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NMOC D. ARTESIA

Release Closure Report

Southwest Royalties, Inc.
Wilderspin Federal Battery
S-11, T-21S, R-27E
Eddy County, New Mexico



SPORT ENVIRONMENTAL SERVICES, PLLC

502 N. Big Spring Street, Midland, Texas 79701
Business: 432.683.1100 Fax: 888.500.0622

RECEIVED

DEC 15 2009

NMOCD ARTESIA

November 18, 2009

Mr. Mike Bratcher
State of New Mexico
Oil Conservation Division
1301 W. Grand
Artesia, New Mexico 88210

Re: **Release Closure Report**
Southwest Royalties, Inc.
Wilderspin Federal Battery
Section 11, T-21S, R-27E
Eddy County, New Mexico

Dear Mr. Bratcher,

On behalf of Southwest Royalties, Inc., Sport Environmental Services, PLLC (SES) is providing the enclosed *Release Closure Report* for the Wilderspin Federal Battery release. The closure for this site was based on the approval granted September 22, 2009.

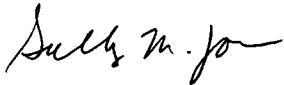
Following the April 2, 2009 release, SES was contracted to provide excavation and remediation services. Following the initial site clean-up, a *Site Clean-up Summary and Remediation Work Plan* was submitted to the NMOCD on August 10, 2009. This plan was amended August 17, 2009 and approved on September 22, 2009. The approved closure for the site consisted of hauling 20-30% of the most heavily contaminated stockpiled soil and then blending the remaining soil to meet the following criteria: TPH < 5000mg/kg, BTEX < 50 mg/kg, and chlorides < 1000 mg/kg.

The closure commenced following the approval and consisted of an initial sampling of the three stockpiles. This analysis confirmed BTEX levels less than 11 mg/kg. Field chloride titrations confirmed the chlorides in all the stockpiles were below 324 mg/kg, which is well below the required 1000 mg/kg. The largest stockpile had the highest concentration of TPH at 8503 mg/kg. Approximately one half of this stockpile (which represents >25% of the total soil volume) was hauled to CRI, Inc. for disposal. The remaining contaminated soil was blended with approximately 192 cubic yards of clean soil obtained from the BLM pit located about one quarter mile northeast of the battery. Final sampling and analysis confirmed TPH less than 5000 mg/kg. The excavation area was then backfilled.

Included in the attached report, please find photographs taken October 26, 2009 through October 30, 2009, sample data summary, analytical results and BLM permit.

If you have any questions, or need additional information, please contact me at my office (432.683.1100) or on my cell (432.553.2172).

Sincerely,

A handwritten signature in cursive script that reads "Sally M. Jones".

Sally M. Jones
Environmental Compliance Specialist

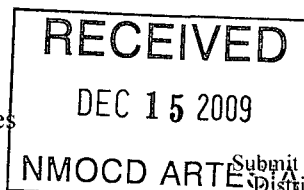
cc: Ms. Dawn Howard
Operations Assistant
Southwest Royalties, Inc.
6 Desta Drive, Suite 2100
Midland, TX 79705

Southwest Royalties, Inc.
Wilderspin Federal Battery
S-11, T-21S, R-27E
Eddy County, New Mexico

Form C-141
Wilderspin Federal Battery

District I
1625 N French Dr, Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



Form C-141
Revised October 10, 2003
Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

30-015-21031

Release Notification and Corrective Action

nmlb 0910448290

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company	SOUTHWEST ROYALTIES, INC. 21355	Contact	DAWN M. HOWARD
Address	6 DESTA DRIVE, STE 2100, MIDLAND, TEXAS 79705	Telephone No.	432-688-3267
Facility Name	WILDERSPIN FEDERAL	Facility Type	BATTERY - closest to well #1

Surface Owner	Mineral Owner	BLM	Lease No.	NMNM1478B/16282
---------------	---------------	-----	-----------	-----------------

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
H	11	21S	27E	1980	N	1980	W	EDDY

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	OIL	Volume of Release	~115	Volume Recovered	~55
Source of Release	HOLE IN TANK	Date and Hour of Occurrence		Date and Hour of Discovery	4/2/09 10:30
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	NMOCD - MIKE BRATCHER, BLM - JIM AMOS		
By Whom?	DAWN HOWARD	Date and Hour	4/2/2009 11:30 AM		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			

If a Watercourse was Impacted, Describe Fully.*
NO.

Describe Cause of Problem and Remedial Action Taken.*
HOLE IN SIDE OF TANK WAS REALIZED WHEN PUMPER GAUGED TANK. OCCURRED AT MIDNIGHT ON 4/1/09.
See attached "Release Closure Report" dated 11-18-09.

Describe Area Affected and Cleanup Action Taken.*
MAJORITY OF OIL CONTAINED WITHIN FIREWALL ATTEMPTED TO RECOVER FREE OIL. EXCAVATED AROUND TANKS AND TOOK SOIL ANALYSIS.
See attached "Release Closure Report" dated 11-18-09.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>Dawn Howard</i>	OIL CONSERVATION DIVISION		
Printed Name: Dawn M. Howard	Approved by: <i>Mike Bratcher</i>		
Title: <i>Operating Assistant</i>	Approval Date: FEB 23 2010	Expiration Date: N/A	
E-mail Address: <i>dhoward@claytonwilliams.com</i>	Conditions of Approval: N/A	Attached <input type="checkbox"/>	
Date: 12/10/09	Phone: 432/688-3267		

* Attach Additional Sheets If Necessary

2 RP-300

NMOCD Notified: 04/02/2009

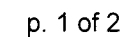
Site Information and Metrics

SITE: Wilderspin Federal Battery		Assigned Site Reference #:	
Company: Southwest Royalties, Inc.			
Street Address: 6 Desta Drive, Ste 2100			
Mailing Address:			
City, State, Zip: Midland, Texas 79705			
Representative: Dawn M. Howard			
Representative Telephone: 432.688.3267			
Telephone:			
Fluid volume released (bbls): ~115		Recovered (bbls): ~55	
>25 bbls: Notify NMOCD verbally within 24 hrs and submit form C-141 within 15 days (Also applies to unauthorized releases >500 mcf Natural Gas)			
5-25 bbls: Submit form C-141 within 15 days (Also applies to unauthorized releases of 50-500 mcf Natural Gas)			
Leak, Spill, or Pit (LSP) Name: Wilderspin Federal Battery			
Source of Contamination: Hole in side of tank			
Land Owner, i.e., BLM, ST, Fee, Other: BLM			
LSP Dimensions:			
LSP Area:			
Location of Reference Point (RP):			
Location distance and direction from RP			
Latitude: 32.496			
Longitude: 104.162667			
Elevation above mean sea level:			
Feet from North Section Line: 1980'			
Feet from West Section Line: 1980'			
Location - Unit or 1/4:		Unit Letter: H	
Location - Section: 11			
Location - Township: 21S			
Location - Range: 27E			
Surface water body within 1000' radius of site: None			
Surface water body within 1000' radius of site:			
Domestic water wells within 1000' radius of site: None			
Domestic water wells within 1000' radius of site:			
Agricultural water wells within 1000' radius of site: None			
Agricultural water wells within 1000' radius of site:			
Public water supply wells within 1000' radius of site: None			
Depth from land surface to ground water (DG): 186 ft			
Depth of Contamination (DC): 2 ft			
Depth to ground water (DG - DC = DtGW): 186-2 = 184 ft			
1. Ground Water		2. Wellhead Protection Area	
If Depth to GW <50 feet: 20 points		If <1000' from water source, or, <200' from private domestic water source: 20 points	
If Depth to GW 50 to 99 feet: 10 points		If >1000' from water source, or, >200' from private domestic water source: 0 points	
If Depth to GW >100 feet: 0 points			
Ground Water Score = 0		Wellhead Protection Area Score = 0	
Site Rank (1+2+3)=		Surface Water Score = 0	
Total Site Ranking Score and Acceptable Concentrations			
Parameter	>19	10 - 19	0 - 9
Benzene ¹	10 ppm	10 ppm	10 ppm
BTEX ¹	50 ppm	50 ppm	50 ppm
TPH	100 ppm	1000 ppm	5000 ppm
¹ 100 ppm field VOC headspace measurement may be substituted for lab analysis			

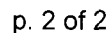
Southwest Royalties, Inc.
Wilderspin Federal Battery
S-11, T-21S, R-27E
Eddy County, New Mexico

SAMPLE DATA SUMMARY

Wilderspin Federal Battery



Southwest Royalties, Inc. - Wilderspin Federal Battery
Eddy County, New Mexico



Southwest Royalties, Inc. - Wilderspin Federal Battery
Eddy County, New Mexico

[illegible]

[illegible]

Southwest Royalties, Inc.
Wilderspin Federal Battery
S-11, T-21S, R-27E
Eddy County, New Mexico

ANALYTICAL RESULTS
XENCO LABORATORIES
Wilderspin Federal Battery

Analytical Report 349938

for

Sport Environmental Services, PLLC

Project Manager: Sally Jones

Southwest Royalties, Inc.

Wilderspin Federal Tank Battery

28-OCT-09



12600 West I-20 East Odessa, Texas 79765

Xenco-Houston (EPA Lab code: TX00122):

**Texas (T104704215-08-TX), Arizona (AZ0738), Arkansas (08-039-0), Connecticut (PH-0102), Florida (E871002)
Illinois (002082), Indiana (C-TX-02), Iowa (392), Kansas (E-10380), Kentucky (45), Louisiana (03054)
New Hampshire (297408), New Jersey (TX007), New York (11763), Oklahoma (9218), Pennsylvania (68-03610)
Rhode Island (LAO00308), USDA (S-44102)**

Xenco-Atlanta (EPA Lab Code: GA00046):

**Florida (E87428), North Carolina (483), South Carolina (98015), Utah (AALI1), West Virginia (362), Kentucky (85)
Louisiana (04176), USDA (P330-07-00105)**

Xenco-Miami (EPA Lab code: FL01152): Florida (E86678), Maryland (330)

Xenco-Tampa Mobile (EPA Lab code: FL01212): Florida (E84900)

Xenco-Odessa (EPA Lab code: TX00158): Texas (T104704400-08-TX)

Xenco-Dallas (EPA Lab code: TX01468): Texas (T104704295-08-TX)

Xenco-Corpus Christi (EPA Lab code: TX02613): Texas (T104704370-08-TX)

Xenco-Boca Raton (EPA Lab Code: FL00449): Florida(E86240),

South Carolina(96031001), Louisiana(04154), Georgia(917)



28-OCT-09

Project Manager: **Sally Jones**
Sport Environmental Services, PLLC
502 North Big Spring Street
Midland, TX 79701

Reference: XENCO Report No: **349938**
Southwest Royalties, Inc.
Project Address:

Sally Jones:

We are reporting to you the results of the analyses performed on the samples received under the project name referenced above and identified with the XENCO Report Number 349938. All results being reported under this Report Number apply to the samples analyzed and properly identified with a Laboratory ID number. Subcontracted analyses are identified in this report with either the NELAC certification number of the subcontract lab in the analyst ID field, or the complete subcontracted report attached to this report.

Unless otherwise noted in a Case Narrative, all data reported in this Analytical Report are in compliance with NELAC standards. Estimation of data uncertainty for this report is found in the quality control section of this report unless otherwise noted. Should insufficient sample be provided to the laboratory to meet the method and NELAC Matrix Duplicate and Matrix Spike requirements, then the data will be analyzed, evaluated and reported using all other available quality control measures.

The validity and integrity of this report will remain intact as long as it is accompanied by this letter and reproduced in full, unless written approval is granted by XENCO Laboratories. This report will be filed for at least 5 years in our archives after which time it will be destroyed without further notice, unless otherwise arranged with you. The samples received, and described as recorded in Report No. 349938 will be filed for 60 days, and after that time they will be properly disposed without further notice, unless otherwise arranged with you. We reserve the right to return to you any unused samples, extracts or solutions related to them if we consider so necessary (e.g., samples identified as hazardous waste, sample sizes exceeding analytical standard practices, controlled substances under regulated protocols, etc).

We thank you for selecting XENCO Laboratories to serve your analytical needs. If you have any questions concerning this report, please feel free to contact us at any time.

Respectfully,

Brent Barron, II

Odessa Laboratory Manager

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Sample Cross Reference 349938



Sport Environmental Services, PLLC, Midland, TX
Southwest Royalties, Inc.

Sample Id	Matrix	Date Collected	Sample Depth	Lab Sample Id
Southeast Stockpile	S	Oct-27-09 11:00		349938-001
Southwest Stockpile	S	Oct-27-09 00:00		349938-002
North Stockpile	S	Oct-27-09 00:00		349938-003



CASE NARRATIVE

Client Name: Sport Environmental Services, PLLC

Project Name: Southwest Royalties, Inc.

Project ID: Wilderspin Federal Tank 1
Work Order Number: 349938

Report Date: 28-OCT-09
Date Received: 10/27/2009

Sample receipt non conformances and Comments:

None

Sample receipt Non Conformances and Comments per Sample:

None

Analytical Non Conformances and Comments:

Batch: LBA-779089 BTEX by EPA 8021
SW8021BM

Batch 779089, Benzene, Ethylbenzene, Toluene, m,p-Xylene, o-Xylene recovered below QC limits in the Matrix Spike and Matrix Spike Duplicate.

Samples affected are: 349938-001, -003, -002.

The Laboratory Control Sample for m,p-Xylene, Toluene, Benzene, Ethylbenzene, o-Xylene is within laboratory Control Limits

SW8021BM

Batch 779089, Benzene, Ethylbenzene, Toluene, m,p-Xylene, o-Xylene RPD was outside QC limits.

Samples affected are: 349938-001, -003, -002

SW8021BM

Batch 779089, 4-Bromofluorobenzene recovered above QC limits . Matrix interferences is suspected; data confirmed by re-analysis

Samples affected are: 349938-002, 349938-003.

Batch 779089, 4-Bromofluorobenzene recovered above QC limits . Matrix interferences is suspected; data not confirmed by re-analysis

Samples affected are: 349938-001 SD, 349938-001.

Batch: LBA-779093 Percent Moisture
None



CASE NARRATIVE

Client Name: Sport Environmental Services, PLLC

Project Name: Southwest Royalties, Inc.

Project ID: Wilderspin Federal Tank 1
Work Order Number: 349938

Report Date: 28-OCT-09
Date Received: 10/27/2009

Batch: LBA-779095 TPH by SW8015 Mod
SW8015MOD_NM

Batch 779095, C12-C28 Diesel Range Hydrocarbons recovered below QC limits in the Matrix Spike and Matrix Spike Duplicate.

Samples affected are: 349938-001, -002, -003.

The Laboratory Control Sample for C12-C28 Diesel Range Hydrocarbons is within laboratory Control Limits



Certificate of Analysis Summary 349938

Sport Environmental Services, PLLC, Midland, TX



Project Id: Wilderspin Federal Tank Battery

Contact: Sally Jones

Project Name: Southwest Royalties, Inc.

Date Received in Lab: Tue Oct-27-09 03:40 pm

Report Date: 28-OCT-09


Project Location:

Project Manager: Brent Barron, II

Analysis Requested	Lab Id:	349938-001	349938-002	349938-003			
	Field Id:	Southeast Stockpile	Southwest Stockpile	North Stockpile			
	Depth:						
	Matrix:	SOIL	SOIL	SOIL			
	Sampled:	Oct-27-09 11:00	Oct-27-09 00:00	Oct-27-09 00:00			
BTEX by EPA 8021	Extracted:	Oct-27-09 16:00	Oct-27-09 16:00	Oct-27-09 16:00			
	Analyzed:	Oct-27-09 16:46	Oct-27-09 18:53	Oct-27-09 19:36			
	Units/RL:	mg/kg RL	mg/kg RL	mg/kg RL			
Benzene		BRL 0.0010	0.0854 0.0508	0.0567 0.0202			
Toluene		BRL 0.0010	0.6370 0.0508	0.1548 0.0202			
Ethylbenzene		0.0127 0.0010	1.630 0.0508	0.8817 0.0202			
m,p-Xylene		0.0029 0.0020	5.190 0.1017	2.022 0.0404			
o-Xylene		0.0012 0.0010	2.692 0.0508	1.435 0.0202			
Total Xylenes		0.0041 0.0010	7.882 0.0508	3.457 0.0202			
Total BTEX		0.0168 0.0010	10.234 0.0508	4.550 0.0202			
Percent Moisture	Extracted:						
	Analyzed:	Oct-27-09 17:00	Oct-27-09 17:00	Oct-27-09 17:00			
	Units/RL:	% RL	% RL	% RL			
Percent Moisture		2.78 1.00	1.65 1.00	BRL 1.00			
TPH by SW8015 Mod	Extracted:	Oct-27-09 16:00	Oct-27-09 16:00	Oct-27-09 16:00			
	Analyzed:	Oct-27-09 19:01	Oct-27-09 20:25	Oct-27-09 21:54			
	Units/RL:	mg/kg RL	mg/kg RL	mg/kg RL			
C6-C12 Gasoline Range Hydrocarbons		102 50.1	1070 254	928 252			
C12-C28 Diesel Range Hydrocarbons		1280 50.1	5720 254	7290 252			
C28-C35 Oil Range Hydrocarbons		73.8 50.1	BRL 254	285 252			
Total TPH 1005		1456 50.1	6790 254	8503 252			

This analytical report, and the entire data package it represents, has been made for your exclusive and confidential use. The interpretations and results expressed throughout this analytical report represent the best judgment of XENCO Laboratories. XENCO Laboratories assumes no responsibility and makes no warranty to the end use of the data hereby presented. Our liability is limited to the amount invoiced for this work order unless otherwise agreed to in writing.

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Brent Barron, II
Odessa Laboratory Manager

- X** In our quality control review of the data a QC deficiency was observed and flagged as noted. MS/MSD recoveries were found to be outside of the laboratory control limits due to possible matrix /chemical interference, or a concentration of target analyte high enough to effect the recovery of the spike concentration. This condition could also effect the relative percent difference in the MS/MSD.
- B** A target analyte or common laboratory contaminant was identified in the method blank. Its presence indicates possible field or laboratory contamination.
- D** The sample(s) were diluted due to targets detected over the highest point of the calibration curve, or due to matrix interference. Dilution factors are included in the final results. The result is from a diluted sample.
- E** The data exceeds the upper calibration limit; therefore, the concentration is reported as estimated.
- F** RPD exceeded lab control limits.
- J** The target analyte was positively identified below the MQL and above the SQL.
- U** Analyte was not detected.
- L** The LCS data for this analytical batch was reported below the laboratory control limits for this analyte. The department supervisor and QA Director reviewed data. The samples were either reanalyzed or flagged as estimated concentrations.
- H** The LCS data for this analytical batch was reported above the laboratory control limits. Supporting QC Data were reviewed by the Department Supervisor and QA Director. Data were determined to be valid for reporting.
- K** Sample analyzed outside of recommended hold time.
- JN** A combination of the "N" and the "J" qualifier. The analysis indicates that the analyte is "tentatively identified" and the associated numerical value may not be consistent with the amount actually present in the environmental sample.
- BRL** Below Reporting Limit.
- RL** Reporting Limit
- * Outside XENCO's scope of NELAC Accreditation.

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 2505 North Falkenburg Rd, Tampa, FL 33619
 5757 NW 158th St, Miami Lakes, FL 33014
 12600 West I-20 East, Odessa, TX 79765
 842 Cantwell Lane, Corpus Christi, TX 78408

Phone	Fax
(281) 240-4200	(281) 240-4280
(214) 902 0300	(214) 351-9139
(210) 509-3334	(210) 509-3335
(813) 620-2000	(813) 620-2033
(305) 823-8500	(305) 823-8555
(432) 563-1800	(432) 563-1713
(361) 884-0371	(361) 884-9116

Form 2 - Surrogate Recoveries

Project Name: Southwest Royalties, Inc.

Work Orders : 349938,

Project ID: Wilderspin Federal Tank Battery

Lab Batch #: 779089

Sample: 541697-1-BKS / BKS

Batch: 1 Matrix: Solid

Units: mg/kg

Date Analyzed: 10/27/09 15:19

SURROGATE RECOVERY STUDY

BTEX by EPA 8021	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1,4-Difluorobenzene	0.0298	0.0300	99	80-120	
4-Bromofluorobenzene	0.0319	0.0300	106	80-120	

Lab Batch #: 779089

Sample: 541697-1-BSD / BSD

Batch: 1 Matrix: Solid

Units: mg/kg

Date Analyzed: 10/27/09 15:41

SURROGATE RECOVERY STUDY

BTEX by EPA 8021	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1,4-Difluorobenzene	0.0299	0.0300	100	80-120	
4-Bromofluorobenzene	0.0314	0.0300	105	80-120	

Lab Batch #: 779089

Sample: 541697-1-BLK / BLK

Batch: 1 Matrix: Solid

Units: mg/kg

Date Analyzed: 10/27/09 16:25

SURROGATE RECOVERY STUDY

BTEX by EPA 8021	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1,4-Difluorobenzene	0.0272	0.0300	91	80-120	
4-Bromofluorobenzene	0.0314	0.0300	105	80-120	

Lab Batch #: 779089

Sample: 349938-001 / SMP

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/27/09 16:46

SURROGATE RECOVERY STUDY

BTEX by EPA 8021	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1,4-Difluorobenzene	0.0274	0.0300	91	80-120	
4-Bromofluorobenzene	0.0401	0.0300	134	80-120	*

Lab Batch #: 779089

Sample: 349938-002 / SMP

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/27/09 18:53

SURROGATE RECOVERY STUDY

BTEX by EPA 8021	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1,4-Difluorobenzene	0.0239	0.0300	80	80-120	
4-Bromofluorobenzene	0.0408	0.0300	136	80-120	**

* Surrogate outside of Laboratory QC limits

** Surrogates outside limits, data and surrogates confirmed by reanalysis

*** Poor recoveries due to dilution

Surrogate Recovery [D] = $100 * A / B$

All results are based on MDL and validated for QC purposes

Form 2 - Surrogate Recoveries

Project Name: Southwest Royalties, Inc.

Work Orders : 349938,

Project ID: Wilderspin Federal Tank Battery

Lab Batch #: 779089

Sample: 349938-003 / SMP

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/27/09 19:36

SURROGATE RECOVERY STUDY

BTEX by EPA 8021		Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes						
1,4-Difluorobenzene		0 0239	0 0300	80	80-120	
4-Bromofluorobenzene		0 0437	0 0300	146	80-120	**

Lab Batch #: 779089

Sample: 349938-001 S / MS

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/27/09 20:18

SURROGATE RECOVERY STUDY

BTEX by EPA 8021		Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes						
1,4-Difluorobenzene		0 0284	0.0300	95	80-120	
4-Bromofluorobenzene		0 0359	0 0300	120	80-120	

Lab Batch #: 779089

Sample: 349938-001 SD / MSD

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/27/09 20:40

SURROGATE RECOVERY STUDY

BTEX by EPA 8021		Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes						
1,4-Difluorobenzene		0 0282	0 0300	94	80-120	
4-Bromofluorobenzene		0 0378	0 0300	126	80-120	*

Lab Batch #: 779095

Sample: 541699-1-BKS / BKS

Batch: 1 Matrix: Solid

Units: mg/kg

Date Analyzed: 10/27/09 17:41

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	123	100	123	70-135	
o-Terphenyl	47.2	50.0	94	70-135	

Lab Batch #: 779095

Sample: 541699-1-BSD / BSD

Batch: 1 Matrix: Solid

Units: mg/kg

Date Analyzed: 10/27/09 18:08

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	128	100	128	70-135	
o-Terphenyl	48 1	50 0	96	70-135	

* Surrogate outside of Laboratory QC limits

** Surrogates outside limits, data and surrogates confirmed by reanalysis

*** Poor recoveries due to dilution

Surrogate Recovery [D] = $100 * A / B$

All results are based on MDL and validated for QC purposes



Form 2 - Surrogate Recoveries

Project Name: Southwest Royalties, Inc.

Work Orders : 349938,

Project ID: Wilderspin Federal Tank Battery

Lab Batch #: 779095

Sample: 541699-1-BLK / BLK

Batch: 1 Matrix: Solid

Units: mg/kg

Date Analyzed: 10/27/09 18:35

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	84.9	100	85	70-135	
o-Terphenyl	49.9	50.0	100	70-135	

Lab Batch #: 779095

Sample: 349938-001 / SMP

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/27/09 19:01

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	91.6	100	92	70-135	
o-Terphenyl	53.9	50.0	108	70-135	

Lab Batch #: 779095

Sample: 349938-002 / SMP

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/27/09 20:25

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	124	100	124	70-135	
o-Terphenyl	44.5	50.0	89	70-135	

Lab Batch #: 779095

Sample: 349938-003 / SMP

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/27/09 21:54

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	119	100	119	70-135	
o-Terphenyl	60.8	50.0	122	70-135	

Lab Batch #: 779095

Sample: 349938-001 S / MS

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/27/09 22:23

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	120	100	120	70-135	
o-Terphenyl	48.7	50.0	97	70-135	

* Surrogate outside of Laboratory QC limits

** Surrogates outside limits, data and surrogates confirmed by reanalysis

*** Poor recoveries due to dilution

Surrogate Recovery [D] = $100 * A / B$

All results are based on MDL and validated for QC purposes



Form 2 - Surrogate Recoveries

Project Name: Southwest Royalties, Inc.

Work Orders : 349938,

Project ID: Wilderspin Federal Tank Battery

Lab Batch #: 779095

Sample: 349938-001 SD / MSD

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/27/09 22:53

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod Analytes	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
1-Chlorooctane	118	100	118	70-135	
o-Terphenyl	44.4	50.0	89	70-135	

* Surrogate outside of Laboratory QC limits

** Surrogates outside limits, data and surrogates confirmed by reanalysis

*** Poor recoveries due to dilution

Surrogate Recovery [D] = $100 * A / B$

All results are based on MDL and validated for QC purposes



BS / BSD Recoveries



Project Name: Southwest Royalties, Inc.

Work Order #: 349938

Analyst: ASA

Date Prepared: 10/27/2009

Project ID: Wilderspin Federal Tank Battery

Date Analyzed: 10/27/2009

Lab Batch ID: 779089

Sample: 541697-1-BKS

Batch #: 1

Matrix: Solid

Units: mg/kg

BLANK /BLANK SPIKE / BLANK SPIKE DUPLICATE RECOVERY STUDY

BTEX by EPA 8021	Blank Sample Result [A]	Spike Added [B]	Blank Spike Result [C]	Blank Spike %R [D]	Spike Added [E]	Blank Spike Duplicate Result [F]	Blk. Spk Dup. %R [G]	RPD %	Control Limits %R	Control Limits %RPD	Flag
Analytes											
Benzene	<0.0010	0.1000	0.0907	91	0.1	0.0889	89	2	70-130	35	
Toluene	<0.0010	0.1000	0.0894	89	0.1	0.0875	88	2	70-130	35	
Ethylbenzene	<0.0010	0.1000	0.0896	90	0.1	0.0882	88	2	71-129	35	
m,p-Xylene	<0.0020	0.2000	0.1975	99	0.2	0.1937	97	2	70-135	35	
o-Xylene	<0.0010	0.1000	0.0970	97	0.1	0.0950	95	2	71-133	35	

Analyst: ASA

Date Prepared: 10/27/2009

Date Analyzed: 10/27/2009

Lab Batch ID: 779095

Sample: 541699-1-BKS

Batch #: 1

Matrix: Solid

Units: mg/kg

BLANK /BLANK SPIKE / BLANK SPIKE DUPLICATE RECOVERY STUDY

TPH by SW8015 Mod	Blank Sample Result [A]	Spike Added [B]	Blank Spike Result [C]	Blank Spike %R [D]	Spike Added [E]	Blank Spike Duplicate Result [F]	Blk. Spk Dup. %R [G]	RPD %	Control Limits %R	Control Limits %RPD	Flag
Analytes											
C6-C12 Gasoline Range Hydrocarbons	<50.0	1000	965	97	1000	1010	101	5	70-135	35	
C12-C28 Diesel Range Hydrocarbons	<50.0	1000	710	71	1000	721	72	2	70-135	35	

Relative Percent Difference RPD = $200 * [(C-F)/(C+F)]$

Blank Spike Recovery [D] = $100 * (C)/[B]$

Blank Spike Duplicate Recovery [G] = $100 * (F)/[E]$

All results are based on MDL and Validated for QC Purposes



Form 3 - MS / MSD Recoveries



Project Name: Southwest Royalties, Inc.

Work Order #: 349938

Project ID: Wilderspin Federal Tank Battery

Lab Batch ID: 779089

QC- Sample ID: 349938-001 S

Batch #: 1 Matrix: Soil

Date Analyzed: 10/27/2009

Date Prepared: 10/27/2009

Analyst: ASA

Reporting Units: mg/kg

MATRIX SPIKE / MATRIX SPIKE DUPLICATE RECOVERY STUDY

BTEX by EPA 8021 Analytes	Parent Sample Result [A]	Spike Added [B]	Spiked Sample Result [C]	Spiked Sample %R [D]	Spike Added [E]	Duplicate Spiked Sample Result [F]	Spiked Dup. %R [G]	RPD %	Control Limits %R	Control Limits %RPD	Flag
Benzene	<0.0010	0.1003	0.0637	64	0.1003	0.0377	38	51	70-130	35	XF
Toluene	<0.0010	0.1003	0.0514	51	0.1003	0.0242	24	72	70-130	35	XF
Ethylbenzene	0.0127	0.1003	0.0418	29	0.1003	0.0177	5	81	71-129	35	XF
m,p-Xylene	0.0029	0.2005	0.0766	37	0.2005	0.0307	14	86	70-135	35	XF
o-Xylene	0.0012	0.1003	0.0354	34	0.1003	0.0140	13	87	71-133	35	XF

Lab Batch ID: 779095

QC- Sample ID: 349938-001 S

Batch #: 1 Matrix: Soil

Date Analyzed: 10/27/2009

Date Prepared: 10/27/2009

Analyst: ASA

Reporting Units: mg/kg

MATRIX SPIKE / MATRIX SPIKE DUPLICATE RECOVERY STUDY

TPH by SW8015 Mod Analytes	Parent Sample Result [A]	Spike Added [B]	Spiked Sample Result [C]	Spiked Sample %R [D]	Spike Added [E]	Duplicate Spiked Sample Result [F]	Spiked Dup. %R [G]	RPD %	Control Limits %R	Control Limits %RPD	Flag
C6-C12 Gasoline Range Hydrocarbons	102	1000	1070	97	1000	981	88	9	70-135	35	
C12-C28 Diesel Range Hydrocarbons	1280	1000	1900	62	1000	1830	55	4	70-135	35	X

Matrix Spike Percent Recovery $[D] = 100 \cdot (C-A)/B$
Relative Percent Difference $RPD = 200 \cdot |(C-F)/(C+F)|$

Matrix Spike Duplicate Percent Recovery $[G] = 100 \cdot (F-A)/E$

ND = Not Detected, J = Present Below Reporting Limit, B = Present in Blank, NR = Not Requested, I = Interference, NA = Not Applicable
N = See Narrative, EQL = Estimated Quantitation Limit



Sample Duplicate Recovery



Project Name: Southwest Royalties, Inc.

Work Order #: 349938

Lab Batch #: 779093

Date Analyzed: 10/27/2009

Date Prepared: 10/27/2009

Project ID: Wilderspin Federal Tank Battery

Analyst: WRU

QC- Sample ID: 349938-001 D

Batch #: 1

Matrix: Soil

Reporting Units: %

SAMPLE / SAMPLE DUPLICATE RECOVERY					
Percent Moisture	Parent Sample Result [A]	Sample Duplicate Result [B]	RPD	Control Limits %RPD	Flag
Analyte					
Percent Moisture	2.78	2.85	2	20	

Spike Relative Difference RPD $200 * |(B-A)/(B+A)|$
All Results are based on MDL and validated for QC purposes
BRL - Below Reporting Limit

The Environmental Lab of Texas

**12600 West I-20 East
Odessa, Texas 79765**

Phone: 432-563-1800
Fax: 432-563-1713

Project Manager: Sally Jones
Company Name: Sport Env.
Company Address: 502 N Big Spring
City/State/Zip: Midland, TX 79701
Telephone No. 432-553-2172 Fax No. _____
Sampler Signature: Sally Jones e-mail. _____

Project Name: Southwest Royalties, Inc.
Project #: Wilderspin Federal Tank
Project Loc: Battery
PO #:

Report Format: ☒ Standard ☐ TRRP ☐ NPDES

(lab use only)	
----------------	--

ORDER #:

349930

[illegible]

Special Instructions:

Relinquished by: <i>Sally Jones</i>	Date <i>10-27-09</i>	Time	Received by	Date	Time
Relinquished by	Date	Time	Received by	Date	Time
Relinquished by	Date	Time	Received by <i>ELOT:</i> <i>Charles Lam</i>	Date <i>10-27-09</i>	Time <i>15:40</i>

Laboratory Comments:

Sample Containers Intact?

VOCs Free of Headspace?

Labels on container(s)

Custody seals on container(s)

Custody seals on coolers

Sample Hand Delivered

by Sampler/Client Rep ?

by Courier? UPS

4029155

Temperature Upon Receipt

FedEx Lone Star
5.60 °C

Environmental Lab of Texas

Variance/ Corrective Action Report- Sample Log-In

Client: Sport Env.
 Date/ Time: 10-27-09 15:40
 Lab ID #: 349938
 Initials: AL

Sample Receipt Checklist

				Client Initials
#1	Temperature of container/ cooler?	<u>(Yes)</u>	No	5.0 °C
#2	Shipping container in good condition?	<u>(Yes)</u>	No	
#3	Custody Seals intact on shipping container/ cooler?	Yes	No	Not Present
#4	Custody Seals intact on sample bottles/ container?	Yes	No	Not Present
#5	Chain of Custody present?	<u>(Yes)</u>	No	
#6	Sample instructions complete of Chain of Custody?	<u>(Yes)</u>	No	
#7	Chain of Custody signed when relinquished/ received?	<u>(Yes)</u>	No	
#8	Chain of Custody agrees with sample label(s)?	<u>(Yes)</u>	No	ID written on Cont./ Lid
#9	Container label(s) legible and intact?	<u>(Yes)</u>	No	Not Applicable
#10	Sample matrix/ properties agree with Chain of Custody?	<u>(Yes)</u>	No	
#11	Containers supplied by ELOT?	<u>(Yes)</u>	No	
#12	Samples in proper container/ bottle?	<u>(Yes)</u>	No	See Below
#13	Samples properly preserved?	<u>(Yes)</u>	No	See Below
#14	Sample bottles intact?	<u>(Yes)</u>	No	
#15	Preservations documented on Chain of Custody?	<u>(Yes)</u>	No	
#16	Containers documented on Chain of Custody?	<u>(Yes)</u>	No	
#17	Sufficient sample amount for indicated test(s)?	<u>(Yes)</u>	No	See Below
#18	All samples received within sufficient hold time?	<u>(Yes)</u>	No	See Below
#19	Subcontract of sample(s)?	Yes	No	Not Applicable
#20	VOC samples have zero headspace?	<u>(Yes)</u>	No	Not Applicable

Variance Documentation

Contact: _____ Contacted by: _____ Date/ Time: _____

Regarding: _____

Corrective Action Taken: _____

- Check all that Apply:
- ☐ See attached e-mail/ fax
 - ☐ Client understands and would like to proceed with analysis
 - ☐ Cooling process had begun shortly after sampling event

Analytical Report 350147
for
Sport Environmental Services, PLLC

Project Manager: Sally Jones
Southwest Royalties, Inc.
Wilderspin Federal Tank Battery

29-OCT-09



12600 West I-20 East Odessa, Texas 79765

Xenco-Houston (EPA Lab code: TX00122):

Texas (T104704215-08-TX), Arizona (AZ0738), Arkansas (08-039-0), Connecticut (PH-0102), Florida (E871002)
Illinois (002082), Indiana (C-TX-02), Iowa (392), Kansas (E-10380), Kentucky (45), Louisiana (03054)
New Hampshire (297408), New Jersey (TX007), New York (11763), Oklahoma (9218), Pennsylvania (68-03610)
Rhode Island (LAO00308), USDA (S-44102)

Xenco-Atlanta (EPA Lab Code: GA00046):

Florida (E87428), North Carolina (483), South Carolina (98015), Utah (AALI1), West Virginia (362), Kentucky (85)
Louisiana (04176), USDA (P330-07-00105)

Xenco-Miami (EPA Lab code: FL01152): Florida (E86678), Maryland (330)

Xenco-Tampa Mobile (EPA Lab code: FL01212): Florida (E84900)

Xenco-Odessa (EPA Lab code: TX00158): Texas (T104704400-08-TX)

Xenco-Dallas (EPA Lab code: TX01468): Texas (T104704295-08-TX)

Xenco-Corpus Christi (EPA Lab code: TX02613): Texas (T104704370-08-TX)

Xenco-Boca Raton (EPA Lab Code: FL00449): Florida(E86240),

South Carolina(96031001), Louisiana(04154), Georgia(917)



29-OCT-09

Project Manager: **Sally Jones**
Sport Environmental Services, PLLC
502 North Big Spring Street
Midland, TX 79701

Reference: XENCO Report No: **350147**
Southwest Royalties, Inc.
Project Address: Carlsbad, NM

Sally Jones:

We are reporting to you the results of the analyses performed on the samples received under the project name referenced above and identified with the XENCO Report Number 350147. All results being reported under this Report Number apply to the samples analyzed and properly identified with a Laboratory ID number. Subcontracted analyses are identified in this report with either the NELAC certification number of the subcontract lab in the analyst ID field, or the complete subcontracted report attached to this report.

Unless otherwise noted in a Case Narrative, all data reported in this Analytical Report are in compliance with NELAC standards. Estimation of data uncertainty for this report is found in the quality control section of this report unless otherwise noted. Should insufficient sample be provided to the laboratory to meet the method and NELAC Matrix Duplicate and Matrix Spike requirements, then the data will be analyzed, evaluated and reported using all other available quality control measures.

The validity and integrity of this report will remain intact as long as it is accompanied by this letter and reproduced in full, unless written approval is granted by XENCO Laboratories. This report will be filed for at least 5 years in our archives after which time it will be destroyed without further notice, unless otherwise arranged with you. The samples received, and described as recorded in Report No. 350147 will be filed for 60 days, and after that time they will be properly disposed without further notice, unless otherwise arranged with you. We reserve the right to return to you any unused samples, extracts or solutions related to them if we consider so necessary (e.g., samples identified as hazardous waste, sample sizes exceeding analytical standard practices, controlled substances under regulated protocols, etc).

We thank you for selecting XENCO Laboratories to serve your analytical needs. If you have any questions concerning this report, please feel free to contact us at any time.

Respectfully,

Brent Barron, II

Odessa Laboratory Manager

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Sample Cross Reference 350147



Sport Environmental Services, PLLC, Midland, TX
Southwest Royalties, Inc.

Sample Id	Matrix	Date Collected	Sample Depth	Lab Sample Id
Southwest Stockpile	S	Oct-28-09 17:30		350147-001
North Stockpile	S	Oct-28-09 17:30		350147-002



CASE NARRATIVE

Client Name: Sport Environmental Services, PLLC

Project Name: Southwest Royalties, Inc.

Project ID: Wilderspin Federal Tank 1
Work Order Number: 350147

Report Date: 29-OCT-09
Date Received: 10/29/2009

Sample receipt non conformances and Comments:

None

Sample receipt Non Conformances and Comments per Sample:

None

Analytical Non Conformances and Comments:

Batch: LBA-779439 TPH by SW8015 Mod
None

Batch: LBA-779440 Percent Moisture
None



Certificate of Analysis Summary 350147

Sport Environmental Services, PLLC, Midland, TX



Project Id: Wilderspin Federal Tank Battery

Contact: Sally Jones

Project Location: Carlsbad, NM

Project Name: Southwest Royalties, Inc.

Date Received in Lab: Thu Oct-29-09 08:02 am


Report Date: 29-OCT-09

Project Manager: Brent Barron, II

Analysis Requested	Lab Id:	350147-001	350147-002				
	Field Id:	Southwest Stockpile	North Stockpile				
	Depth:						
	Matrix:	SOIL	SOIL				
	Sampled:	Oct-28-09 17:30	Oct-28-09 17:30				
Percent Moisture	Extracted:						
	Analyzed:	Oct-29-09 12:20	Oct-29-09 12:20				
	Units/RL:	% RL	% RL				
Percent Moisture		9.36 1.00	9.22 1.00				
TPH by SW8015 Mod	Extracted:	Oct-29-09 08:20	Oct-29-09 08:20				
	Analyzed:	Oct-29-09 10:58	Oct-29-09 11:26				
	Units/RL:	mg/kg RL	mg/kg RL				
C6-C12 Gasoline Range Hydrocarbons		733 16.5	382 16.5				
C12-C28 Diesel Range Hydrocarbons		2790 16.5	2630 16.5				
C28-C35 Oil Range Hydrocarbons		102 16.5	133 16.5				
Total TPH		3625 16.5	3145 16.5				

This analytical report, and the entire data package it represents, has been made for your exclusive and confidential use. The interpretations and results expressed throughout this analytical report represent the best judgment of XENCO Laboratories. XENCO Laboratories assumes no responsibility and makes no warranty to the end use of the data hereby presented. Our liability is limited to the amount invoiced for this work order unless otherwise agreed to in writing.

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Brent Barron, II
Odessa Laboratory Manager

- X** In our quality control review of the data a QC deficiency was observed and flagged as noted. MS/MSD recoveries were found to be outside of the laboratory control limits due to possible matrix /chemical interference, or a concentration of target analyte high enough to effect the recovery of the spike concentration. This condition could also effect the relative percent difference in the MS/MSD.
- B** A target analyte or common laboratory contaminant was identified in the method blank. Its presence indicates possible field or laboratory contamination.
- D** The sample(s) were diluted due to targets detected over the highest point of the calibration curve, or due to matrix interference. Dilution factors are included in the final results. The result is from a diluted sample.
- E** The data exceeds the upper calibration limit; therefore, the concentration is reported as estimated.
- F** RPD exceeded lab control limits.
- J** The target analyte was positively identified below the MQL and above the SQL.
- U** Analyte was not detected.
- L** The LCS data for this analytical batch was reported below the laboratory control limits for this analyte. The department supervisor and QA Director reviewed data. The samples were either reanalyzed or flagged as estimated concentrations.
- H** The LCS data for this analytical batch was reported above the laboratory control limits. Supporting QC Data were reviewed by the Department Supervisor and QA Director. Data were determined to be valid for reporting.
- K** Sample analyzed outside of recommended hold time.
- JN** A combination of the "N" and the "J" qualifier. The analysis indicates that the analyte is "tentatively identified" and the associated numerical value may not be consistent with the amount actually present in the environmental sample.
- BRL** Below Reporting Limit.
- RL** Reporting Limit
- * Outside XENCO's scope of NELAC Accreditation.

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 12600 West I-20 East, Odessa, TX 79765
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(210) 509-3334	(210) 509-3335
(813) 620-2000	(813) 620-2033
(305) 823-8500	(305) 823-8555
(432) 563-1800	(432) 563-1713
(361) 884-0371	(361) 884-9116



Form 2 - Surrogate Recoveries

Project Name: Southwest Royalties, Inc.

Work Orders : 350147,

Project ID: Wilderspin Federal Tank Battery

Lab Batch #: 779439

Sample: 541878-1-BKS / BKS

Batch: 1 Matrix: Solid

Units: mg/kg

Date Analyzed: 10/29/09 09:37

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	218	200	109	70-135	
o-Terphenyl	107	100	107	70-135	

Lab Batch #: 779439

Sample: 541878-1-BSD / BSD

Batch: 1 Matrix: Solid

Units: mg/kg

Date Analyzed: 10/29/09 10:04

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	134	100	134	70-135	
o-Terphenyl	52.5	50.0	105	70-135	

Lab Batch #: 779439

Sample: 541878-1-BLK / BLK

Batch: 1 Matrix: Solid

Units: mg/kg

Date Analyzed: 10/29/09 10:31

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	98.4	100	98	70-135	
o-Terphenyl	58.7	50.0	117	70-135	

Lab Batch #: 779439

Sample: 350147-001 / SMP

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/29/09 10:58

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	130	100	130	70-135	
o-Terphenyl	60.5	50.0	121	70-135	

Lab Batch #: 779439

Sample: 350147-002 / SMP

Batch: 1 Matrix: Soil

Units: mg/kg

Date Analyzed: 10/29/09 11:26

SURROGATE RECOVERY STUDY

TPH by SW8015 Mod	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
Analytes					
1-Chlorooctane	117	100	117	70-135	
o-Terphenyl	60.7	50.0	121	70-135	

* Surrogate outside of Laboratory QC limits

** Surrogates outside limits, data and surrogates confirmed by reanalysis

*** Poor recoveries due to dilution

Surrogate Recovery [D] = $100 * A / B$

All results are based on MDL and validated for QC purposes



BS / BSD Recoveries



Project Name: Southwest Royalties, Inc.

Work Order #: 350147

Analyst: ASA

Date Prepared: 10/29/2009

Project ID: Wilderspin Federal Tank Battery

Date Analyzed: 10/29/2009

Lab Batch ID: 779439

Sample: 541878-1-BKS

Batch #: 1

Matrix: Solid

Units: mg/kg

BLANK /BLANK SPIKE / BLANK SPIKE DUPLICATE RECOVERY STUDY

TPH by SW8015 Mod	Blank Sample Result [A]	Spike Added [B]	Blank Spike Result [C]	Blank Spike %R [D]	Spike Added [E]	Blank Spike Duplicate Result [F]	Blk. Spk Dup. %R [G]	RPD %	Control Limits %R	Control Limits %RPD	Flag
Analytes											
C6-C12 Gasoline Range Hydrocarbons	<15.0	1000	980	98	1000	998	100	2	70-135	35	
C12-C28 Diesel Range Hydrocarbons	<15.0	1000	706	71	1000	721	72	2	70-135	35	

Relative Percent Difference RPD = $200 * |(C-F)/(C+F)|$

Blank Spike Recovery [D] = $100 * (C)/[B]$

Blank Spike Duplicate Recovery [G] = $100 * (F)/[E]$

All results are based on MDL and Validated for QC Purposes



Sample Duplicate Recovery



Project Name: Southwest Royalties, Inc.

Work Order #: 350147

Lab Batch #: 779440

Date Analyzed: 10/29/2009

QC- Sample ID: 350147-001 D

Reporting Units: %

Date Prepared: 10/29/2009

Batch #: 1

Project ID: Wilderspin Federal Tank Battery

Analyst: ASA

Matrix: Soil

SAMPLE / SAMPLE DUPLICATE RECOVERY					
Percent Moisture	Parent Sample Result [A]	Sample Duplicate Result [B]	RPD	Control Limits %RPD	Flag
Analyte					
Percent Moisture	9.36	9.18	2	20	

Spike Relative Difference RPD $200 * |(B-A)/(B+A)|$
All Results are based on MDL and validated for QC purposes
BRL - Below Reporting Limit

Xenco Laboratories

The Environmental Lab of Texas

CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

12600 West I-20 East
Odessa, Texas 79765

Phone: 432-563-1800
Fax: 432-563-1713

Project Manager: Sally Jones
Company Name: Sport Environmental
Company Address: 502 N. Big Springs
City/State/Zip: Midland TX 79701
Telephone No: 683-1100
Sampler Signature: T.R.W.

Project Name: Southwest Royalties
Project #: W. Iderspin Fed Tank B.H.
Project Loc: South Carlsbad NM
PO #: _____

Fax No: _____
e-mail: _____
Report Format: ☐ Standard ☐ TRRP ☐ NPDES

(lab use only)

ORDER #:

350147

LAB # (lab use only)	FIELD CODE	Beginning Depth	Ending Depth	Date Sampled	Time Sampled	Field Filtered	Total # of Containers	Ice	HNO ₃	HCl	H ₂ SO ₄	NaOH	Na ₂ S ₂ O ₃	None	Other (Specify)	DW=Drinking Water SL=Sludge GW = Groundwater S=Soil/Solid NP=Non-Potable Specify Other	TPH. 418.1	TPH. 8015B	TX 1005	TX 1006	Cations (Ca, Mg, Na, K)	Anions (Cl, SO ₄ , Alkalinity)	SAR / ESP / CEC	Metals: As Ag Ba Cd Cr Pb Hg S	Volatiles	Semivolatiles	BTEX 8021B/5030 or BTEX 8260	RCI	N.O.R.M.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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Special Instructions:

Relinquished by:	Date	Time	Received by:	Date	Time
T.R.W.	10/29/09	8:00 AM			
Relinquished by:	Date	Time	Received by:	Date	Time
Relinquished by:	Date	Time	Received by: ELOTH	Date	Time
				10/29/09	8:00 AM

Laboratory Comments:

VOCs Free of Headspace? ☒ N
Custody seals on container(s) ☒ N
Sample Hand Delivered by Sampler/Client Rep.? ☒ N
by Courier? ☐ UPS ☐ DHL ☐ FedEx ☐ Lorie Star
Temperature Upon Receipt: 1 °C

Environmental Lab of Texas

Variance/ Corrective Action Report- Sample Log-In

Client: Sport Env.
 Date/ Time: 10.29.09 8:00
 Lab ID #: 35047
 Initials: AL

Sample Receipt Checklist

				Client Initials
#1	Temperature of container/ cooler?	<u>Yes</u>	No	1 ° C
#2	Shipping container in good condition?	<u>Yes</u>	No	
#3	Custody Seals intact on shipping container/ cooler?	Yes	No	<u>Not Present</u>
#4	Custody Seals intact on sample bottles/ container?	Yes	No	<u>Not Present</u>
#5	Chain of Custody present?	<u>Yes</u>	No	
#6	Sample instructions complete of Chain of Custody?	<u>Yes</u>	No	
#7	Chain of Custody signed when relinquished/ received?	<u>Yes</u>	No	
#8	Chain of Custody agrees with sample label(s)?	<u>Yes</u>	No	ID written on Cont./ Lid
#9	Container label(s) legible and intact?	<u>Yes</u>	No	Not Applicable
#10	Sample matrix/ properties agree with Chain of Custody?	<u>Yes</u>	No	
#11	Containers supplied by EL0T?	<u>Yes</u>	No	
#12	Samples in proper container/ bottle?	<u>Yes</u>	No	See Below
#13	Samples properly preserved?	<u>Yes</u>	No	See Below
#14	Sample bottles intact?	<u>Yes</u>	No	
#15	Preservations documented on Chain of Custody?	<u>Yes</u>	No	
#16	Containers documented on Chain of Custody?	<u>Yes</u>	No	
#17	Sufficient sample amount for indicated test(s)?	<u>Yes</u>	No	See Below
#18	All samples received within sufficient hold time?	<u>Yes</u>	No	See Below
#19	Subcontract of sample(s)?	Yes	No	<u>Not Applicable</u>
#20	VOC samples have zero headspace?	<u>Yes</u>	No	Not Applicable

Variance Documentation

Contact: _____ Contacted by: _____ Date/ Time: _____

Regarding: _____

Corrective Action Taken:

- Check all that Apply:
- ☐ See attached e-mail/ fax
 - ☐ Client understands and would like to proceed with analysis
 - ☐ Cooling process had begun shortly after sampling event

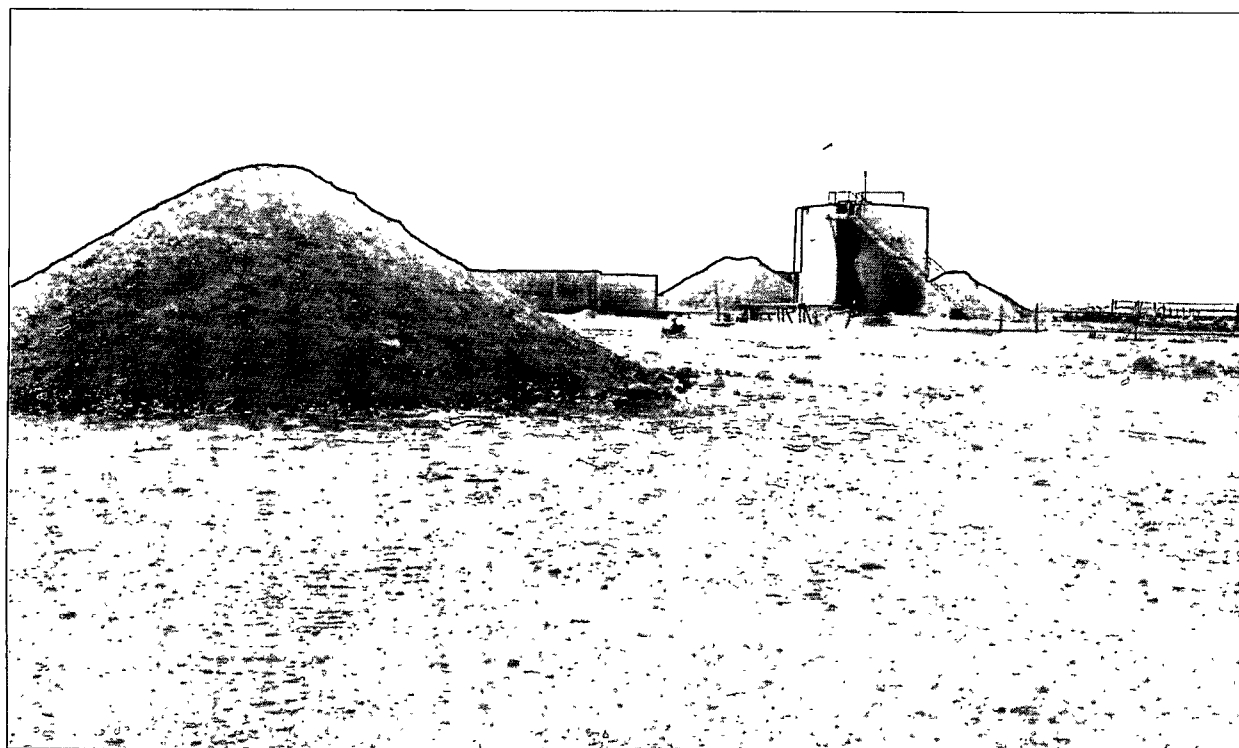
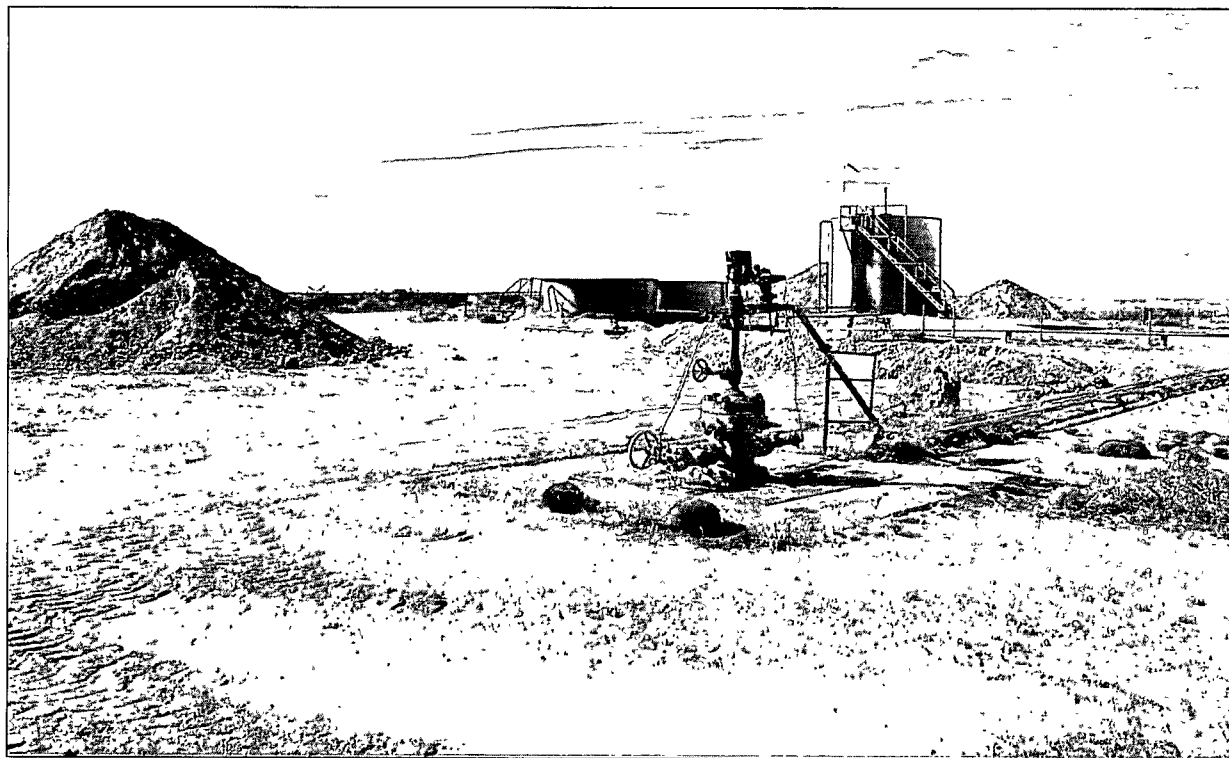
Southwest Royalties, Inc.
Wilderspin Federal Battery
S-11, T-21S, R-27E
Eddy County, New Mexico

SITE PHOTOGRAPHS
Taken October 26, 27, and 28, 2009
Wilderspin Federal Battery

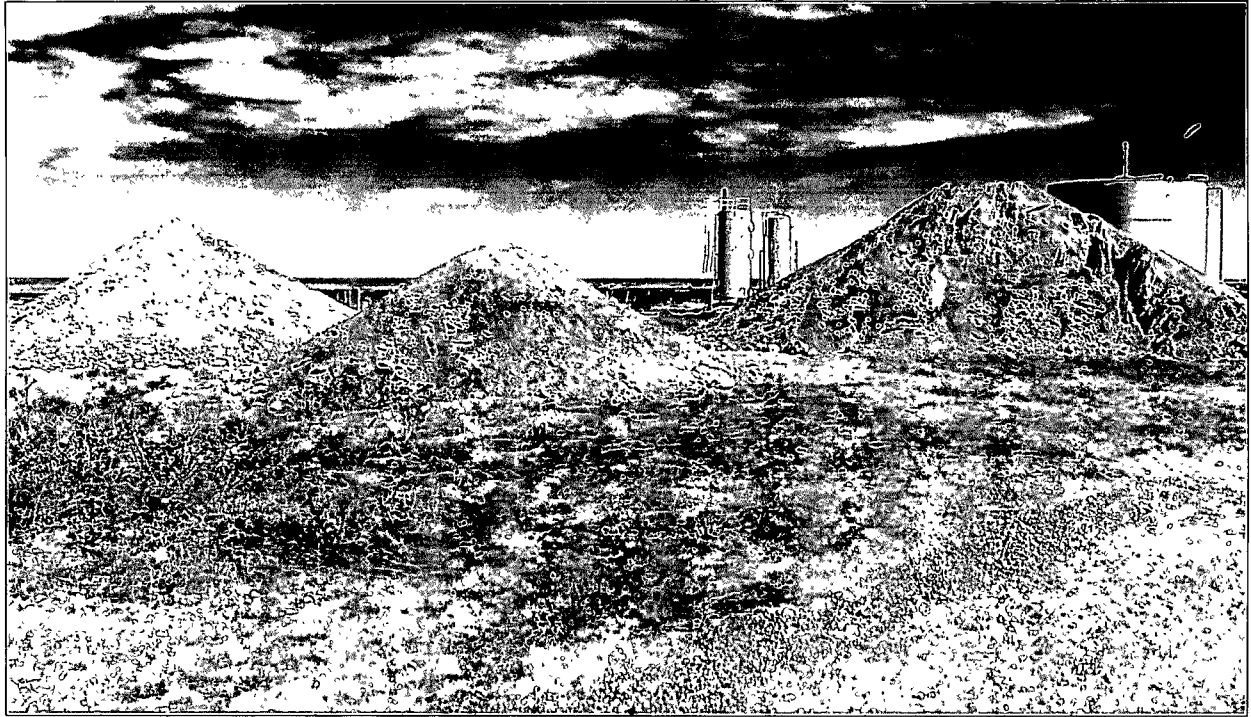
Southwest Royalties, Inc. – Wilderspin Federal Tank Battery
Site Photographs taken 10-26-2009
(p. 1 of 6)



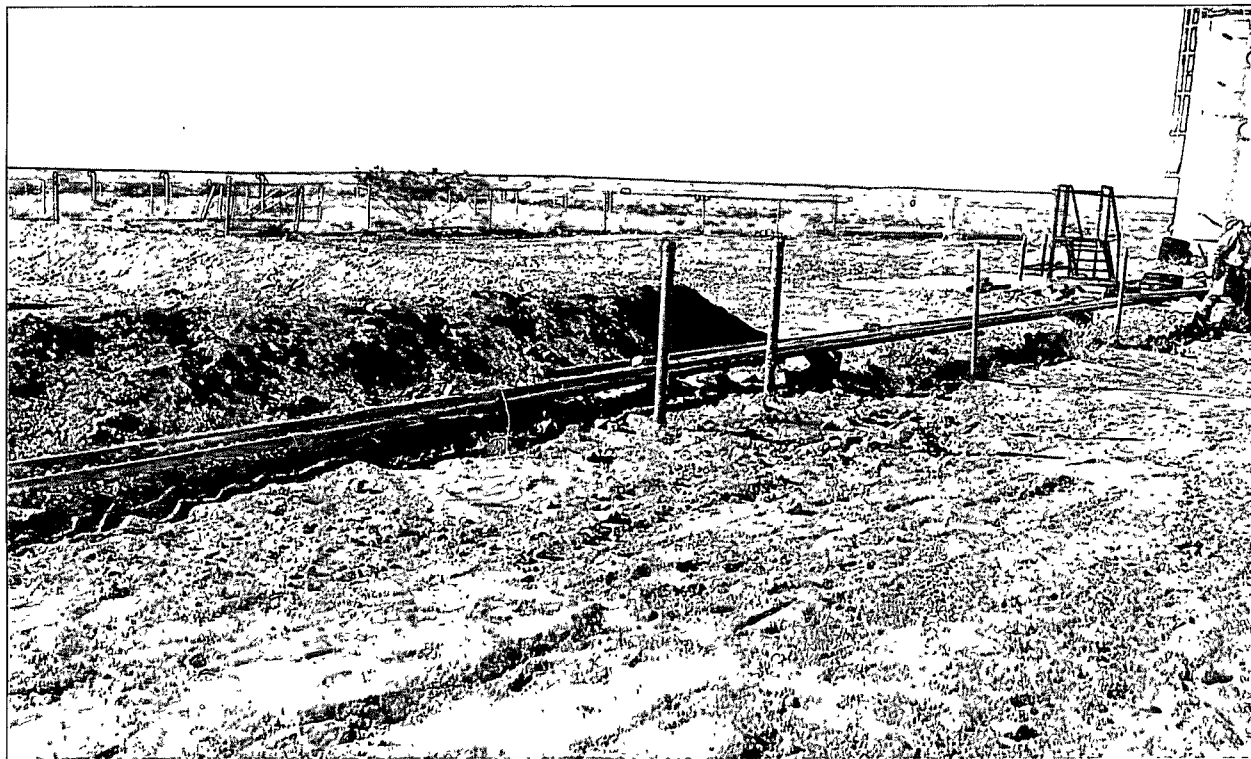
Southwest Royalties, Inc. – Wilderspin Federal Tank Battery
Site Photographs taken 10-27-2009
(p. 2 of 6)



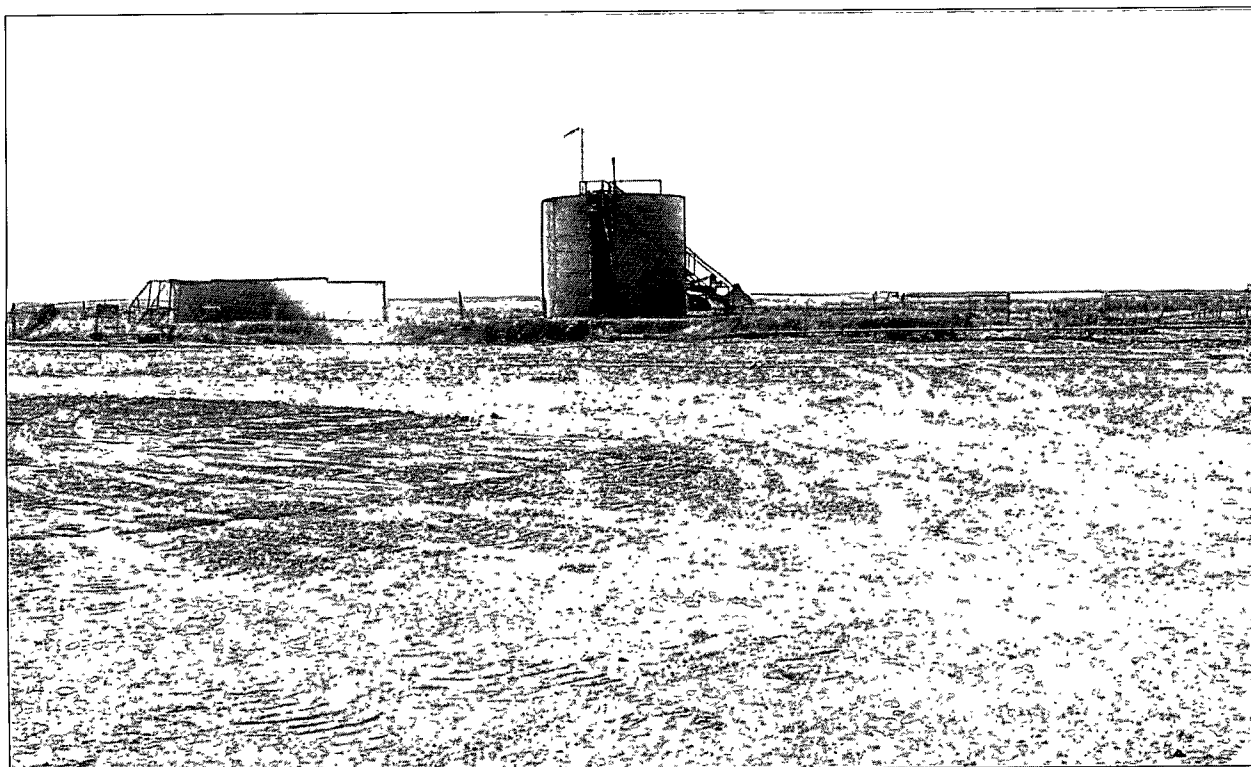
Southwest Royalties, Inc. – Wilderspin Federal Tank Battery
Site Photographs taken 10-27-2009
(p. 3 of 6)



Southwest Royalties, Inc. – Wilderspin Federal Tank Battery
Site Photographs taken 10-30-2009
(p. 4 of 6)



Southwest Royalties, Inc. – Wilderspin Federal Tank Battery
Site Photographs taken 10-30-2009
(p. 5 of 6)



Southwest Royalties, Inc. – Wilderspin Federal Tank Battery
Site Photographs taken 10-30-2009
(p. 6 of 6)



Southwest Royalties, Inc.- Wilderspin Federal Battery Field Titration Results

[illegible]

Field Titration Results

[illegible]

Southwest Royalties, Inc.
Wilderspin Federal Battery
S-11, T-21S, R-27E
Eddy County, New Mexico

BLM Permit Form 5450-5

NMNM-123988 Neg

Number	UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT VEGETATIVE OR MINERAL MATERIAL NEGOTIATED CASH SALE CONTRACT (\$2,499 or less for vegetative material) (\$2,000 or less for mineral material)			
State	New Mexico			
Field Office/District	Carlsbad			
Date of Sale	October 30, 2009			
Name of Purchaser	Sally Jones			
Address (include zip code)	Sport Environmental Services 502 N. Big Spring Street Midland, Tx. 79701 432 683 1100PH., 888 500 0622 FX 432 553 1963 Cell Nick Williams			
KIND OF PRODUCT	UNITS	EST. QTY.	RATE/UNIT (\$)	PRICE (\$)
Caliche	LCY	432		\$0.00
				\$0.00
				\$0.00
ROAD MAINT. FEE or MAT SITE REC. FEE		432		\$0.00
TOTAL PURCHASE PRICE				\$0.00
Purchaser is liable for total purchase price shown above. There will be no refunds. Additional payment, if any, will be made in accordance with Sec. 1 (c). This contract is made under terms of Sec. 1 () and the stipulations indicated.				
Contract Expires (date)	2 weeks from 'Date of Sale' ALL MATERIAL MUST BE REMOVED FROM THE CONTRACT AREA BY MIDNIGHT OF THIS DATE.			
Location of Sale (Contract Area)				
Material Site: T21S, R27E, Sec.11 SENE equipment for minerals approved by Jim Amos using a loader \$100/hr. = 4.32 hrs equip.				
Job: Jim Amos directed and approved 10/28/2009 mineral site use without mineral department involvement or written contract. BLM manager on site approving surface action 10/28/2009 impacting archeology on two arch sites.				
RECEIVED AS PAYMENT IN FULL				
ACCOUNT	COUNTY	PRICE		
P.D. (5881)	Eddy (015)	\$0.00		
O & C (5882)				
CBWR (5897)				
FEHRF (5900)				
Road Maintenance Fee (9110) or (9120)				
Material Site Reclamation (5310) or (5320)		\$0.00		
Purchaser certifies that he/she is twenty-one years of age or older and if purchasing timber is a citizen of the United States. Purchaser acknowledges that he/she has read and understands the terms and conditions of this contract and any attached provisions.				
Signature of Purchaser				
Signature of Authorized Officer				
Form 5450-5 (January 2002)				

SEC. 1 CONTRACT TERMS

(check appropriate block)

- ☒ (a) All materials in contract area in excess of estimated quantity are reserved by the United States.
- ☒ Severance and/or ☒ Removal in excess of that quantity will subject the Purchaser to trespass action.
- ☒ (b) The quantity of material is predetermined amount and may be more or less than the actual amount.
- ☒ (c) Payment shall be made prior to
- ☒ Severance and/or ☒ Removal of additional units which exceed estimated quantity.

Berm Pit Entrance upon Completion.

SEC. 2 GENERAL STIPULATIONS

(check appropriate block)

Removal of all materials must be in strict accordance with instructions of the Authorized Officer and the following conditions and requirements:

No material may be ☒ severed ☒ removed unless marked or otherwise designated by the Authorized Officer. Title to material sold under this contract shall remain in United States and shall not pass to Purchaser until such material has been removed from the contract area. If this contract involves severance of vegetative material, risk of loss shall be borne by the Purchaser after the material is cut. Nothing herein shall be construed to relieve the Purchaser from liability for any breach of contract or any wrongful or negligent act or for any violation of any applicable regulation of the Department of the Interior.

Purchaser shall take such measures for prevention and suppression of fire on the contract area and other United States lands as are required by applicable laws and regulations. Purchaser shall dispose of refuse in accordance with instructions from the Authorized Officer. If the Purchaser violates any of the provisions of this contract, the Authorized Officer may, by written notice, suspend any further operations of the Purchaser, except such operations as may be necessary to remedy any violations. If the Purchaser fails to remedy all violations within thirty (30) days after receipt of the suspension notice, the Authorized Officer may, by written notice, cancel this contract, take appropriate action to recover all damages suffered by Government by reason of such violation, and inform the Purchaser that they will not be issued any further contracts for up to three years. Forest Product Removal Receipt No(s):

SEC. 3 SPECIAL STIPULATIONS

(check appropriate block)

The ☒ Special Provisions and/or ☐ Maps attached are

made a part of this contract and are to be complied with.

*Standard Pit Stipulations apply (previously supplied) – purchaser must have a copy of this contract present when working at the pit.

Attachment I

EXHIBIT B
NEGOTIATED PIT STIPULATIONS

Mining Plan

1. The material pit will be mined according to the mining plan.
A. Mining will be restricted within the surveyed Archaeological boundaries which are marked by steel T posts or metal rods.

2. The overburden and or topsoil will be stockpiled along the outer rim of the material pit to be used to reclaim the pit upon completion of the mining operation.

3. Damage to the locality will be restricted to the area needed for extraction of the materials.

4. Restrict extraction of mineral material to within the surveyed area. Metal T-posts or steel rods have been placed along four corners of the mineral material pit to distinguish boundaries.

5. All vehicles shall be confined to roads and the designated boundaries of the working areas.

6. On leaving a material site, it will be cleaned and dressed. All rubbish and debris will be removed and the site dressed by dragging, blading, or otherwise smoothing the excavated surface.

7. The mineral material site will be maintained so as to prevent injury to livestock and people. Steep sides of material pits shall be cut to a slope that will minimize range hazards and danger to the general public.

8. The pit slope shall be graded not less than 3 (three) feet horizontal to 1 (one) foot vertical (3 to 1 slope). If the material is a hillside site, the pit slopes shall be graded not less than 2 (two) feet horizontal to 1 (one) foot vertical (2 to 1 slope).

9. Extreme care and caution will be given as to the existence of underground cables and pipelines in the locality to be excavated. Any existing structures will not be disturbed or made inoperative or damaged in any way by an excavation within a material site.

A) A pipe detector or some other means of detecting existing underground pipelines or waterlines will be used prior to excavation.

B) Contact pipeline and waterline lease holders in this area prior to digging to determine exact locations of any buried pipe.

C) Stake off any pipes that are discovered and post signs.

10. The material site access roads will be maintained so as not to cause wear and water erosion. Water bars should be constructed across roads in accordance with Bureau of Land Management (BLM) specifications.

11. Natural drainage systems shall not be blocked. Cuts or fills causing siltation or accumulation of debris in stream channels shall be avoided. Precaution will be taken in locating any spoil piles or material stockpiles to insure that siltation of streams, tanks, and ponds does not occur.

12. This permit may be canceled by the BLM when it is found that the permittee has violated federal law or regulations, any clause of the contract, or any of the attached special stipulations.

CONDITIONS OF APPROVAL
 For Surface Disturbing Activities
General Conditions of Approval

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this authorization.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, et. seq.) with regard to any toxic substances that are used, generated by or stored on the pipeline route or on facilities authorized. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et. seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et. seq.) on this pipeline (unless the release or threatened release is wholly unrelated to the holder's activity on the pipeline). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. If, during any phase of the construction, operation, maintenance, or termination of the authorization, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

5. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder shall be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

6. The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the proponent shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The proponent or initiator of any project shall be

held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes."

7. The holder shall be responsible for weed control on disturbed areas within the limits of the site. The holder is responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods. The mineral material mining site and construction area will be kept free of the following plant species: Matfa starthistle, African rue, Scotch thistle, and saltcedar.

8. The holder shall be responsible for maintaining the site in a sanitary condition at all times; waste materials at those sites shall be disposed of promptly at an appropriate waste disposal site. "Waste" means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, oil drums, petroleum products, ashes, and equipment.

Mineral Material Sites

93. All design, material, and construction, operation, maintenance, and termination practices shall be in accordance with safe and proven engineering practices.

94. The holder shall conduct all activities associated with the construction, operation, and termination of the material pit within the authorized limits.

95. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. The holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates shall be allowed unless approved by the Authorized Officer.

96. The holder shall be responsible for the actions and operations of any third party users associated with this authorization. All such use shall be subject to the applicable terms, conditions, and stipulations of this authorization.

97. The road proposed as part of this authorization shall be constructed and maintained in accordance with the BLM standards prescribed for a roads and the New Mexico Roads Policy.

98. The holder shall seed all surface disturbed by construction activities. Seeding shall be done according to the attached seeding requirements (Exhibit), using the attached seed mixture (as determined by DPC).

99. Suitable topsoil material removed in conjunction with clearing and stripping shall be conserved in stockpiles (within the material site) at the following staked locations: (Topsoil material removed will be stockpiled along the outer rim of the mineral material pit to be used to reclaim the pit upon completion of the mining operation.) Topsoil shall be stripped to an average depth of (twelve) inches. A total of (total number is variable) cubic yards of topsoil shall be stockpiled.

100. Excess excavated, unsuitable, or slide material shall be disposed of as directed by the authorized officer.

101. No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of (designate) inches deep, the soil shall be deemed too wet to adequately support construction equipment.

102. Existing roads and trails on public lands that are blocked as the result of the material pit activities shall be rerouted or rebuilt as directed by the authorized officer.

103. The holder shall recontour the disturbed area and obliterate all earthwork by removing embankments, backfilling excavations, and grading to reestablish the approximate original contour of the land as determined by the authorized officer.

104. The holder shall uniformly spread topsoil over all unoccupied disturbed areas. Spreading shall not be done when the ground or topsoil is frozen or wet.

105. The BLM will monitor construction on this material pit site. Notify the appropriate Resource Area Office, BLM at least (one) working days prior to commencing excavation of (505) 887-6544. The holder shall have the authorized mineral material permit or a copy of the authorized mineral material permit including all attached stipulations at the material pit site prior to and during excavation and removal of mineral material from a federal material pit. Surface disturbance, excavation and removal of mineral material cannot commence until the mineral material permit is physically at the material site. The holder will have the authorized mineral material permit available for inspection by the authorized officer at the material site location. Operations by the holder within a federal material site will cease upon discovery by the Authorized Officer that the authorized mineral material permit is not available for inspection or is not valid.

HYDROGEN SULFIDE (H₂S) PRODUCTIVE AREA STIPULATIONS

1. Hydrogen Sulfide Training - All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing excavation or removal of mineral from the material site:

1. The hazards and characteristics of hydrogen sulfide (H₂S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuations procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

II. EMERGENCY EQUIPMENT REQUIREMENTS

1. SIGNS A. One sign located at the mineral material pit entrance with the following language:

CAUTION - POTENTIAL POISON GAS

HYDROGEN SULFIDE (H₂S)

NO ADMITTANCE WITHOUT AUTHORIZATION

2. WINDSOCK - WINDSTREAMERS A. One windsock or windstreamer which is 36" (in length) located at the pit entrance and at a height visible from the pit area.

3. HYDROGEN SULFIDE DETECTOR AND ALARMS A. H₂S detectors or monitors with alarm will be used by all personnel located within the mineral material site.

4. CONDITION FLAGS A. One each of green, yellow, and red condition flags to be displayed to denote conditions.

GREEN - NORMAL CONDITIONS

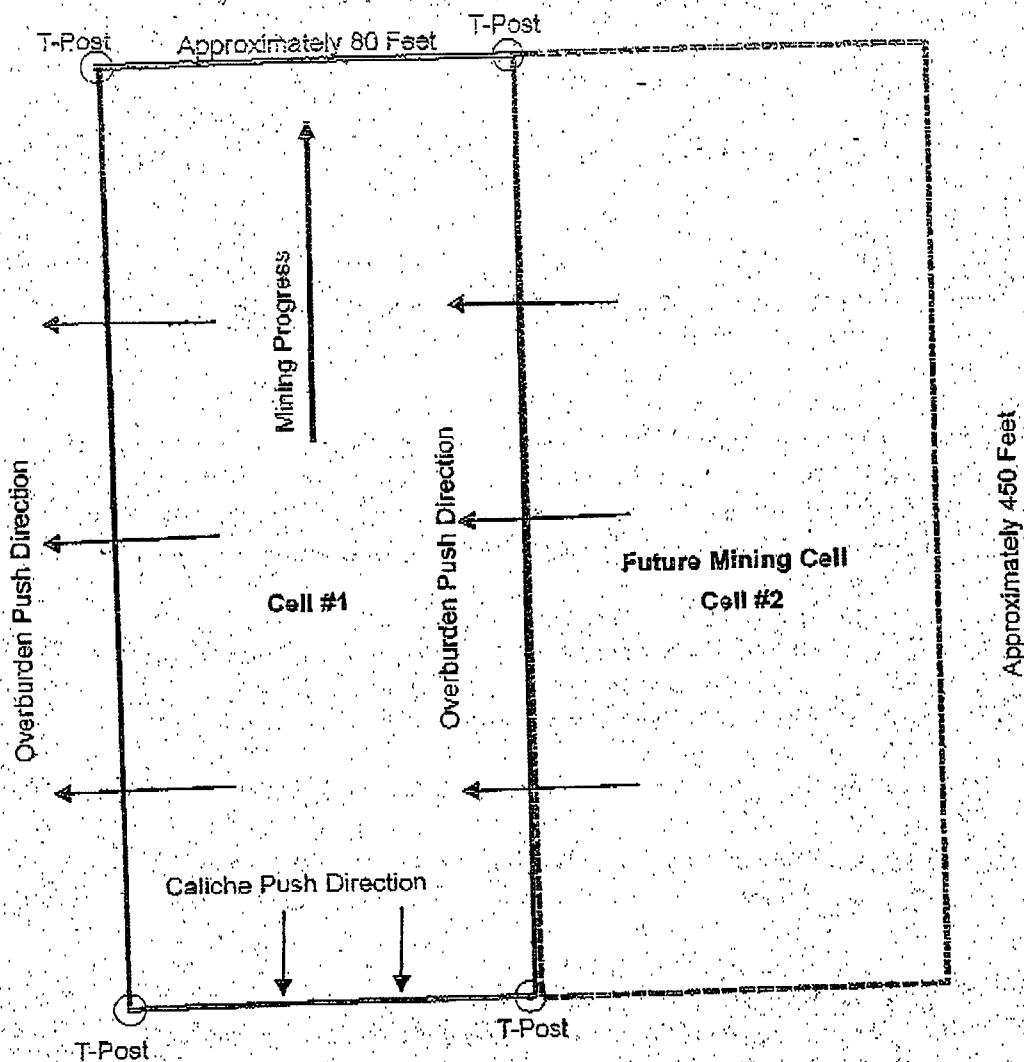
YELLOW - POTENTIAL DANGER

RED - DANGER, H₂S PRESENT

B. Condition flag shall be posted at mineral material location sign entrance.

III. MINERAL MATERIAL EXCAVATION AND REMOVAL WILL CEASE AND THE AREA WILL BE EVACUATED WHEN H₂S CONDITIONS ARE A POTENTIAL DANGER OR WHEN DANGER, H₂S PRESENT.

Approximately 1 acre of excavation and,
with 8 feet of mineable material, approximately
11,000 LCY of material per mine cell.



Typical Mine Plan Development Map

(Not exactly to scale or perspective)

BLM Community Pit

will have 4 mining cells, with the northwestern most cell mined first

U.S. Code: Title 49Release date March 17, 2005**Sec. 60123. Criminal penalties***(a) General Penalty.*

A person knowingly and willfully violating section 60114(c), 60118(a), or 60128 of this Title or a regulation prescribed or order issued under this chapter shall be fined under Title 18, imprisoned for not more than 5 years, or both.

(b) Penalty for Damaging or Destroying Facility.

A person knowingly and willfully damaging or destroying an interstate gas pipeline facility or interstate hazardous liquid pipeline facility, or attempting or conspiring to do such an act, shall be fined under Title 18, imprisoned for not more than 20 years, or both, and, if death results to any person, shall be imprisoned for any term of years or for life.

(c) Penalty for Damaging or Destroying Sign.

A person knowingly and willfully defacing, damaging, removing, or destroying a pipeline sign or right-of-way marker required by a law or regulation of the United States shall be fined under Title 18, imprisoned for not more than 1 year, or both.

(d) Penalty for Not Using One-Call Notification System or Not Heeding Location Information or Markings.

A person shall be fined under Title 18, imprisoned for not more than 5 years, or both, if the person knowingly and willfully –

(1) engages in an excavation activity –

(A) without first using an available one-call notification system to establish the location of underground facilities in the excavation area; or

(B) without paying attention to appropriate location information or markings the operator of a pipeline facility establishes; and

(2) subsequently damages –

(A) a pipeline facility that results in death, serious bodily harm, or actual damage to property of more than \$50,000;

(B) a pipeline facility that does not report the damage promptly to the operator of the pipeline facility and to other appropriate authorities; or

(C) a hazardous liquid pipeline facility that results in the release of more than 50 barrels of product.

ATTACHMENT I.

EXHIBIT B

FREE USE PERMIT NM-

STIPULATIONS

Mining Plan

(* Asterix Denotes DOES NOT APPLY)

1. The material pit will be mined according to the mining plan shown in Figure 2.

A. Mining will remain 100 feet from arroyos and natural drainages located in the area. Mining will remain 100 feet from existing and planned oil and gas developments such as pipelines, and well pads.

2. The overburden will be stockpiled along the outer rim of the aggregate pit to be used to reclaim the pit upon completion of the mining operation.

3. Damage to the locality will be restricted to the area needed for extraction of the materials.

4. Restrict extraction of mineral material to within the surveyed area (Figure 2).

5. All vehicles shall be confined to roads and the designated boundaries of the working areas.

6. On leaving a material site, it will be cleaned and dressed. All rubbish and debris will be removed and the site dressed by dragging, blading, or otherwise smoothing the excavated surface.

7. The mineral material site will be maintained so as to prevent injury to livestock and people. Steep sides of material pits shall be cut to a slope that will minimize range hazards and danger to the general public.

8. The pit slope shall be graded not less than 3 (three) feet horizontal to 1 (one) foot vertical (3 to 1 slope). If the material is a hillside site, the pit slopes shall be graded not less than 2 (two) feet horizontal to 1 (one) foot vertical (2 to 1 slope).

9. Extreme care and caution will be given as to the existence of underground cables and pipelines in the locality to be excavated. Any existing structures will not be disturbed or made inoperative or damaged in any way by an excavation within a material site.

A) A pipe detector or some other means of detecting existing underground pipelines or waterlines will be used prior to excavation.

B) Contact pipeline and waterline lease holders in this area prior to digging to determine exact locations of any buried pipe.

C) Stake off any pipes that are discovered and post signs.

10. The material site access roads will be maintained so as not to cause wear and water erosion. Water bars should be constructed across roads in accordance with Bureau of Land Management (BLM) specifications.

11. Natural drainage systems shall not be blocked. Cuts or fills causing siltation or accumulation of debris in stream channels shall be avoided. Precaution will be taken in locating any spoil piles or material stockpiles to insure that siltation of streams, tanks, and ponds does not occur.

12. This permit may be canceled by the BLM when it is found that the permittee has violated federal law or regulations, any clause of the contract, or any of the attached special stipulations.

CONDITIONS OF APPROVAL

For Surface Disturbing Activities

* (DOES NOT APPLY)

General Conditions of Approval

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this authorization.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, et. seq.) with regard to any toxic substances that are used, generated by or stored on the pipeline route or on facilities authorized. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.761-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et. seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et. seq.) on this pipeline (unless the release or threatened release is wholly unrelated to the holder's activity on the pipeline). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. If, during any phase of the construction, operation, maintenance, or termination of the authorization, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

5. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder shall be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

(over)