&W at CRI's Halfway facility (located in Halfway, New Mexico) are provided on a compact disk (CD) contained within Appendix D. CRI's Halfway facility is located approximately 30 miles west-southwest of Hobbs, New Mexico. Hard copies of the waste manifests and transport tickets are on file at INTERA's Albuquerque office.

Phase I remediation activities also included the removal of 1,202 cy of concrete, crude oil impacted soils, and miscellaneous debris from the Site for disposal. Included in this volume was a large pile of oil sludge located near the southwest corner of the Site (Photo # 2). Underground piping that was located near or connected to the ASTs was also removed (Photo # 9). An effort to trace and remove subsurface piping was aborted when it was determined that the number and lengths of buried pipes was excessive and, thus, prohibited removal during Phase I activities. An attempt was made to remove a large metal object partially exposed in the west central portion of the Site (Photo # 15). This attempt failed because of the object's large mass. The 1,202 cy of material was disposed of at CRI's Halfway facility. Waste manifests are included on a CD in Appendix C and hard copies are on file at INTERA's Albuquerque office.

After the NORM survey was completed, pumpable fluids were removed from the ASTs using vacuum trucks. In some cases, the materials at the bottom of the AST was too viscous to pump; therefore, tank bottom sediments were removed after the top of the AST was sheared and removed. Roustabout crews were then deployed and, working with a backhoe, removed the tank bottom sludge to lined roll-off bins for disposal (Photo # 11).

After the NORM survey was completed and the liquids removed, the ASTs illustrated on Figures 2 and 6 were demolished using a hydraulic shear. The hydraulic shear demolished each tank by first making perpendicular cuts in the sides of each AST and then using the hydraulic arm of the shear to bend the sides and bring the metal to the ground where it could be sheared and folded into smaller, manageable pieces (Photo #s 7 and 8). The metal was hauled to Permian Metal Company's facility in Odessa, Texas. Weight tickets, which are provided in Appendix E, indicate that nearly 400,000 pounds of metal were removed from the Site.

At the completion of debris removal activities, the Site was rough-graded using the backhoe so the ground surface of the Site was fairly level in preparation of future investigations and remediation (i.e., Phase II). After rough-grading the Site, an electronic magnet was scanned over the ground surface to pick up any miscellaneous metal debris (Photo # 13).

Soil at locations that visually appeared to be impacted with petroleum hydrocarbons at the ground surface was collected from eight (8) locations at an approximate depth of 3.25 feet bgs using a hand auger. Soil samples were analyzed for total petroleum hydrocarbons (TPH), diesel range (DRO) and motor oil range organics by the U.S. Environmental Protection Agency (EPA) Method 8015B, and chlorides by EPA Method 9056A at Hall Environmental Analysis Laboratory (HEAL) of Albuquerque, New Mexico. Locations of samples and analysis results are illustrated on Figure 6. A complete copy of the laboratory report is included in Appendix F.

3.2. Phase II Remediation

Phase II field activities occurred in two parts. The first part occurred in April 2007 and consisted of a geophysical survey of the Site and property ownership records review at the Lea County Courthouse. The second part occurred in May and June 2007 and consisted of removal of buried material (i.e., piping, concrete, metal). Details of each part are provided below.

3.2.1. Geophysical Survey and Property Ownership Records Review

On April 10, 11, and 12, 2007, a geophysical survey was performed with the purpose of identifying buried, metal objects at the Site. The survey was performed by Sunbelt Geophysics of Albuquerque, New Mexic who used a Geonics EM-61 metal locator and DAT61 and the Oasis montaj software for data processing. The geophysical survey was performed under the direct supervision of the INTERA project manager, Mr. Joe A. Galemore, P.G. Prior to collecting geophysical data, a spatial control and data acquisition grid was established. This grid was based on the spatial survey provided by John West Surveying Company and is illustrated on Figure 7. A copy of the geophysical report prepared by Sunbelt Geophysics is included in Appendix G. Figure 7 illustrates grid cells measuring 200 feet by 200 feet that contain alphabetical labels. This labeling was used to facilitate project communications and will be used to identify specific features discussed later in this report.

The geophysical survey revealed the presence of long, linear buried features consistent with the geometry of buried pipes. The geophysical survey also revealed larger, buried metal objects (or objects, like concrete, with metal included) concentrated in three clusters. The western cluster, which is located in grid cells C and D, is believed to be the location of the buried former refinery materials discussed in Section 2.1. A portion of a large metal object was exposed at the surface in this area (Photo # 15). Consequently, this area, which is indicated by a white rectangle on Figure 7, was not surveyed by Sunbelt Geophysics. A south-central cluster of buried metal was determined to be located in cells E and I. This area corresponds with the location of the large stacks observed in the 1978 aerial photograph (Figure 5) that were believed to be former cracking and/or distillation towers. A northeast cluster of metal was located in grid cell K and was associated with a concrete pad visible at the ground surface that is believed to be the former location of the refined product loading rack.

On April 11, 2007, concurrent with performance of the geophysical survey, ownership and tax information records were reviewed by Mr. Galemore of INTERA at the Lea County Clerk's and Tax Assessor's offices. The Clerk's office provided a mortgage dated December 6, 1985, between United Bank of Lea County and Enersource, Inc. A copy of this mortgage is included in Appendix H. The tax assessor's office provided records of taxes owed by Enersource Inc./Commercial Exchange Inc. for the last four years. The records provided by the tax assessor's office also contained a reference to "Monument Refinery" and "1985-Southern Union Refining Company" in a property valuation report. Copies of this information are also provided in Appendix H.

3.2.2. Phase II Removal Action

The second part of the Phase II field activities consisted of the removal of buried materials identified in the geophysical survey. Field work commenced on May 15, 2007 and concluded on June 19, 2007. Removal activities were conducted under the supervision of INTERA field geologist Mr. Joe Hiller and Mr. Galemore (intermittently). The removal and disposal of buried material was conducted by CRI.

CRI used a trackhoe and backhoe to excavate buried materials and roustabout crews to torch cut the formerly buried pipe into manageable (i.e., ~ 3-foot) pieces. Concrete and contaminated soils were loaded into roll off bins that were periodically hauled from the Site for disposal. The concrete and contaminated soils were disposed at CRI's Halfway facility.

A NORM survey was performed on all formerly buried metal piping prior to removal from the Site. A copy of the NORM survey is provided in Appendix C. After testing for NORM, the Metal pipe was hauled away for recycling at Permian Demo LLC of Odessa Texas. Larger metal pieces like the vessel exposed at the surface in cell D were cut with the shear after being removed by a bulldozer. Locations of the materials removed from the Site are illustrated on Figure 8. Highlights of the removal action within each grid cell are provided below.

Prior to the start of Phase II, the site specific HASP was updated. The HASP was reviewed by INTERA and all subcontractor personnel prior to working on Site. Health and safety briefings were conducted each morning to discuss general health and safety issues and any specific health and safety issues observed during the preceding day. All site personnel were required to review and sign the site-specific HASP acknowledging the opportunity to review the HASP and that the health and safety issues presented at the Site were discussed.

Grid Cells A and B. Phase II removal activities started in grid cells A and B (i.e., the western portion of the property) (Figure 8). Buried metal pipes removed from this area ranged in inside diameter from 2- to 5-inches and were buried at depths ranging from 2- to 3-feet bgs (Photo #s 16 and 17). In addition to the buried metal pipes removed in grid cells A and B, several PVC

pipes were removed. The PVC pipes were generally 4-inches in diameter and contained crude oil and/or water. These fluids were drained from the pipes, mixed with crude oil impacted soils, loaded into roll-off bins, and removed from the Site. As indicted on Figure 8, a 4-inch diameter PVC pipe that appeared to continue offsite was cut and capped near the southwest corner of the Site (Photo # 39). The distribution of the buried metal and PVC pipes indicate that they were used to convey fluids to/from the ASTs located on the west side of the Site to/from the central processing area.

Dark, discolored soils containing a petroleum hydrocarbon odor were noted in excavated soils and along trench walls throughout grid cells A and B. Soils in grid cell A and the south portion of grid cell B appeared to be more significantly impacted than the soils in the northern part of grid cell B.

Grid Cells C and D. Relative to other grid cells, very little buried piping was removed from grid cells C and D. Furthermore, soil in these grid cells did not appear to be impacted to the degree that soil was impacted in grid cells A and B. Unique to cells C and D were the presence of two large areas of metal debris and concrete buried to a depth of about 15 to 20 feet bgs (Figure 8). The metal debris consisted of pipe of various diameters, a heat exchanger, and a brick lined vessel that appeared to be a kiln (Photo 19). The vessel was particularly difficult to remove. After several failed attempts with the trackhoe, a bulldozer was used to push the vessel out of the excavation to a location where the shear cut the vessel into manageable pieces (Photo #s 48 and 49).

Grid Cells E and I. A large volume of concrete and 1-inch to 2-inch diameter buried pipe was removed from grid cells E and I. The concrete is believed to be former foundations for the towers observed at the central processing area illustrated in the 1978 historical aerial photograph (Figure 5). Three concrete slabs remain at the Site because they could not be removed by the trackhoe. These slabs are referred to as Concrete Slabs 1, 2, and 3 on Figure 8. Discolored soils were observed throughout the area, and strong hydrocarbon odors were noted on the west side of Concrete Slab 1 (Photo 24).

Grid Cells F and H. A large volume of metal pipe was removed from grid cells F and H. The pipe ranged in size from 2 inches to 5.5 inches in diameter and was buried from 1 to 4 feet bgs. These grid cells also contained some buried concrete but the volume was much less than in grid cells E and I. The buried concrete from grid cells F and H was excavated and removed from the Site for disposal. Two septic tanks were removed from grid cell H (Photo # 40). Soils grossly impacted with petroleum hydrocarbons were observed in the north central portion of cell H.

A test pit was excavated in grid cell F to a depth of 14.5 feet bgs (Photo # 37). The purpose of the test pit was to determine if layers hard enough to cause direct push technology or hollow-stem auger drilling refusal existed. The following information was recorded:

- 0 to 3.0 feet bgs – fine- to medium-grained sand; discolored from 0.5 to 3.0 feet bgs
- 3.0 to 6.5 feet bgs – silty, fine-grained sand
- 6.5 to 9.0 feet bgs – calcareous (?) clayey, fine- to medium-grained sand
- 9.0 to 10.0 feet bgs – orange/brown medium-grained sand, moist, hard
- 10.0 to 12.0 feet bgs – as above – discolored; lumpy; hard
- 12.0 to 13.0 feet bgs – fine-grained sandy silty with distinct hydrocarbon odor; harder digging at depth
- 13.0 to 14.5 feet bgs – very hard digging

Grid Cells G and L. Grid cells G and L contained a large volume of pipes and grossly petroleum-hydrocarbon impacted soil (Photo 22). Petroleum hydrocarbon odors were noted at several locations. A 5-inch diameter pipe was capped and cut at the west-central grid cell boundary. Soil encountered in this area was very loose resulting in frequent trench collapse.

Grid Cell K. The most noteworthy feature of grid cell K was the concrete basin located at the northwest corner of the grid cell. This concrete basin was visible at the ground surface and is believed to be a former product loading area as observed in the 1978 historical aerial photograph (Figure 5). Numerous 2-inch to 4-inch diameter pipes were contained within two, large (15-inch diameter) conduits present on the south end of the concrete basin (Photo # 43). Grossly petroleum-hydrocarbon contaminated soils were observed around the two conduits. A 5-foot by 5-foot by 5-foot steel under-ground storage tank was removed from the east-central portion of cell K.

Grid Cells J, N, and M. A large volume of buried pipe was removed from grid cells J, N, and M. Pipe sizes varied in diameter from 2 to 5.5 inches (Photo 25). A 6-foot by 6-foot by 0.5 inch thick steel plate was removed from the northwest corner of grid cell M. A pesticide-like odor was noted during trench backfilling in the east side of grid cell J and the west side of grid cell N.

In summary, the following amount of material was removed from the Site during Phase II:

- Approximately 20,000 feet of pipe (Note: the total weight of metal removed is unknown because weight tickets were not available at the time this report was developed); and
- Approximately 970 cy of concrete, contaminated soil, fiberglass and PVC pipe.

The Site was rough graded using the bull dozer at the completion of Phase II remediation field activities. The remediation work was completed on June 22, 2007.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Surface and subsurface materials were removed from the Site in two phases. Metal (from ASTs, piping, and other former site metal objects) removed from the Site was tested for NORM and recycled. Fiberglass and plastic piping, concrete, and crude-oil impacted soils were disposed at CRI's Halfway facility. Impacted soils were observed during both phases of the project and their locations are illustrated on Figure 9.

Ground water investigations performed at the adjacent Versado Gas Processing Plant (remediation permit # 1R-281, operated by Targa Resources, Inc.) indicate that the depth to ground water at the Site is approximately 30 feet bgs. Excavation refusal occurred within a test pit at a depth of 14.5 feet bgs.

Mr. Glenn Von Gotten of the OCD has tentatively provided the following remediation levels for vadose zone soils:

• Benzene (by 8021 or 8260B)	0.2 milligrams (mg)/kilogram (kg)
• benzene, toluene, ethyl benzene, and total xylenes (by 8021 or 8260B)	50 mg/kg
• TPH (GRO [C6-C10]) and (DRO [C10 – C28]) by 8015B	500 mg/kg
• TPH by 418.1	2500 mg/kg
• Chlorides (300.1)	500 mg/kg to 6 feet bgs and
• Chlorides (300.1)	1000 mg/kg below 6 feet bgs

Based on the findings to date, INTERA recommends the following:

- Review reports associated with the Versado Gas Processing Plant remediation permit # 1R-281 for information regarding (1) locations and drilling methods used to install monitoring wells and (2) the nature, extent, and magnitude of contamination at the Versado Plant;
- Develop a work plan to determine the nature, extent of magnitude of soil and ground water impacts at the Site. Preliminary proposed investigation areas are provided on Figure 9 (note: air rotary or sonic drilling methods will probably be necessary given the hard nature of soils at about 15 feet bgs);

- Negotiate property access with the New Mexico State Land Office and Targa Resources, Inc. in order for the investigation and pipe removal to be performed on adjacent properties; and
- Consult legal counsel concerning the ownership of the Enersource property.

5.0 References

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Tables

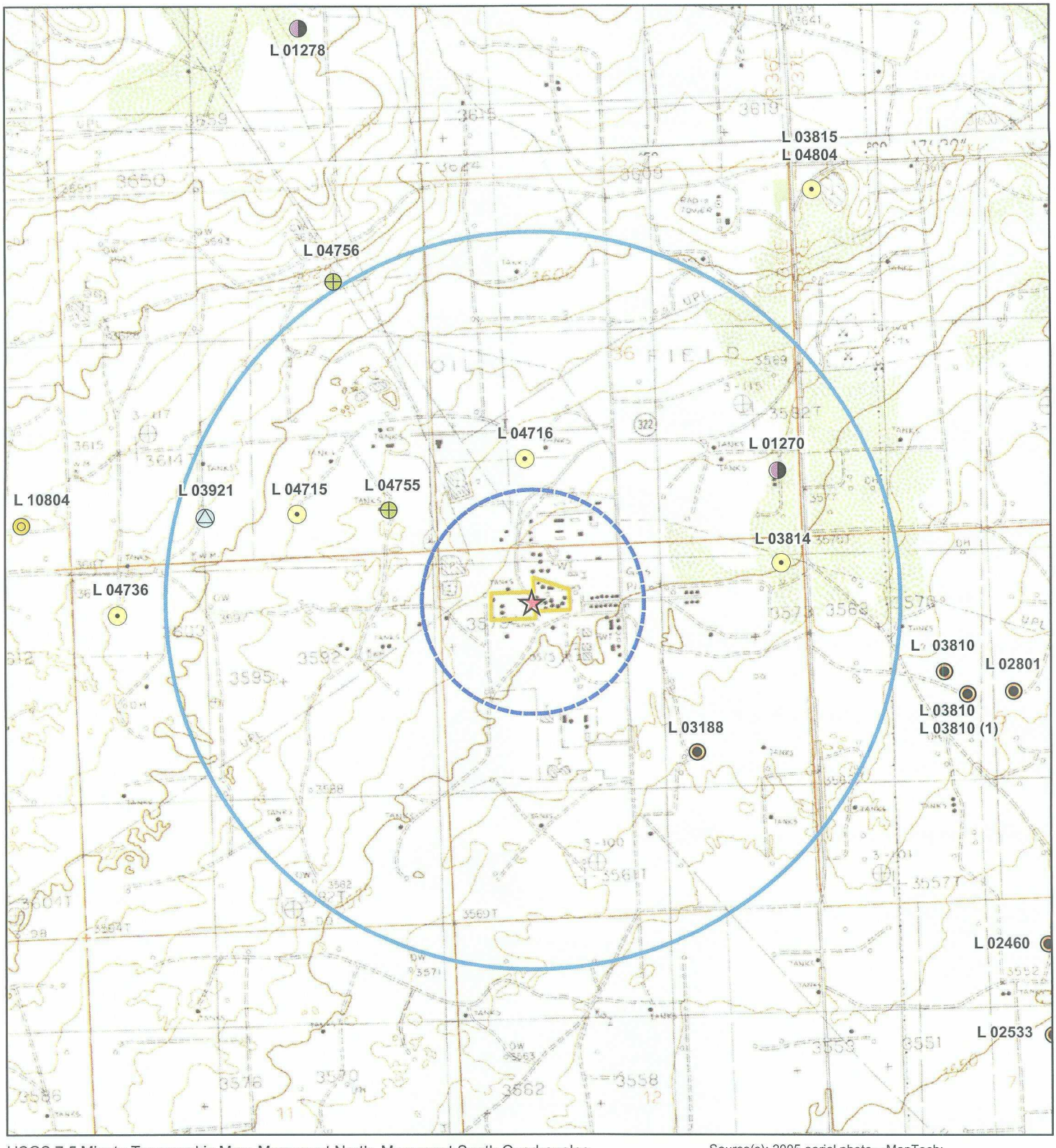
Table 1
Chronology of Field Activities
Phase I and II Remediation
Former Enersource Facility, Monument, New Mexico

Date	Comment
Phase I	
7/10/2006	Project start
7/11-14/06	Clean-up and Fluid hauling continuing, several tanks open and ready for demolition
7/17/2006	Move in tank demo crew and begin tank dismantling (fluid disposal continuing as well as clean up and hauling of debris)
7/24/2006	All fluids have been removed - debris clean-up ongoing
7/31/2006	All tanks dismantled and moved out and debris cleanup is completed
8/1/2006	Move in dozer and loader begin pushing 1-foot of soil within 3 acres
8/2/2006	Begin hauling soils to CRI for disposal with 10 trucks (begin stockpiling backfill)
8/15/2006	5000 yards of soil removed from the site and transported for disposal
8/16/2006	Backfill begins
8/18/2006	Site brought back to grade
Phase II	
5/15/2007	Project Start; Excavating in grid cells A, B, and C
5/16/2007	Excavation of pit area commences
5/17/2007	Excavation in cells E, F, and H; Remove rolloff bin
5/21/2007	Excavation in cell D
5/22/2007	Excavation in cell E, F, I, and H
5/23/2007	Excavation in cell J, K, M, and N; Remove rolloff bin
5/30/2007	Excavate in concrete basin area (cell K) Remove 2 rolloff bins
5/31/2007	Return to Pit in cell D; excavate vessels, metal pipe
6/1/2007	Excavate in cell G, continue in D; Remove 1 rolloff bin
6/3/2007	Staging concrete; excavating pipe in missed areas
6/4/2007	Remove 2 rolloff bins
6/5/2007	Shearer on site
6/6/2007	Staging concrete; backfilling and compacting
6/7/2007	Shearer on site, building ramp for big vessel; Remove 2 rolloff bins
6/11/2007	Backhoe off site; staging concrete; Remove 2 rolloff bins
6/12/2007	D-8 bulldozer on site; Remove 2 rolloff bins
6/13/2007	Big vessel removed from pit; Remove 2 rolloff bins
6/14/2007	Load bins; Remove 4 roll off bins
6/15/2007	Load bins; dig test pit; Remove 13 roll off bins
6/18/2007	Remove 1 rolloff bin; Remove metal
6/19/2007	Remove 1 rolloff bin; Remove metal
6/20/2007	Remove 1 rolloff bin; Remove metal
6/21/2007	Remove 5 rolloff bins; Remove metal
6/22/2007	Remove 2 rolloff bins; Remove metal; Field activites concluded

Table 2
Phase I Fluid Removal
Phase I and II Remediation
Former Enersource Facility, Monument, New Mexico

Tank #	Volume of BS&W Removed (BBLs)
T-1	1335
T-2	4568
T-3	125
T-9	2400
T-10	210
T-11	5240
T-14	1286
T-15	2102
T-16	758
T-18	390
	18414

Figures



USGS 7.5 Minute Topographic Map: Monument North, Monument South Quadrangles, 1985, Contour Interval 5 Feet; Site Location: NW¼ Sec. 1; T20S; R36E

Source(s): 2005 aerial photo – MapTech;
Property boundary – John West Surveying Co., Hobbs, NM.

0 1,000 2,000 4,000 Feet

N

S

Legend

- Property Boundary
- 1,000 Foot Radius
- 1 Mile Radius

WATERS Database Well Location

- DOM - Domestic
- PRO - Prospecting/Dev. of Natural Resources)
- EXP - Exploration
- MUL - Multiple Domestic
- POL - Polution Control
- STK - Livestock Watering

INTERA

Figure 1
Project Location Map and Water Well Locations

Enersource Site – Monument, NM

T:\Projects\OCD - Enersource Facility\graphics\Monument NM\GIS\ES_figure1.mxd 06-29-07

Source(s): 2005 aerial photo – MapTech;
Property boundary – John West Surveying Co., Hobbs, NM.

N
S
0 50 100 200
Feet

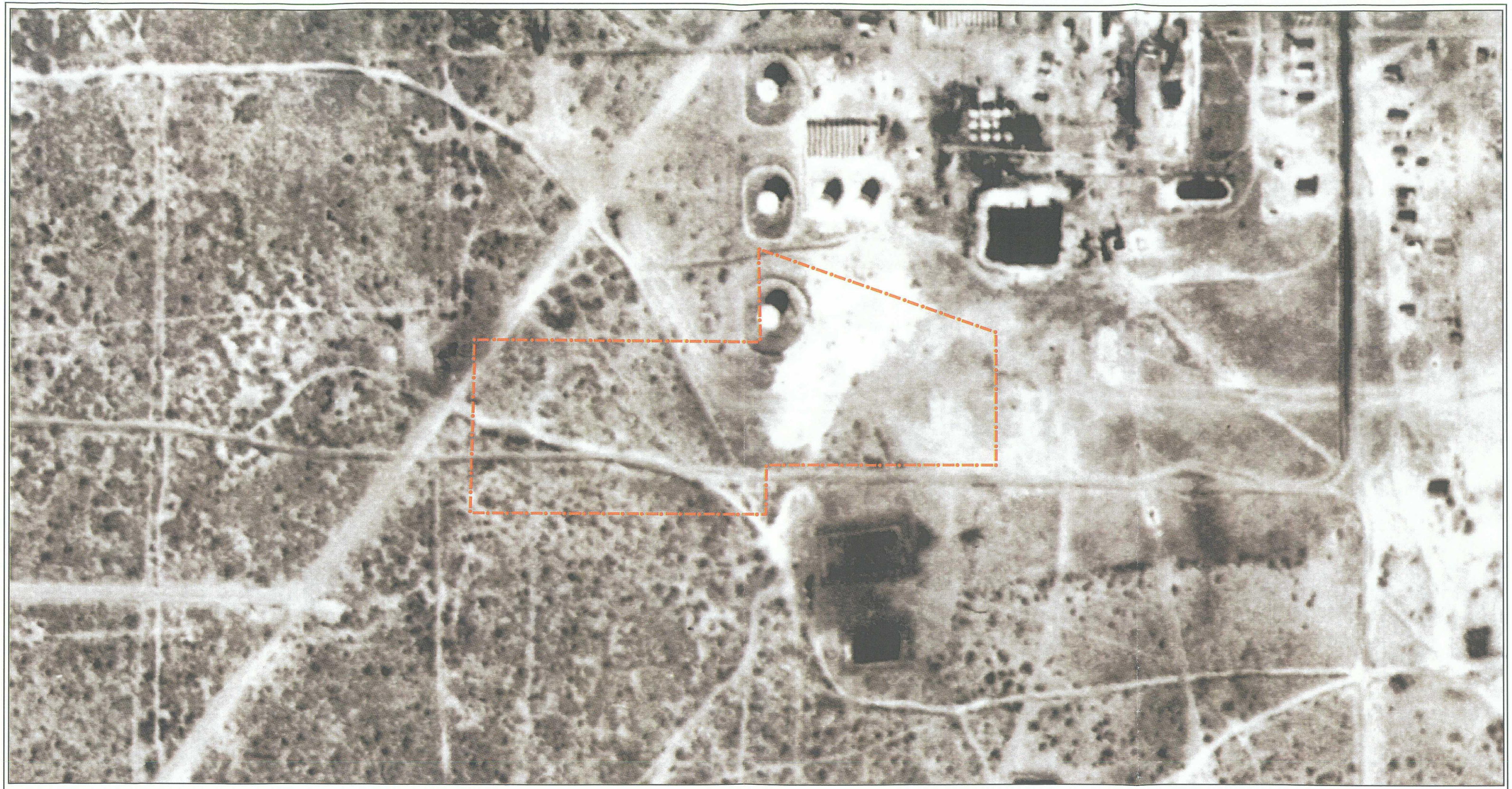
Legend
Property Boundary
Barbed Wire Fence
Cinder Block Fence

INTERA

Figure 2
Site Plan and 2005 Aerial Photograph

Enersource Site – Monument, NM

T:\Projects\OCD - Enersource Facility\graphics\Monument NM\GIS\ES-fig_2.mxd 06-29-07



Source(s): 2005 aerial photo – MapTech;
Property boundary – John West Surveying Co., Hobbs, NM.

N

S

0 100 200 400 Feet

Legend

Property Boundary

Figure 3
1949 Aerial Photograph

Enersource Site – Monument, NM

INTERA

T:\Projects\OCD - Enersource Facility\graphics\Monument NM\GIS\ES_fig_3.mxd 06-29-07

Source(s): 2005 aerial photo – MapTech;
Property boundary – John West Surveying Co., Hobbs, NM.

N

S

0 100 200 400 Feet

Legend

Property Boundary

INTERA

Figure 4
1966 Aerial Photograph

Enersource Site – Monument, NM

T:\Projects\OCD - Enersource Facility\graphics\Monument NM\GIS\ES-fig_4.mxd 06-29-07

Source(s): 2005 aerial photo – MapTech;
Property boundary – John West Surveying Co., Hobbs, NM.

N
S
0 50 100 200
Feet

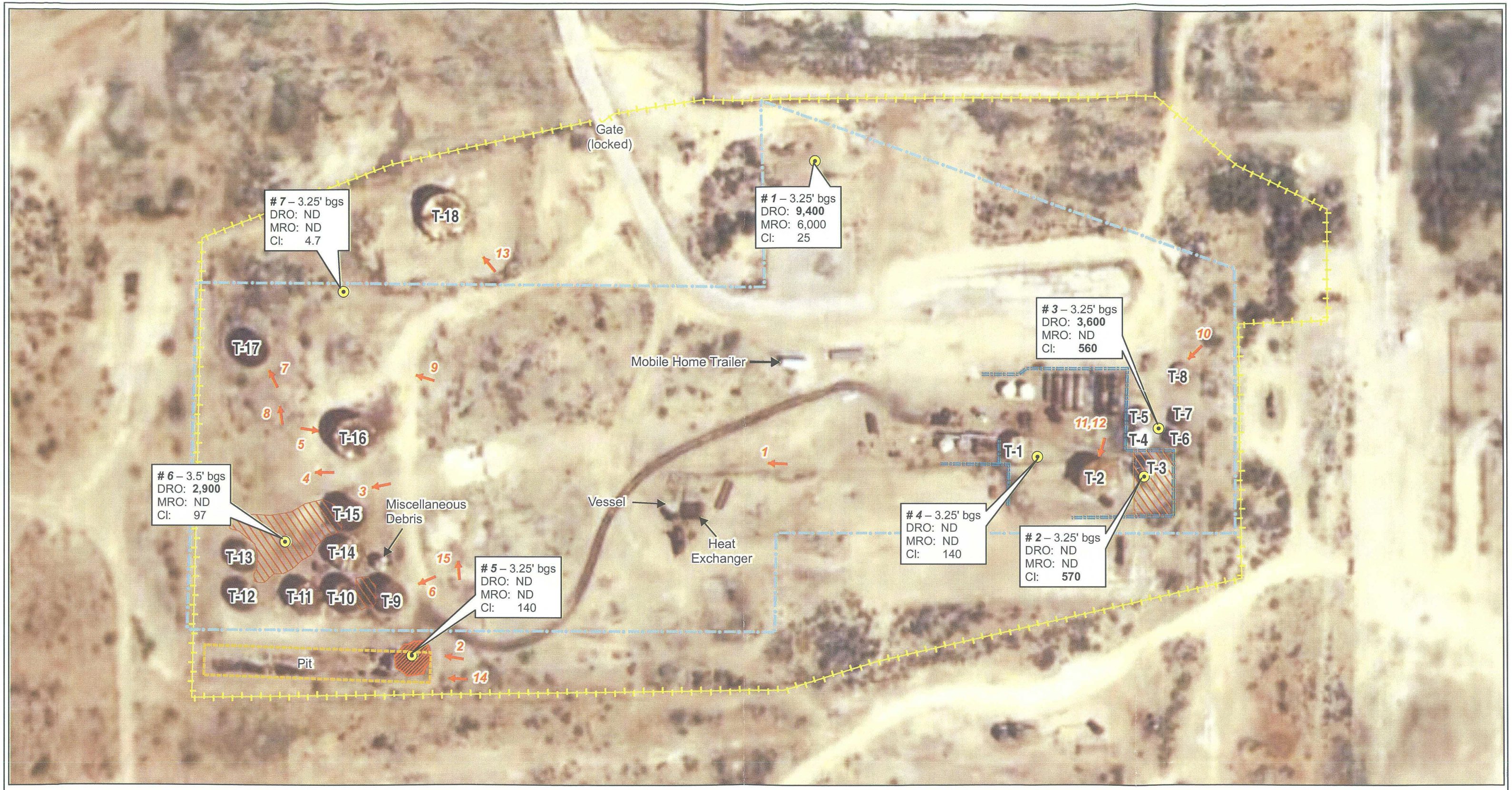
Legend
Property Boundary

Figure 5
1978 Aerial Photograph

Enersource Site – Monument, NM

INTERA

T:\Projects\OCD - Enersource Facility\graphics\Monument NM\GIS\ES_fig_5.mxd 06-29-07



Source(s): 2005 aerial photo – MapTech;
Property boundary – John West Surveying Co., Hobbs, NM.

N
S
0 50 100 200 Feet

Legend

- Sample Location
- Property Boundary
- Oil Sludge
- Oil Spill
- Barbed Wire Fence
- Cinder Block Fence
- T-1 Tank Location and Reference #
- 18 Photo ID and Direction

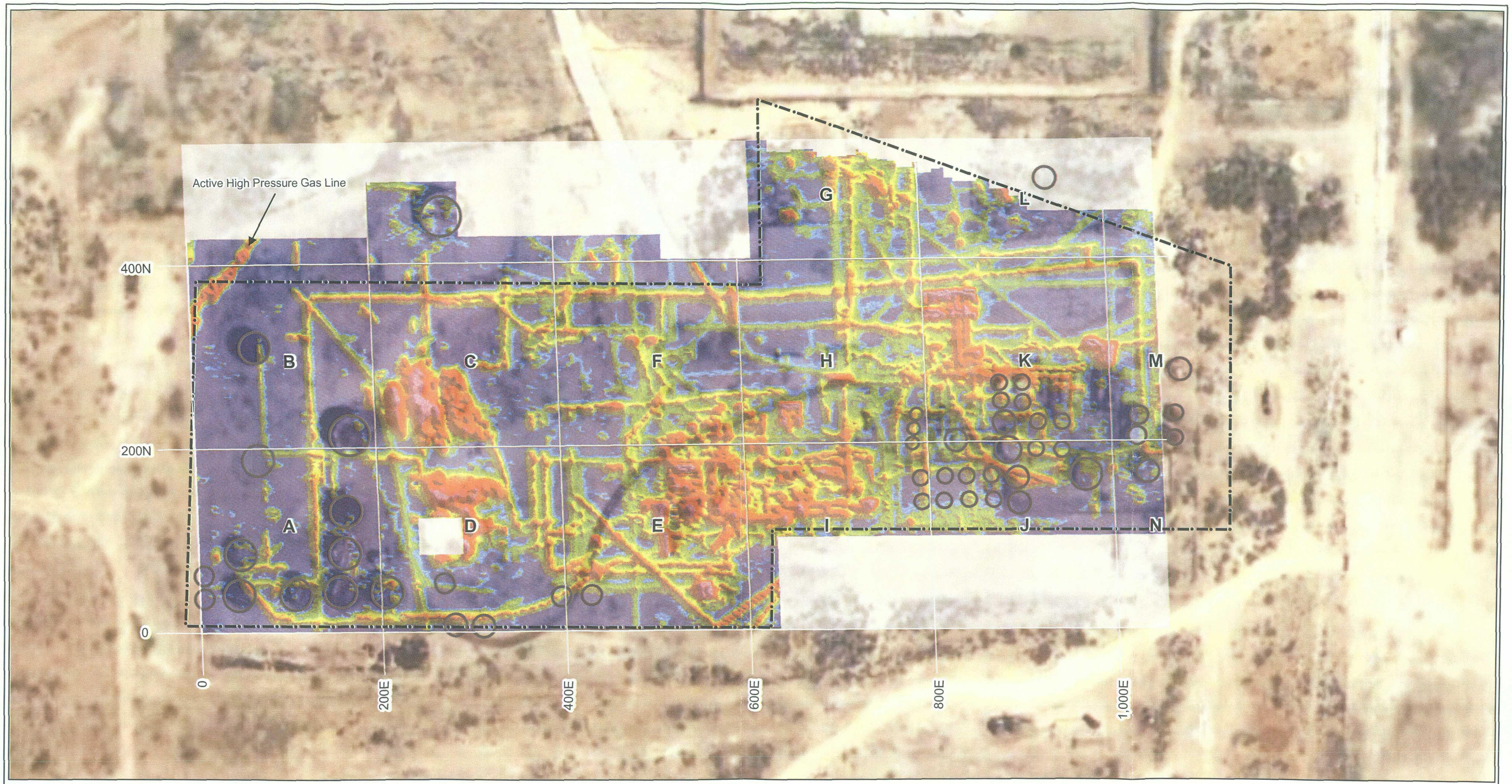
Notes: Results are in mg/Kg
Bold indicates concentrations above NMOCD Action Levels
DRO = Diesel Range Organic
MRO = Motor Oil Range Organic
Cl = Chloride
ND = Not Detected above practical quantification limit

INTERA

Figure 6
Phase I Photograph Locations and Soil Sample Analyses Results

Enersource Site – Monument, NM

T:\Projects\OCD - Enersource Facility\graphics\Monument NM\GIS\ES_fig_7.mxd 05-09-07



Source(s): 2005 aerial photo – MapTech;
Property boundary – John West Surveying Co., Hobbs, NM.

N
S
0 50 100 200
Feet

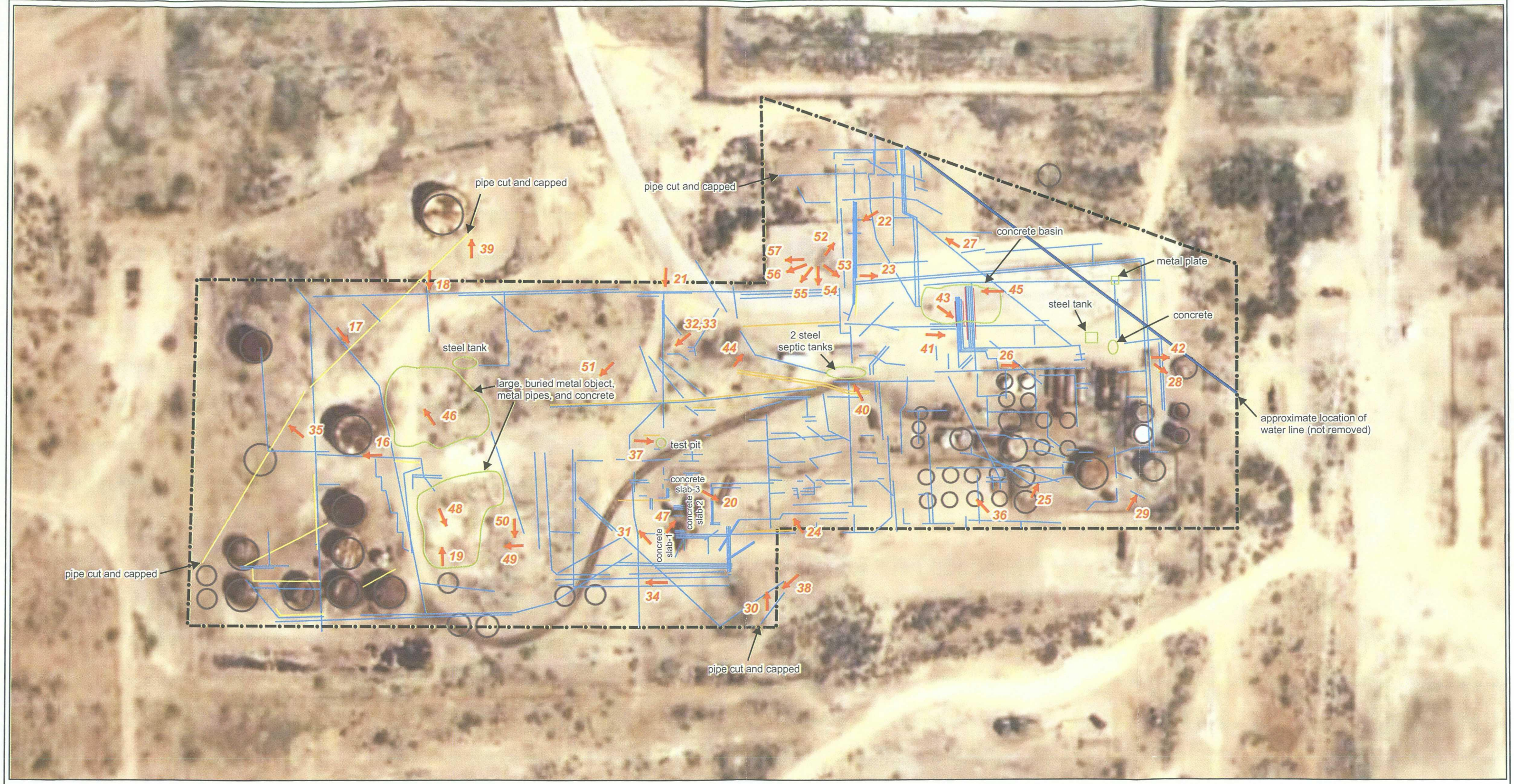
Legend
- Property Boundary
- Grid w/ Letter Designation
- AST Location Based on 1978 Aerial Photograph

Figure 7
Geophysical Survey

Enersource Site – Monument, NM

INTERA

T:\Projects\OCD - Enersource Facility\graphics\Monument NM\GIS\ES-fig_7.mxd 06-29-07



N
S
0 50 100 200
Feet

Legend

Property Boundary

AST Location Based on 1978 Aerial Photograph

18 Photo ID and Direction

Pipe Types Removed

Fiberglass

PVC

Steel

Steel Conduit

Note: Concrete slabs 1, 2, and 3 were not removed

Source(s): 2005 aerial photo – MapTech;
Property boundary – John West Surveying Co., Hobbs, NM.

Figure 8
Phase II Photograph and Underground Pip/Debris Removal Locations

Enersource Site – Monument, NM

INTERA

Source(s): 2005 aerial photo – MapTech;
Property boundary – John West Surveying Co., Hobbs, NM.

N
S
0 50 100 200 Feet

Legend

- Sample Location
- Property Boundary
- Barbed Wire Fence
- Cinder Block Fence
- Oil Sludge
- Oil Spill
- Grossly Impacted Soils Observed
- Investigation and Process Area
- T-1 Tank Location and Reference #

Notes: Results are in mg/Kg
Bold indicates concentrations above NMOCD Action Levels
DRO = Diesel Range Organic
MRO = Motor Oil Range Organic
Cl = Chloride
ND = Not Detected above proactical quantification limit

INTERA

Figure 9
Proposed Investigation Areas

Enersource Site – Monument, NM

T:\Projects\OCD - Enersource Facility\graphics\Monument NM\GIS\ES_fig_9.mxd 06-29-07

Appendix A

Photographic Log

No. 1 – A view of some of the above ground storage tanks that were pumped out and removed from site.

No. 2 – Sludge, Tanks 9, 10, and 11, drums, and pit located on the southwest side of the Site.

No. 3 – Some of the tanks had holes in them and crude oil leaked onto the ground as seen in the photograph.

No. 4 – Some of the staining from the leaking tanks.

No. 5 – Vacuum trucks were used to remove flowable fluid from within the tanks.

No. 6 – The man ways were carefully cracked open to access fluid when the valves on the tanks did not work. The vacuum truck pulled the fluid collected in the capture vessel.

No. 7 – A hydraulic shear dismantled the tanks for recycling.

No. 8 – The sheared tanks were folded up for transport offsite.

No. 9 – The folded up steel loaded on trucks for transport offsite.

No. 10 – Non flowable sludge was loaded into covered roll offs for disposal.

No. 11 –The tank bottom after all flowable material was removed from a tank, the shear tore the top of tank off so roustabouts could then push the thicker material to the vacuum truck for removal from tank.

No. 12 – The tank bottom after the roustabouts finished cleaning out fluid.

No. 13 – After completing the tank demolition and loading, an electric magnet went over the area to pick up the smaller pieces of steel for disposal.

No. 14 – The sludge pile shown on Photo 2 was dug up and disposed of in the covered roll offs.

No. 15 – Some buried metal debris was found during the demolition of the tanks.

No 16 - This is in Section A, looking west along a 5.5" pipe trench, dug to 2.5 ft. depth.

No 17 - This is in northeast Section B, looking southeast along a 5.5" pipe trench, with a 4" PVC pipe running across it. The trench runs toward Section D where a pit has been filled with vessels and pipe.

No 18 - This is Section C, looking south along a 5.5" pipe trench toward the pit of section D. The 7" pipe crosses the 5.5" at the bottom of the photo and is seen where it was pushed aside in the upper part of the photo.

No 19 - This is D Section, looking north at the start of an excavation to pull up a large vessel. The vessel was buried in a pit that contained several smaller vessels as well as scrap metal and numerous pipe sizes and lengths. The pit took up a considerable portion of Section D.

No 20 - This is east-central, Section E. The view is looking southeast to where 4" pipe was pulled from trenches excavated between concrete footings.

No 21- This is Section F, looking south into a trench containing 5.5", 4", and 3" pipe.

No 22 - This is Section G, looking southwest over an area from a north-central perspective. Concrete footings and a variety of pipe diameters and lengths were excavated in this vicinity. A 4" pipe is been excavated in the foreground.

No 23 - This is Section H, as seen from the north east corner. The view is to the east, looking along a 4" pipe trench, where soil discoloration is observed.

No 24 - This is Section I. The view is to the north where a 5.5" pipe-offset elbow is being pulled. Contaminated soils are clearly evident in the excavated materials.

No 25 - This is Section J, looking to the northeast at a potion of 3" pipe trench which runs east-west. Soil discoloration can be seen to approximately 4 ft.

No. 26 – This is just north of central Section K, looking east along a trench where 3" pipe is being excavated at 3 ft.

No 27 - This is looking northwest along a 2" pipe, crossing the southwest corner of L Section.

No 28 - This is Section M, looking southeast at two shallow 3" pipes that were dug out of some shallow, discolored soils.

No 29- This is looking northeast at a metal plate which was pulled out of a shallow excavation in Section M.

No 30 - This is the backhoe that was used to dig trenches, pull pipe, fill trenches, load bins, and level uneven areas. This photo was taken in the southwest corner of Section I, looking north.

No 31 - This is the track hoe that was used to dig pipe, pull pipe, pull large objects from the pits, and to load trucks and bins. This photo was taken looking northwest from central Section E.

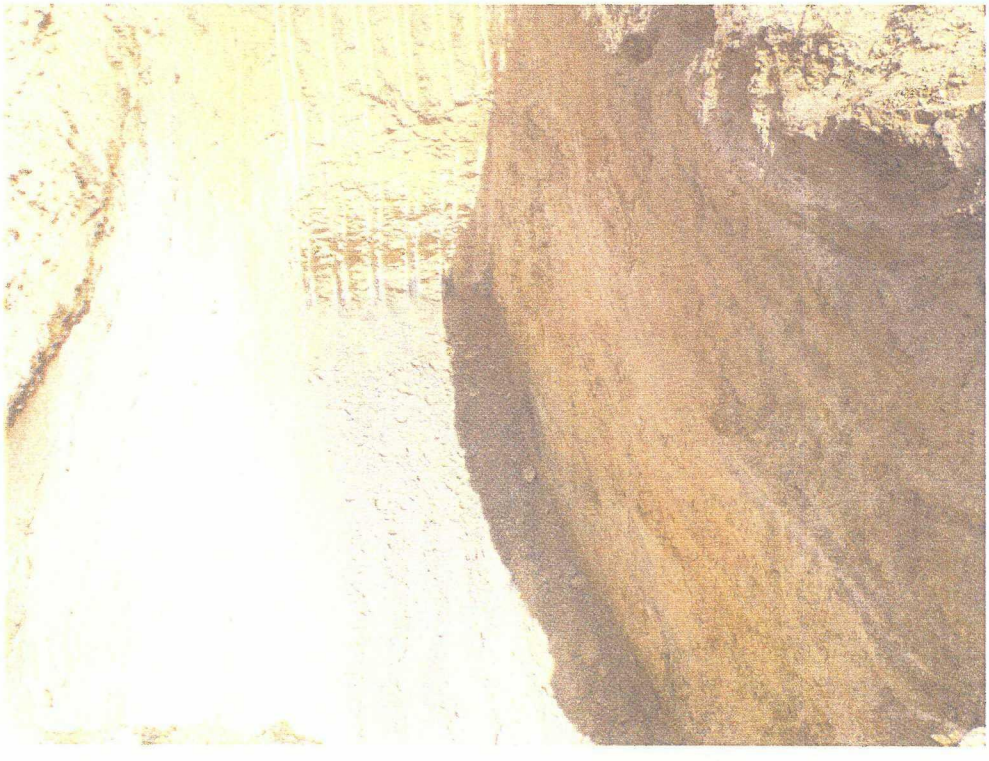
No 32 - This is in Section F, where the shears hoe was cutting pipe and large metal objects, such as vessels and pipe, into manageable lengths for loading into bins or onto flatbed trucks.

No 33 - This is the shearer.

No 34 - This photo is to demonstrate contamination. It is looking west in the south of Section E, along a trench where 9" pipe is being excavated from 3.5 ft. The foreground shows a 4" pipe crossing. Soil discoloration and a distinct HC odor were observed from a depth of 2 ft.

No 35 - This is another photo to demonstrate soil contamination. This is looking west in south-central Section B, at a surface, oily pool that is caving into a 2 ft. deep trench where 4" PVC is being excavated.

No 36 - This photo was taken of a north-south trench to a depth of 3 ft. in Section J. It shows the discolored soil conditions from 1-3 ft. along the trench wall.



No 37 - This photo was taken at a test pit, centrally located at 500'E and 200'N. The pit was excavated with the track hoe to a depth of 14.5 ft. where refusal occurred. Discolored soils were encountered and can be seen at the bottom of the pit.

No 38 - This photo was taken of a 5.5" pipe that runs northeast –southwest. The photo is looking southwest along the shallow-buried pipe. The pipe was excavated to the property line and then it was cut off.

No 39 - This photo is looking northeast along a trench where 4" PVC was excavated, cut and capped at the property boundary, just 25'north of central Section C.

No 40 - This photo shows the removal of 1 of 2 septic tanks from the central area of Section H.

No 41 - This photo shows a congestion of pipe that was dug up from a concrete basin area in the northwest corner of Section K.

No 42 - This photo is looking east at the location where a 2" poly water line was broken by excavating 2-3" pipes located along the east perimeter of the site boundary in Section M. The line was under pressure and utilized by a local cattle rancher. The water line was repaired.

No 43 - This photo is looking east at a 15" pipe that was pulled up from under the concrete basin located in the northwest corner of Section K. This large diameter pipe was a shroud for 3 – 4", 2 -3", and 2-1" pipes.

No 44 - This photo is of tower or tank - one of several removed from the pit in Section D.

No 45 - This photo was taken looking west in north-central, Section K. It shows concrete debris that had to be piled and loaded into the bins for disposal.

No 46 - This photo is looking northwest toward the pit in Section C. It shows a disarray of pipe and other materials that were excavated at this location.

No 47 - This is one of three concrete slabs that are too heavy for the track hoe to load into the bin. It had to be left on site at central, Section E.

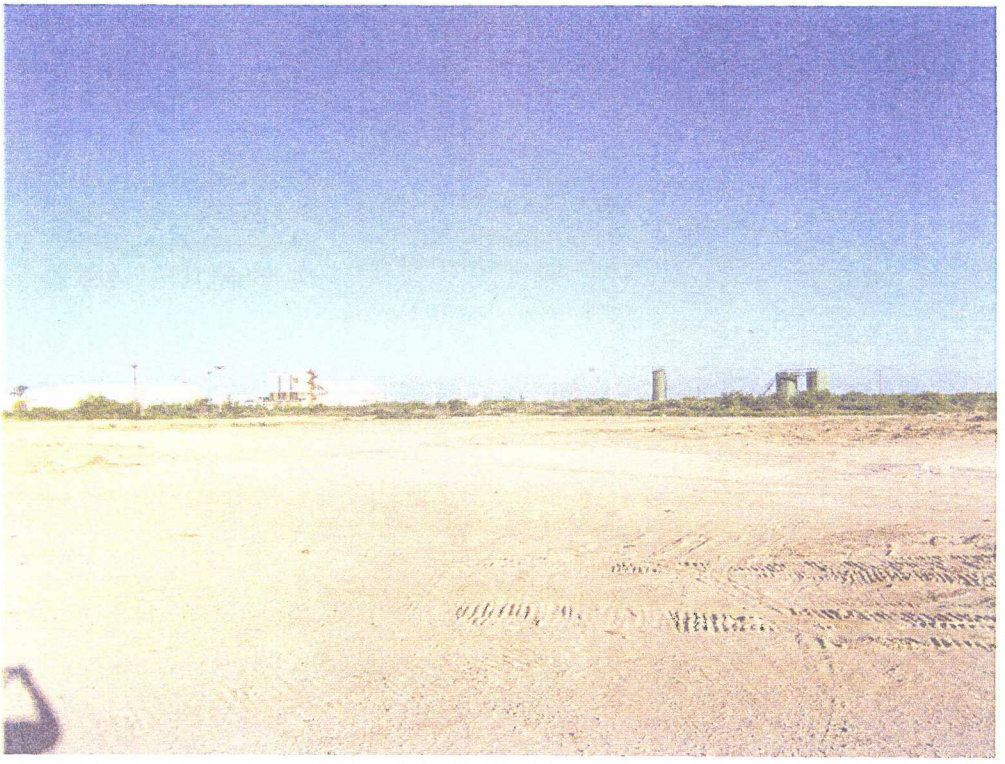
No 48 - This photo is of a D-9 Cat being assisted by the track hoe in extracting a large, brick-lined vessel from the pit in Section D. The D-9 was brought to site for this purpose. The track hoe was unable to budge the vessel under its own power.

No 49 - This photo shows the shears hoe cutting apart the large vessel from Section D. The firebricks can be seen that formerly lined the vessel.

No 50 - This photo shows the track hoe loading firebricks onto the dump truck.

No 51 - This photo shows the loading of a vessel that was pulled from pit D.

No 52 - View looking east-northeast on June 22, 2007.



No 53 – View looking east-southeast on June 22, 2007.

No 54 – View looking south-southeast on June 12, 2007.

No 55 - View looking south-southwest on June 22, 2007.

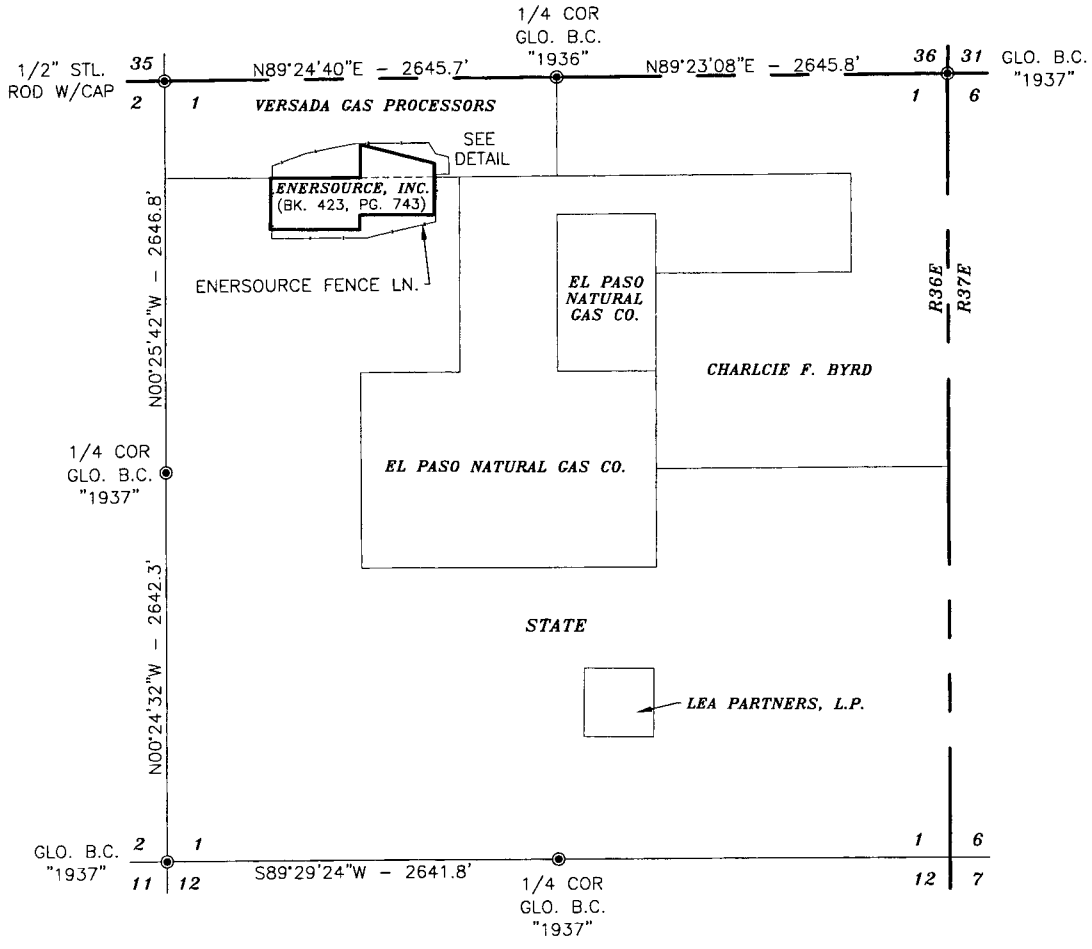
No 56 - View looking west-southwest on June 22, 2007.

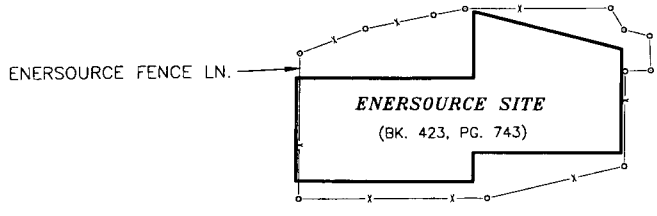
No 57 - View looking west on June 22, 2007.

Appendix B

Spatial Survey

SECTION 1, TOWNSHIP 20 SOUTH, RANGE 36 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.





DETAIL
1"=500'

LEGEND

- ◉ DENOTES FOUND MONUMENT AS NOTED
- ○ DENOTES FENCE CORNER

NOTE: BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

1000 0 1000 2000 FEET

Scale:1"=1000'

I HEREBY CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

INTERA INCORPORATED

SURVEY OF AN EXISTING TRACT OF LAND IN SECTION 1, TOWNSHIP 20 SOUTH, RANGE 36 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO

Survey Date: 06/23/06		Sheet 1 of 1 Sheets
W.O. Number: 06.11.09992		Drawn By: J.R.
Date: 07/08/06	DISK:CD#6	06110992

Appendix C

NORM Survey Reports

Phase I

1

NORM Decon Services, LLC
2809 South County Road
Midland, TX 79706
Phone: (432) 563-1123 -- Fax: (432) 563-1823

Client: CRE

Lease name:

Facility name: MONUMENT PROJECT

Instrument: M-3 SER# 112937 PROBE 44-2 SER# RN015530

Serial number:

Background: 6-8 uR/hr Surveyor: Tim Blair

Date	Item Surveyed	Size	Serial Number	Exposure Reading (uR/hr)	Exposure Reading (uR/hr)
#1	3000 TANK		1454	35	45
#2	3000 TANK		NSN	25	35
#3	3000 TANK		NSN	30	53
#4	500 BOLTED		NSN	6	8
#5	500 BOLTED		NSN	6	8
#6	750 BOLTED		NSN	6	8
#7	500 BOLTED		NSN	6	8
#8	250 BOLTED		NSN	18	22
—	6'X20' HOR	SEP	NSN	20	25
—	HEAT EXCHANGE		NSN	20	25
—	VESSEL	6'X20'	6106	20	60
	OIL SLUDGE TANK BOTTOMS	—		90	150
	PIT AREA	WEST END		20	40
	PIT AREA	CENTER	30'X30'	80	120
#9	5000 TANK		3838	40	49
#10	5000 TANK		3839	30	51
#11	5000 TANK		3836	35	45
#12	5000 TANK	STORAGE	—	10	12
#13	5000 BOLTED			10	22
#14	5000 TANK		3837	30	78

Remarks:

2

NORM Decon Services, LLC
2809 South County Road
Midland, TX 79706
Phone: (432) 563-1123 -- Fax: (432) 563-1823

Client: CRI

Lease name:

Facility name: MONUMENT PROJECT

Instrument:

Serial number:

Background: 6-8 uR/hr Surveyor: Tim Blair

Date	Item Surveyed	Size	Serial Number	Exposure Reading (uR/hr)	Exposure Reading (uR/hr)
#15	5000 TANK		3835	30	40
#16	10,000 TANK		4709	20	45
#17	10,000 TANK		———	6	12
#18	10,000 TANK		———	12	40
* ———	30"X5' SEP		55D1167	10	15
* ———	30"X5' SEP		NSN	10	15

Remarks: * THESE WERE BETWEEN #2 & #3

Phase II

RADIATION & CONTAMINATION SURVEY LOG

NORM Decon Services
2809 SCR 1257
Midland, Texas 79706

Client: Controlled Recovery, Inc. Location: Gas Plant (Lea County, NM)

Exposure rate instrument (type, probe, type, serial #): Model 3 #112937
44-2 Probe #RN13727

Calibration due date: 6/19/2007
Background reading: 6 uR/hr

Battery and response checks performed satisfactory?: yes

Count rate instrument (type, probe, type, serial #): Model 2 #144376
Probe# PR150447

Calibration due date: 7/19/2007
Background reading: 50 CPM

Battery and response checks performed satisfactory?: yes

DATE	SURVEYED	EXPOSURE READING (uR/hr)	LOOSE CONTAMINATION DPM / cm^2	FIXED CONTAMINATION DPM / cm^2	INITIALS
6/8/2007	14 piles of misc. piping	6-8	<1000	<5000	TB
6/8/2007	Reboiler	6-40	<1000	<5000	TB

DPM = CPM / % Detector Efficiency

Percent efficiencies for the Ludlum 44-9 Geiger Muller "pancake" type probe are 30% for alpha particles and 10% for beta particles.

Reviewed by:

Appendix E

Recycled Metal Receipts

PERMIAN METAL COMPANY

D.B.A. PERMIAN DEMOLITION SERVICE, INC.

2419 W. Murphy • Odessa, TX 79763 • (432) 582-0800

233936

3091

QUANTITY	ARTICLE	PRICES	AMOUNT
22.92	STEEL-PREPARED____ UNPREPARED ✓		
	CAR BODIES PAS		
	TIN		
	CAST		
	BATTERIES		
	COPPER NO. 1		
	COPPER NO. 2		
	COPPER NO. 3		
	RED BRASS		
	YELLOW BRASS		
	UNCLEAN BRASS		
	RADIATORS		
	ALUMINUM CANS		
	ALUMINUM - CLEAN		
	ALUMINUM - IRONY		
	ASCR & NEOPREME WIRE		
	COOLER - CLEAN____ DIRTY____		
	STAINLESS STEEL		
	LEAD		
	DIE CAST		
	MISC		
	TOTAL		

GROSS WT. 93390 lb 02:25 pm 07/31/06

TARE WT. 47550 lb 02:39 pm 07/31/06

NET WT. 45840

Vendor warrants full title to or authority to sell listed materials; represents that listed materials are not, and are free from all, hazardous wastes (as defined in Federal or state regulations); and acknowledges receipt of stated funds. redundant dump

Pilot #1 Tel #8

Signature

07-31-06

DATE

PDS Project CRI

CUSTOMER D.L.

ADDRESS

Monument NM

CITY STATE ZIP

LATHAM PRINTING CO. - (432) 333-1292

PERMIAN METAL COMPANY

D.B.A. PERMIAN DEMOLITION SERVICE, INC.

2419 W. Murphy • Odessa, TX 79763 • (432) 582-0800

233932

3431

QUANTITY	ARTICLE	PRICES	AMOUNT
	STEEL-PREPARED____ UNPREPARED ✓		
	CAR BODIES		
	TIN		
	CAST		
	BATTERIES		
	COPPER NO. 1		
	COPPER NO. 2		
	COPPER NO. 3		
	RED BRASS		
	YELLOW BRASS		
	UNCLEAN BRASS		
	RADIATORS		
	ALUMINUM CANS		
	ALUMINUM - CLEAN		
	ALUMINUM - IRONY		
	ASCR & NEOPREME WIRE		
	COOLER - CLEAN____ DIRTY____		
	STAINLESS STEEL		
	LEAD		
	DIE CAST		

GROSS WT. 52640 lb 08:24 am 07/31/06

49000 lb 09:02 am 07/31/06

TARE WT.

NET WT. 34640

Vendor warrants full title to or authority to sell listed materials; represents that listed materials are not, and are free from all, hazardous wastes (as defined in Federal or state regulations); and acknowledges receipt of stated funds.

Federico #1

Signature

07-31-06

DATE

PDS Project CRI

CUSTOMER D.L.

ADDRESS

PERMIAN METAL COMPANY

D.B.A. PERMIAN DEMOLITION SERVICE, INC.
2419 W. Murphy • Odessa, TX 79763 • (432) 582-0800

233937
3092

QUANTITY	ARTICLE	PRICES	AMOUNT
	STEEL-PREPARED____ UNPREPARED✓	No Value	
	CAR BODIES		
	TIN		
	CAST		
	BATTERIES		
	COPPER NO. 1		
	COPPER NO. 2		
	COPPER NO. 3		
	RED BRASS		
	YELLOW BRASS		
	UNCLEAN BRASS		
	RADIATORS		
	ALUMINUM CANS		
	ALUMINUM - CLEAN		
	ALUMINUM - IRONY		
	ASCR & NEOPREME WIRE		
	COOLER - CLEAN_____ DIRTY_____		
	STAINLESS STEEL		
	LEAD		
	DIE CAST		
	MISC		
		TOTAL	

GROSS WT. 85800 lb 07:58 am 08/01/06

TARE WT. 40240 lb 09:43 am 08/01/06

NET WT. 42760

Vendor warrants full title to or authority to sell listed materials; represents that listed materials are not, and are free from all, hazardous wastes (as defined in Federal or state regulations); and acknowledges receipt of stated funds.

Porfirio #12
Signature

8-1-06
DATE

CRT
CUSTOMER D.L.

ADDRESS
Monument NM
CITY STATE ZIP

LATHAM PRINTING CO. - (432) 333-1282

PERMIAN METAL COMPANY

D.B.A. PERMIAN DEMOLITION SERVICE, INC.
2419 W. Murphy • Odessa, TX 79763 • (432) 582-0800

233940
3092

QUANTITY	ARTICLE	PRICES	AMOUNT
	STEEL-PREPARED____ UNPREPARED✓		
	CAR BODIES		
	TIN		
	CAST		
	BATTERIES		
	COPPER NO. 1		
	COPPER NO. 2		
	COPPER NO. 3		
	RED BRASS		
	YELLOW BRASS		
	UNCLEAN BRASS		
	RADIATORS		
	ALUMINUM CANS		
	ALUMINUM - CLEAN		
	ALUMINUM - IRONY		
	ASCR & NEOPREME WIRE		
	COOLER - CLEAN_____ DIRTY_____		
	STAINLESS STEEL		
	LEAD		
	DIE CAST		

GROSS WT. 93840 lb 01:57 pm 08/01/06

TARE WT. 43420 lb 02:17 pm 08/01/06

NET WT. 50420

Vendor warrants full title to or authority to sell listed materials; represents that listed materials are not, and are free from all, hazardous wastes (as defined in Federal or state regulations); and acknowledges receipt of stated funds.

Porfirio #11
Signature

8-1-06
DATE PDS Project

CRT
CUSTOMER D.L.

ADDRESS

PERMIAN METAL COMPANY

D.B.A. PERMIAN DEMOLITION SERVICE, INC.

2419 W. Murphy • Odessa, TX 79763 • (432) 582-0800

233962

3097

QUANTITY	ARTICLE	PRICES	AMOUNT
19.63	STEEL-PREPARED ____ UNPREPARED ✓		
	CAR BODIES		
	TIN		
	CAST		
	BATTERIES		
	COPPER NO. 1		
	COPPER NO. 2		
	COPPER NO. 3		
	RED BRASS		
	YELLOW BRASS		
	UNCLEAN BRASS		
	RADIATORS		
	ALUMINUM CANS		
	ALUMINUM - CLEAN		
	ALUMINUM - IRONY		
	ASCR & NEOPRENE WIRE		
	COOLER - CLEAN ____ DIRTY ____		
	STAINLESS STEEL		
	LEAD		
	DIE CAST		
	MISC		
	TOTAL		

GROSS WT. 78840 lb 04:16 PM 08/03/06

TARE WT. 37580 lb 05:03 PM 08/03/06

NET WT. 39260

Vendor warrants full title to or authority to sell listed materials; represents that listed materials are not, and are free from all, hazardous wastes (as defined in Federal or state regulations); and acknowledges receipt of stated funds.

Pilot #11

Signature

8-03-06

DATE

PDS Project CRT

CUSTOMER D.L.

ADDRESS

Monument

CITY STATE ZIP

LATHAM PRINTING CO. - (432) 333-1292

PERMIAN METAL COMPANY

D.B.A. PERMIAN DEMOLITION SERVICE, INC.

2419 W. Murphy • Odessa, TX 79763 • (432) 582-0800

233949

3095

QUANTITY	ARTICLE	PRICES	AMOUNT
20.57	STEEL-PREPARED ____ UNPREPARED ✓		
	CAR BODIES		
	TIN		
	CAST		
	BATTERIES		
	COPPER NO. 1		
	COPPER NO. 2		
	COPPER NO. 3		
	RED BRASS		
	YELLOW BRASS		
	UNCLEAN BRASS		
	RADIATORS		
	ALUMINUM CANS		
	ALUMINUM - CLEAN		
	ALUMINUM - IRONY		
	ASCR & NEOPRENE WIRE		
	COOLER - CLEAN ____ DIRTY ____		
	STAINLESS STEEL		
	LEAD		
	DIE CAST		

GROSS WT. 79060 lb 11:56 PM 08/02/06

TARE WT. 37920 lb 02:16 PM 08/02/06

NET WT. 41140

Vendor warrants full title to or authority to sell listed materials; represents that listed materials are not, and are free from all, hazardous wastes (as defined in Federal or state regulations); and acknowledges receipt of stated funds.

Pilot #11 Redeand Shuy

Signature

08-02-06

DATE

PDS Project CRT

CUSTOMER D.L.

ADDRESS

PERMIAN METAL COMPANY

D.B.A. PERMIAN DEMOLITION SERVICE, INC.

2419 W. Murphy • Odessa, TX 79763 • (432) 582-0800

233964

3098

QUANTITY	ARTICLE	PRICES	AMOUNT
20.89	STEEL-PREPARED____ UNPREPARED ✓		
	CAR BODIES		
	TIN		
	CAST		
	BATTERIES		
	COPPER NO. 1		
	COPPER NO. 2		
	COPPER NO. 3		
	RED BRASS		
	YELLOW BRASS		
	UNCLEAN BRASS		
	RADIATORS		
	ALUMINUM CANS		
	ALUMINUM - CLEAN		
	ALUMINUM - IRONY		
	ASCR & NEOPRENE WIRE		
	COOLER - CLEAN____ DIRTY____		
	STAINLESS STEEL		
	LEAD		
	DIE CAST		
	MISC		
	TOTAL		

GROSS WT. [illegible] 08/04/06

TARE WT. [illegible] 08/04/06

NET WT. 41780

Vendor warrants full title to or authority to sell listed materials; represents that listed materials are not, and are free from all, hazardous wastes (as defined in Federal or state regulations); and acknowledges receipt of stated funds.

Signature

08-04-06

DATE

PDS Project CRT

CUSTOMER D.L.

ADDRESS

CITY STATE ZIP

LATHAM PRINTING CO. • (432) 333-1292

PERMIAN METAL COMPANY

D.B.A. PERMIAN DEMOLITION SERVICE, INC.

2419 W. Murphy • Odessa, TX 79763 • (432) 582-0800

234080

1948

QUANTITY	ARTICLE	PRICES	AMOUNT
	STEEL-PREPARED____ UNPREPARED ✓		
	CAR BODIES		
	TIN		
	CAST		
	BATTERIES		
	COPPER NO. 1		
	COPPER NO. 2		
	COPPER NO. 3		
	RED BRASS		
	YELLOW BRASS		
	UNCLEAN BRASS		
	RADIATORS		
	ALUMINUM CANS		
	ALUMINUM - CLEAN		
	ALUMINUM - IRONY		
	ASCR & NEOPRENE WIRE		
	COOLER - CLEAN____ DIRTY____		
	STAINLESS STEEL		
	LEAD		
	DIE CAST		

GROSS WT. 82240 lb 01:50 pm 08/30/06

TARE WT. 37040 lb 02:59 pm 08/30/06

NET WT. 45200

Vendor warrants full title to or authority to sell listed materials; represents that listed materials are not, and are free from all, hazardous wastes (as defined in Federal or state regulations); and acknowledges receipt of stated funds.

Victor # 12

Signature

DATE PDS Project

CRT Mon

CUSTOMER D.L.

ADDRESS

PERMIAN METAL COMPANY

D.B.A. PERMIAN DEMOLITION SERVICE, INC.
2419 W. Murphy • Odessa, TX 79763 • (432) 582-0800

234088
3277

QUANTITY	ARTICLE	PRICES	AMOUNT
	STEEL-PREPARED_____ UNPREPARED___✓___		
	CAR BODIES		
	TIN		
	CAST		
	BATTERIES		
	COPPER NO. 1		
	COPPER NO. 2		
	COPPER NO. 3		
	RED BRASS		
	YELLOW BRASS		
	UNCLEAN BRASS		
	RADIATORS		
	ALUMINUM CANS		
	ALUMINUM - CLEAN		
	ALUMINUM - IRONY		
	ASCR & NEOPREME WIRE		
	COOLER - CLEAN_____ DIRTY_____		
	STAINLESS STEEL		
	LEAD		
	DIE CAST		
	MISC		
		TOTAL	

GROSS WT. 93500 lb 04:14 PM 08/31/06

TARE WT. 38200 lb 09:13 AM 09/01/06

NET WT. 54780

Vendor warrants full title to or authority to sell listed materials; represents that listed materials are not, and are free from all, hazardous wastes (as defined in Federal or state regulations); and acknowledges receipt of stated funds.

Victor #12
Signature

8-31-06
DATE PDD Project
CRF
CUSTOMER D.L.

ADDRESS
Monument
CITY STATE ZIP

LATHAM PRINTING CO. - (432) 333-1292

Appendix F

Laboratory Reports

HALL
ENVIRONMENTAL
ANALYSIS
LABORATORY

COVER LETTER

Monday, July 10, 2006

Joseph Tracy
Intera, Inc.
6000 Uptown Boulevard, NE Suite 100
Albuquerque, NM 87110

TEL: (505) 246-1600
FAX (505) 246-2600

RE: Enersource

Order No.: 0606337

Dear Joseph Tracy:

Hall Environmental Analysis Laboratory, Inc. received 3 sample(s) on 6/29/2006 for the analyses presented in the following report.

These were analyzed according to EPA procedures or equivalent.

Reporting limits are determined by EPA methodology. No determination of compounds below these (denoted by the ND or < sign) has been made.

Please don't hesitate to contact HEAL for any additional information or clarifications.

Sincerely,

Andy Freeman, Business Manager
Nancy McDuffie, Laboratory Manager

AZ license # AZ0682
ORELAP Lab # NM100001

CLIENT: Intera, Inc.
Project: Enersource
Lab Order: 0606337

CASE NARRATIVE

"S" flags denote that the surrogate was not recoverable due to sample dilution or matrix interferences.

Hall Environmental Analysis Laboratory, Inc.

Date: *10-Jul-06*

CLIENT:	Intera, Inc.	**Client Sample ID:**	JR1
Lab Order:	0606337	**Collection Date:**	6/28/2006 11:55:00 AM
Project:	Enersource	**Date Received:**	6/29/2006
Lab ID:	0606337-01	**Matrix:**	SOIL

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015B: DIESEL RANGE ORGANICS						Analyst: **SCC**
Diesel Range Organics (DRO)	25000	2000		mg/Kg	200	7/4/2006 11:12:33 PM
Motor Oil Range Organics (MRO)	23000	10000		mg/Kg	200	7/4/2006 11:12:33 PM
Surr: DNOP	0	61.7-135	S	%REC	200	7/4/2006 11:12:33 PM
EPA METHOD 8015B: GASOLINE RANGE						Analyst: **NSB**
Gasoline Range Organics (GRO)	ND	100		mg/Kg	20	7/1/2006 8:26:05 PM
Surr: BFB	93.0	81.7-127		%REC	20	7/1/2006 8:26:05 PM
EPA METHOD 9056A: ANIONS						Analyst: **MAP**
Chloride	190	3.0		mg/Kg	10	7/6/2006 3:15:46 PM

Qualifiers:

*	Value exceeds Maximum Contaminant Level	B	Analyte detected in the associated Method Blank
E	Value above quantitation range	H	Holding times for preparation or analysis exceeded
J	Analyte detected below quantitation limits	ND	Not Detected at the Reporting Limit
S	Spike Recovery outside accepted recovery limits		

Hall Environmental Analysis Laboratory, Inc.

Date: *10-Jul-06*

CLIENT:	Intera, Inc.	**Client Sample ID:**	E1
Lab Order:	0606337	**Collection Date:**	6/28/2006 3:07:00 PM
Project:	Enersource	**Date Received:**	6/29/2006
Lab ID:	0606337-02	**Matrix:**	SOIL

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015B: DIESEL RANGE ORGANICS						Analyst: **SCC**
Diesel Range Organics (DRO)	12000	2000		mg/Kg	200	7/4/2006 11:43:34 PM
Motor Oil Range Organics (MRO)	14000	10000		mg/Kg	200	7/4/2006 11:43:34 PM
Surr: DNOP	0	61.7-135	S	%REC	200	7/4/2006 11:43:34 PM
EPA METHOD 8015B: GASOLINE RANGE						Analyst: **NSB**
Gasoline Range Organics (GRO)	ND	100		mg/Kg	20	7/1/2006 8:54:57 PM
Surr: BFB	93.8	81.7-127		%REC	20	7/1/2006 8:54:57 PM
EPA METHOD 9056A: ANIONS						Analyst: **MAP**
Chloride	82	3.0		mg/Kg	10	7/6/2006 3:33:10 PM

Qualifiers:

*	Value exceeds Maximum Contaminant Level	B	Analyte detected in the associated Method Blank
E	Value above quantitation range	H	Holding times for preparation or analysis exceeded
J	Analyte detected below quantitation limits	ND	Not Detected at the Reporting Limit
S	Spike Recovery outside accepted recovery limits		

Hall Environmental Analysis Laboratory, Inc.

Date: *10-Jul-06*

CLIENT:	Intera, Inc.	**Client Sample ID:**	E2
Lab Order:	0606337	**Collection Date:**	6/28/2006 3:15:00 PM
Project:	Enersource	**Date Received:**	6/29/2006
Lab ID:	0606337-03	**Matrix:**	SOIL

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015B: DIESEL RANGE ORGANICS						Analyst: **SCC**
Diesel Range Organics (DRO)	5300	1000		mg/Kg	100	7/5/2006 11:18:33 AM
Motor Oil Range Organics (MRO)	5900	5000		mg/Kg	100	7/5/2006 11:18:33 AM
Surr: DNOP	0	61.7-135	S	%REC	100	7/5/2006 11:18:33 AM
EPA METHOD 8015B: GASOLINE RANGE						Analyst: **NSB**
Gasoline Range Organics (GRO)	ND	100		mg/Kg	20	7/1/2006 9:23:46 PM
Surr: BFB	93.2	81.7-127		%REC	20	7/1/2006 9:23:46 PM
EPA METHOD 9056A: ANIONS						Analyst: **MAP**
Chloride	28	3.0		mg/Kg	10	7/6/2006 3:50:35 PM

Qualifiers:

*	Value exceeds Maximum Contaminant Level	B	Analyte detected in the associated Method Blank
E	Value above quantitation range	H	Holding times for preparation or analysis exceeded
J	Analyte detected below quantitation limits	ND	Not Detected at the Reporting Limit
S	Spike Recovery outside accepted recovery limits		

QA/QC SUMMARY REPORT

Client: Intera, Inc.
Project: Enersource **Work Order:** 0606337

Analyte	Result	Units	PQL	%Rec	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Method: E300									
Sample ID: MB-10739		*MBLK*			Batch ID: **10739**		Analysis Date:		7/4/2006 8:00:57 AM
Chloride	ND	mg/Kg	0.30						
Sample ID: LCS-10739		*LCS*			Batch ID: **10739**		Analysis Date:		7/4/2006 8:53:09 AM
Chloride	14.51	mg/Kg	0.30	96.7	90	110			
Method: SW8015									
Sample ID: MB-10742		*MBLK*			Batch ID: **10742**		Analysis Date:		7/4/2006 6:49:41 PM
Diesel Range Organics (DRO)	ND	mg/Kg	10						
Motor Oil Range Organics (MRO)	ND	mg/Kg	50						
Sample ID: LCS-10742		*LCS*			Batch ID: **10742**		Analysis Date:		7/4/2006 7:22:43 PM
Diesel Range Organics (DRO)	48.61	mg/Kg	10	97.2	64.6	116			
Sample ID: LCSD-10742		*LCSD*			Batch ID: **10742**		Analysis Date:		7/4/2006 7:55:45 PM
Diesel Range Organics (DRO)	52.28	mg/Kg	10	105	64.6	116	7.28	17.4	
Method: SW8015									
Sample ID: MB-10718		*MBLK*			Batch ID: **10718**		Analysis Date:		7/1/2006 3:36:03 PM
Gasoline Range Organics (GRO)	ND	mg/Kg	5.0						
Sample ID: LCS-10718		*LCS*			Batch ID: **10718**		Analysis Date:		7/1/2006 4:05:14 PM
Gasoline Range Organics (GRO)	19.20	mg/Kg	5.0	76.8	73.4	115			

Qualifiers:

E	Value above quantitation range	H	Holding times for preparation or analysis exceeded
J	Analyte detected below quantitation limits	ND	Not Detected at the Reporting Limit
	RPD outside accepted recovery limits	S	Spil 5 / 6 very outside accepted recovery limits

Hall Environmental Analysis Laboratory, Inc.

Sample Receipt Checklist

Client Name INT | Date and Time Received: 6/29/2006

Work Order Number 0606337 | Received by GLS

Checklist completed by Signature D Schleppi Date 6-29-06

Matrix | Carrier name Client drop-off

Shipping container/cooler in good condition?	Yes ☑	No ☐	Not Present ☐	
Custody seals intact on shipping container/cooler?	Yes ☐	No ☐	Not Present ☐	Not Shipped ☑
Custody seals intact on sample bottles?	Yes ☐	No ☐	N/A ☑	
Chain of custody present?	Yes ☑	No ☐		
Chain of custody signed when relinquished and received?	Yes ☑	No ☐		
Chain of custody agrees with sample labels?	Yes ☑	No ☐		
Samples in proper container/bottle?	Yes ☑	No ☐		
Sample containers intact?	Yes ☑	No ☐		
Sufficient sample volume for indicated test?	Yes ☑	No ☐		
All samples received within holding time?	Yes ☑	No ☐		
Water - VOA vials have zero headspace?	No VOA vials submitted ☑	Yes ☐	No ☐	
Water - pH acceptable upon receipt?	Yes ☐	No ☐	N/A ☑	
Container/Temp Blank temperature?	**26°**	*4° C ± 2 Acceptable* If given sufficient time to cool.		

COMMENTS:

Client contacted _____ Date contacted: _____ Person contacted _____

Contacted by: _____ Regarding _____

Comments: _____

Corrective Action _____

CHAIN-OF-CUSTODY RECORD

QA / QC Package:
Std ☐ Level 4 ☐
Other: _____

HALL ENVIRONMENTAL ANALYSIS LABORATORY
4901 Hawkins NE, Suite D
Albuquerque, New Mexico 87109
Tel. 505.345.3975 Fax 505.345.4107
www.hallenvironmental.com

Client: Intera Inc

Address: 6000 Uptown Blvd NE
Suite 100
Albuquerque NM 87110

Phone #: 246-1600

Fax #: 246-2600

Project Name: Enersource

Project #: NMO-ENE-01-01

Project Manager: Joe Tracy

Sampler: Konrad Clark

Sample Temperature: 26°

ANALYSIS REQUEST

Date	Time	Matrix	Sample I.D. No.	Number/Volume	Preservative $HgCl_2$	Preservative HNO_3	Preservative	HEAL No. 0606337
6/28/06	1155	Soil	JR 1	1-Glass 8oz				1
6/28/06	1507	Soil	E1	1-Glass 4oz				2
6/28/06	1515	Soil	E2	1-Glass 4oz				3

BTEX + MTBE + TMB's (8021)	BTEX + MTBE + TPH (Gasoline Only)	TPH Method 8015B (Gas/Diesel) MRO DRO GRO	TPH (Method 418.1)	EDB (Method 504.1)	EDC (Method 8021)	8310 (PNA or PAH)	RCRA 8 Metals	Anions (F, Cl, NO_3, NO_2, PO_4, SO_4)	8081 Pesticides / PCB's (8082)	8260B (VOA)	8270 (Semi-VOA)	Chloride				Air Bubbles or Headspace (Y or N)
		X										X				
		X										X				
		X										X				

Date	Time	Relinquished By: (Signature)	Received By: (Signature)
6/28/06	1007		
Date:	Time:	Relinquished By: (Signature)	Received By: (Signature)
			6-29-06 1007

Remarks: Direct Bill NMOCD

Appendix G

Geophysical Survey Report

SUNBELT GEOPHYSICS P.O. Box 36404 Albuquerque, New Mexico 87176 (505) 922-1140

Geophysical Survey for Buried Metal
Enersource Site, Monument, New Mexico

Prepared for:

INTERA Incorporated
6000 Uptown Blvd NE
Suite 100
Albuquerque, NM 87110

David A. Hyndman

May 2007

Introduction

A geophysical survey has been conducted at the Enersource Site in Monument, New Mexico. The objective of this survey was to map buried materials remaining from past land use. These materials were suspected to include relic piping and subsurface deposits of demolition waste. This Site covers approximately 9 acres, is generally flat and reasonably clear of surface obstructions.

The field work for the geophysical investigation was conducted 10 – 12 April, 2007. Labor, instrumentation, and technical expertise for the survey were provided by Sunbelt Geophysics of Albuquerque. Guidance and coordination were provided by INTERA Incorporated of Albuquerque. Site preparation was provided by Controlled Recovery, Inc. of Hobbs.

Methodology

A spatial control and data acquisition grid was established utilizing a transit and tape. The grid was oriented parallel to the previously marked boundary along the western edge of the Site and bottomed on the previously marked southern boundary.

The grid was offset 25 feet to the east to avoid heavy vegetation and piles of debris along the western boundary fence. The grid was marked by wooden stakes and small dots of spray paint and established parallel north – south data acquisition traverses.

GPS coordinates were obtained at the eastern and western corners of the grid:

	(UTM Zone 13, WGS84)
• 0E, 0N	658208E, 3608953N
• 0E, 427N	658202E, 3609084N
• 1050E, 100N	658528E, 3609991N
• 1050E, 450N	658523E, 3609096N

The survey was conducted using a Geonics EM-61 metal locator. The EM-61 is a time domain electromagnetic instrument capable of detecting concentrations of buried metal to a depth of approximately 10 ft. EM-61 data were acquired every 0.65 ft along the parallel traverses separated by 5 ft.

Data from the EM-61 were transferred to a computer for analysis and mapping. The DAT61 (Geonics Ltd.) and the Oasis montaj (Geosoft Ltd.) programs were used for processing and image preparation.

Results

An image of the strong or high magnitude EM-61 response, indicative of significant concentrations of buried metal, is presented in Figure 1. Several features are annotated:

- A large buried pipe traverses the northwest corner of the Site. This pipe is marked by surface signs designating it as a "Petroleum Pipeline".

- Several concentrations of buried metal are found between 200E and 300E. A large metal tank is exposed just below the surface at 270E, 100N. There appear to be an additional four trenches containing buried waste. These have dimensions of approximately 90 ft by 60 ft. The depth of cover over the waste is annotated.

- The area between 500E, 0N to 750E, 250N contains several concrete pads and/or foundations that provide some but not all of the EM-61 response. Contributions from buried pipes are present as discussed below. A steel pipe is exposed at the surface crossing a corner of the survey.

- A shallow concrete basin is located at 825E, 350N. Several pipes cut flush with the surface are seen in the basin.

- An unidentified object is found at 1000E, 300N and is marked "?".

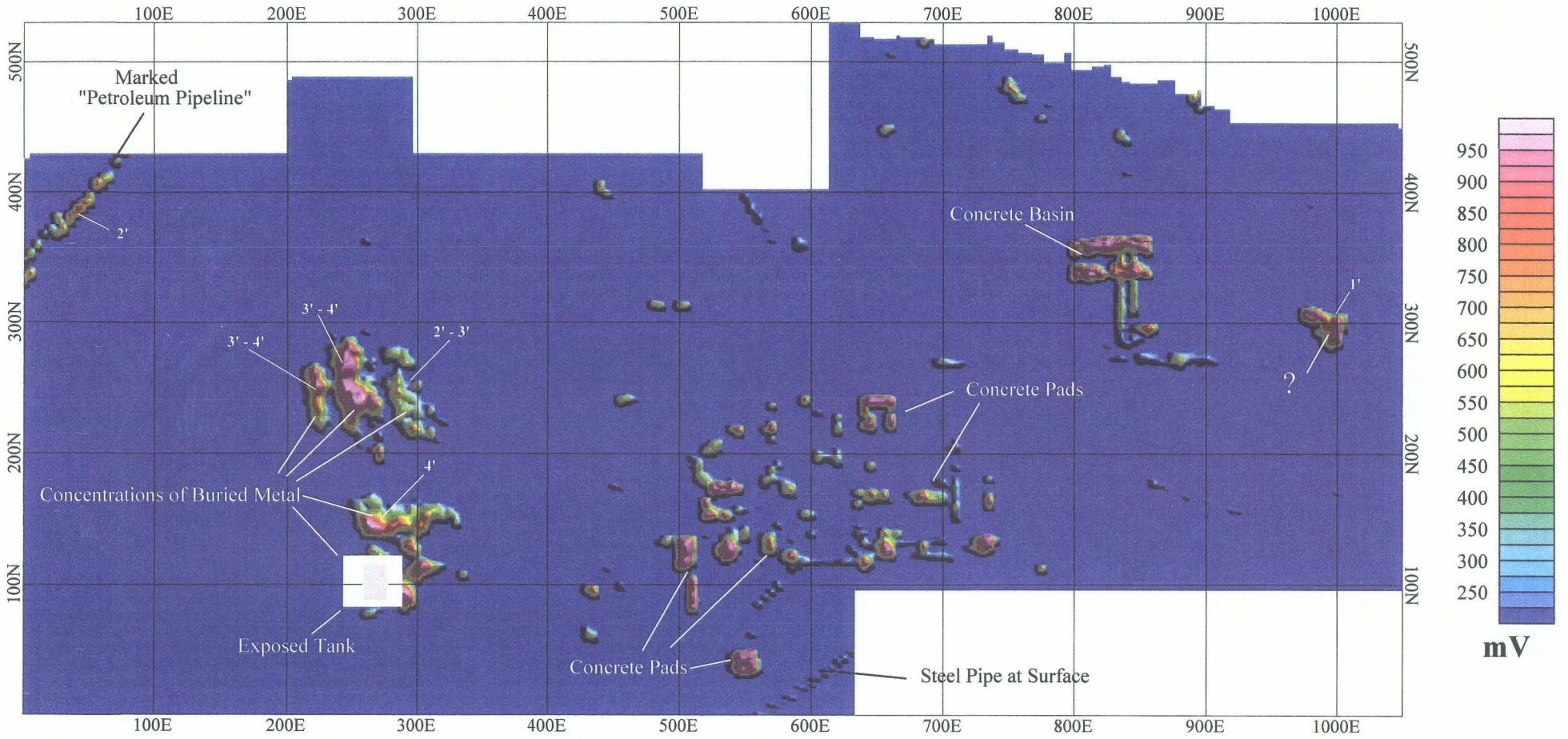
The EM-61 data are re-projected at higher resolution in Figure 2. The color contours are presented on a logarithmic scale to enhance low magnitude features (buried pipes) while retaining the larger features seen in Figure 1. Observations include:

- Buried pipes are found essentially across the entire site. The lateral runs of buried pipes combine to over one mile in total length. The approximate depths of several pipes are annotated, ranging from just below the surface to approximately 4.5 ft.

- Buried pipes associated with the Enersource Site penetrate the north, south, and east edges of the survey.

- There appears to be considerable interconnection by buried pipes between the concrete pads in the area 500E, 0N to 750E, 250N.

- Another concentration of buried pipes is found immediately south of the concrete basin.



3' = depth of burial

Figure 1. Enersource Site - Monument, New Mexico

Strong EM-61 Response (Major Concentrations of Metal)

100 0 100

feet

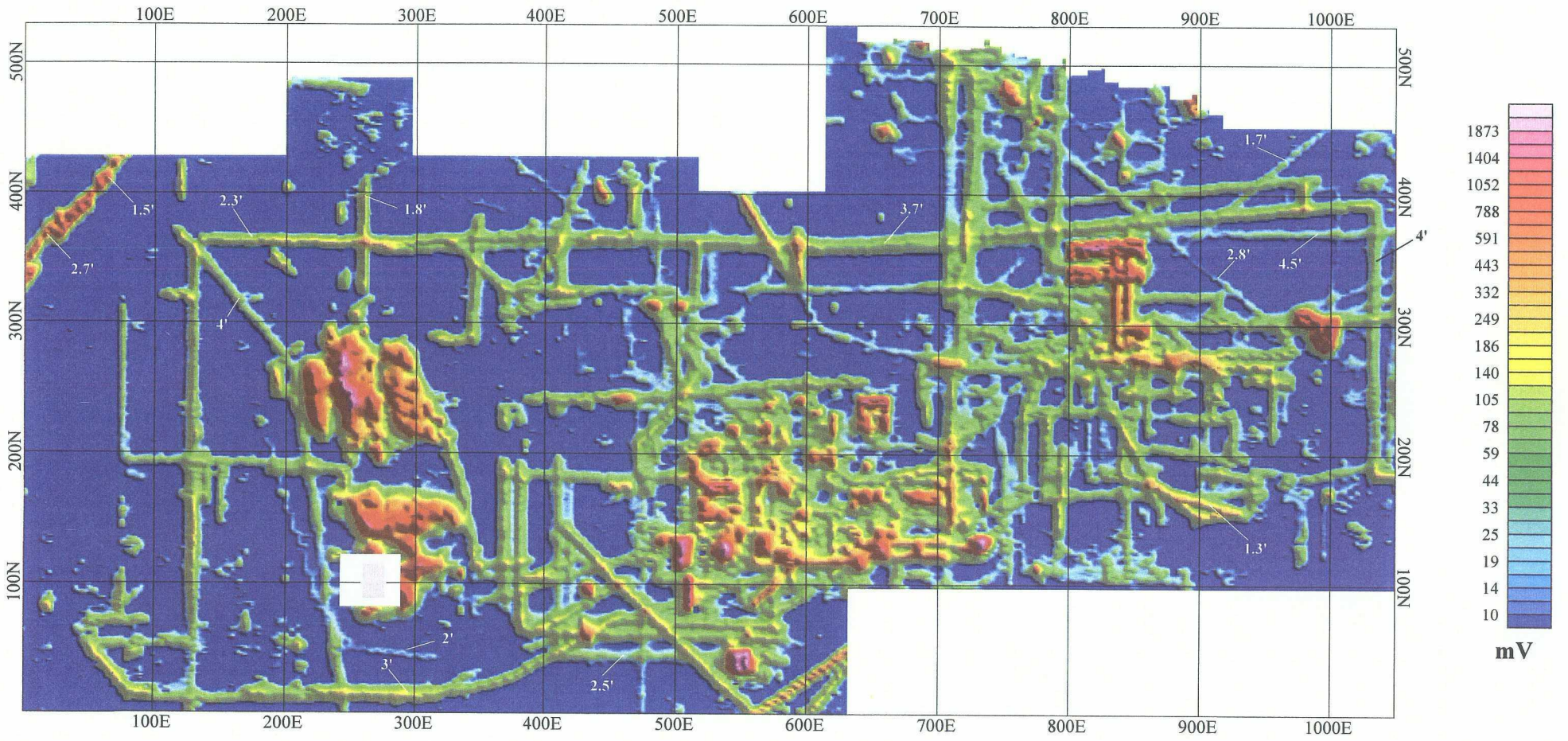


Figure 2. Enersource Site - Monument, New Mexico
Higher Resolution EM-61 Response

Conclusions

The geophysical survey at the Enersource Site has revealed several significant subsurface features:

- There are five significant major concentrations of buried demolition waste including the previously exposed buried tank.
- Buried pipes are found essentially across the entire site, and extend off-site to the north, south, and east. The depth of burial varies from just below the surface to approximately 4.5 ft.
- There is a concentration of buried pipes and fixtures from 500E, 100N to 700E, 250N, in the vicinity of several concrete pads.
- A second concentration of pipes and fixtures is located from 750E, 200N to 950E, 325N, immediately south of the concrete basin.

Appendix H

Property Ownership Records (Enersource Mortgage, Tax Assessor Information)

BOOK 474 PAGE 892

62450

[Space Above This Line For Recording Data]

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on DECEMBER 6, 1985, 19. The mortgagor is ENERSOURCE, INC. ("Borrower"). This Security Instrument is given to UNITED BANK OF LEA COUNTY, which is organized and existing under the laws of NEW MEXICO, and whose address is 200 E. Broadway, P. O. Box 1290, Hobbs, New Mexico 88240 ("Lender"). Borrower owes Lender the principal sum of THREE HUNDRED THOUSAND AND 00/100---------- Dollars (U.S. $ 300,000.00------). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on December 6, 1986. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in Lea County, New Mexico:

A tract of land located in the Northwest Quarter of Section 1, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and more particularly described as follows:
Beginning at a point which lies North 89°58' East 720 feet and South 0°6' West 660 feet from the Northwest corner of Section 1, Township 20 South, Range 36 East, N.M.P.M.; Thence South 0°6' West 350 Feet to the Southwest Corner of this tract; Thence North 89°58'East 600 feet to a point; Thence North 0°6' East 100 Feet to a point; Thence North 89°58' East 500 feet to a point, being the southeast corner of said tract ; thence North 0°6' East 350 feet to a point, which is the Northeast corner of this tract; thence North 75°51' West 515.2 feet to a point; thence South 0°6' West 225 feet to a point; Thence South 89°58' West ~~600~~ feet to the beginning corner of this tract.

600

Inc.

which has the address of (Street), Monument (City),

New Mexico (Zip Code) ("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to late charges due under the Note; second, to prepayment charges due under the Note; third, to amounts payable under paragraph 2; fourth, to interest due; and last, to principal due.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. **Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. **Preservation and Maintenance of Property; Leaseholds.** Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

7. **Protection of Lender's Rights in the Property; Mortgage Insurance.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as a requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

8. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

10. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

11. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

12. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

13. Legislation Affecting Lender's Rights. If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 17.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred; (b) cures any default of any other convenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

19. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument.

21. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

22. Redemption Period. If this Security Instrument is foreclosed, the redemption period after judicial sale shall be one month.

23. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

☐ Adjustable Rate Rider ☐ Condominium Rider ☐ 2-4 Family Rider
☐ Graduated Payment Rider ☐ Planned Unit Development Rider
☐ Other(s) [specify]

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

BY: _____ (Seal)
Michael A. Pearson —Borrower

BY: Mary Cocke (Seal)
Mary Codke —Borrower

ENERSOURCE, INC.
BY: _____ (Seal)
John Paul Payne, President —Borrower

BY: _____ (Seal)
E. Warren Goss, Executive Vice President —Borrower

[Space Below This Line For Acknowledgment]

STATE OF NEW MEXICO, Lea County ss:

The foregoing instrument was acknowledged before me this 6th day of December, 1985 (date)

by JOHN PAUL PAYNE, President and E. WARREN GOSS, Executive Vice President of ENERSOURCE, INC. and MICHAEL A. PEARSON and MARY COCKE, on behalf of ENERSOURCE, INC.

My Commission expires:
7/30/88

Linda Capps
Notary Public

C. LINDA CAPPS NOTARY PUBLIC STATE OF NEW MEXICO

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

DEC 13 1985

at 1:44 o'clock P M
and recorded in Book _____
Page _____
Paul Stapp, County Clerk
By _____ Deputy

COUNTY CLERK LEA COUNTY NEW MEXICO

E+W

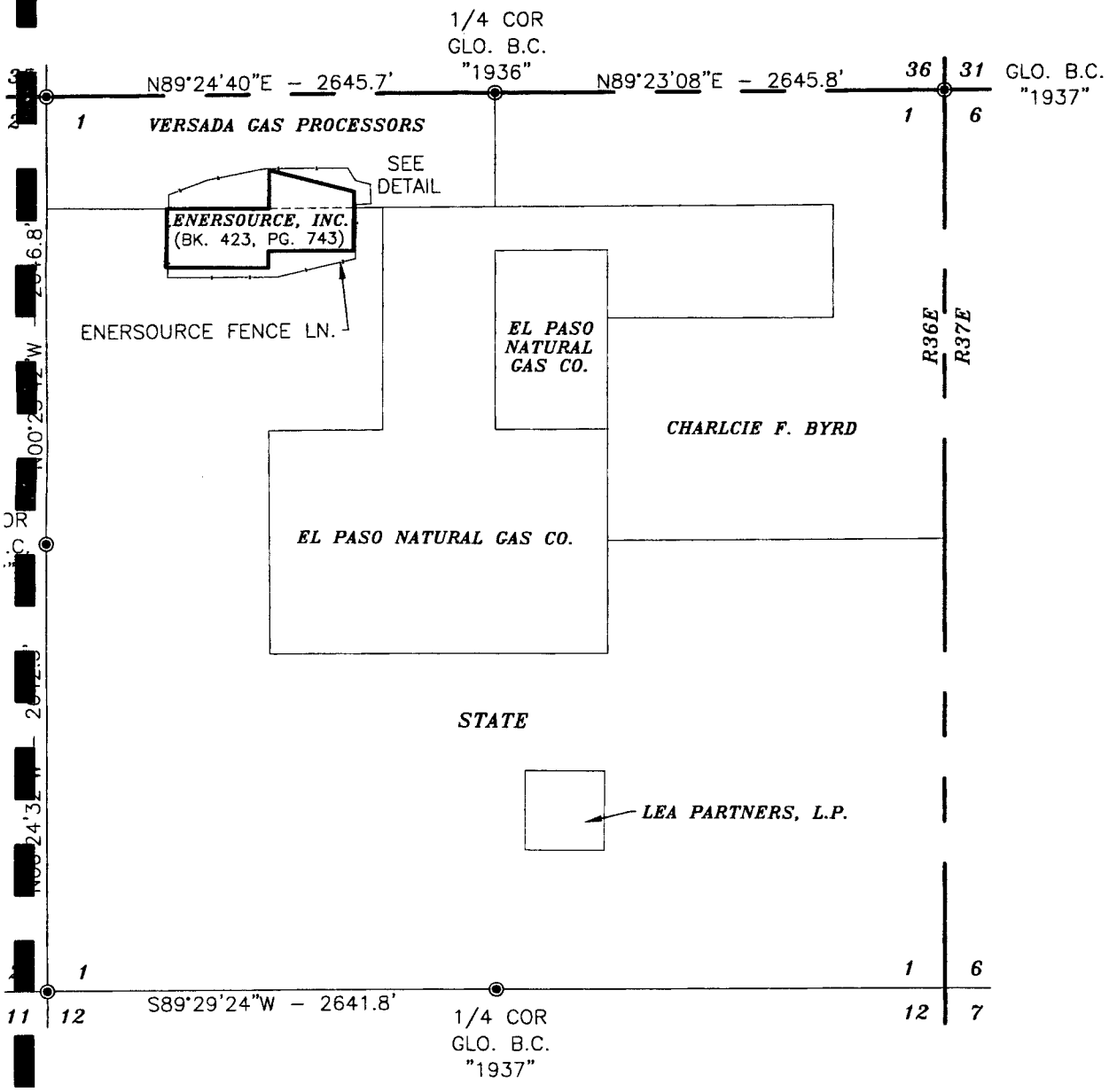
by OWNER NUMBER0040715 Dist Balances only Zip 00000 Yr 0000

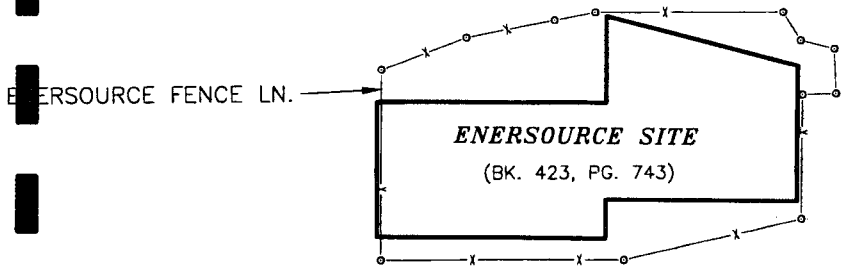
F9=Reselect

		OWNER#	BILL #	CURRENT TAX
160	ENERSOURCE INC	0040715	19900008944	N O N E
160	**ENERSOURCE INC**	**0040715**	**19910008983**	**N O N E**
160	ENERSOURCE INC	0040715	19920008976	N O N E
160	**ENERSOURCE INC**	**0040715**	**19930009090**	**N O N E**
160	ENERSOURCE INC|COMMERCIAL EXCHANGE INC %	0040715	19940009015	N O N E
160	**ENERSOURCE INC|COMMERCIAL EXCHANGE INC %**	**0040715**	**19950009048**	**N O N E**
160	ENERSOURCE INC|COMMERCIAL EXCHANGE INC %	0040715	19960009035	N O N E
160	**ENERSOURCE INC|COMMERCIAL EXCHANGE INC %**	**0040715**	**19970009030**	**N O N E**
160	ENERSOURCE INC|COMMERCIAL EXCHANGE INC %	0040715	19980009146	N O N E
160	**ENERSOURCE INC|COMMERCIAL EXCHANGE INC %**	**0040715**	**19990009123**	**N O N E**
160	ENERSOURCE INC|COMMERCIAL EXCHANGE INC %	0040715	20000009276	N O N E
160	**ENERSOURCE INC|COMMERCIAL EXCHANGE INC %**	**0040715**	**20010009314**	**N O N E**
160	ENERSOURCE INC|COMMERCIAL EXCHANGE INC %	0040715	20020009457	N O N E
160	**ENERSOURCE INC|COMMERCIAL EXCHANGE INC %**	**0040715**	**20030009330**	**219.05**
160	ENERSOURCE INC|COMMERCIAL EXCHANGE INC %	0040715	20040009352	203.96
160	**ENERSOURCE INC|COMMERCIAL EXCHANGE INC %**	**0040715**	**20050009314**	**182.46**
160	ENERSOURCE INC|COMMERCIAL EXCHANGE INC %	0040715	20060009390	157.81

NO MORE MATCHI **763.28** **Bill#->**

SECTION 1, TOWNSHIP 20 SOUTH, RANGE 36 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.





DETAIL
1"=500'

LEGEND

◉ DENOTES FOUND MONUMENT AS NOTED

Owner # **0040715** Dist 160
Non-Rend% 0
ENERSOURCE INC
COMMERCIAL EXCHANGE INC %
PO BOX 3236

LUBBOCK TX 79452

VALUATION		RECAP	
0	Central	**18030**	Full Value
6450	Land		
8805	Improvements	**6010**	Taxable Value
2775	Personal Prop	**0**	Exemptions
0	Mfg Home		
0	Livestock	**6010**	Net Taxable

Property Description	Code	Value Description	Quantity	Rate	Taxable
4 000 407 150 001	150	MISCELLANOUS LAND	1.87		420
FILE 423 PG 743 000062449 12/13/85	150	MISCELLANOUS LAND	7.69		1730
SECTION-01 TOWNSHIP-20S RANGE-36E	250	MISCELLANOUS IMPS.			2935
9.56 AC LCC NW4	360	IND-PLANT			925
TR BEG N89D58'E 720' AND S0D6'W 660' FROM NW COR SEC 1, TH S0D6'W 350', N89D58'E600', N0D6'E 100', N89D58'E 500', N0D6'E 350', N75D51' W 515.2', S0D6'W 225', S89D58'W 600' TO BEG					
MONUMENT REFINERY					
1985-SOUTHERN UNION REG CO					