Basin Environmental Consulting, LLC

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NMOCD ARTESIA

2800 Plains Highway
P. O. Box 381
Lovington, New Mexico 88260
cjbryant@basinenv.com

Office: (575) 396-2378

Fax: (575) 396-1429



REMEDIATION SUMMARY AND SITE CLOSURE REQUEST

Fairway Resources Operating, LLC

South Red Lake Grayburg Unit 41

Eddy County, New Mexico

UNIT P (SE/SE), Section 35, Township 17S, Range 27E

Latitude 32°, 47', 10.62" North, Longitude 104°, 14', 44.73" West

Prepared For:

Fairway Resources Operating, LLC 538 Silicon Drive, Suite 101 Southlake, Texas 76092

Prepared By: Basin Environmental Consulting, LLC

April 2010

Project Manager

AMEMBED

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1.0 INTRODUCTION AND BACKGROUND INFORMATION

Basin Environmental Consulting, LLC (Basin), on behalf of Fairway Resources Operating, LLC (Fairway), has prepared this Remediation Summary and Site Closure Request for the release site known as South Red Lake Grayburg Unit 41. The legal description of the release site is SE ¼ SE ¼ (Unit Letter P), Section 35, Township 17 South, Range 27 East, in Eddy County, New Mexico. The property is owned by the United States Bureau of Land Management (BLM). The release site GPS coordinates are 32° 47′ 10.62″ North and 104° 14′ 44.73″ West. A Site Location Map and a Site Map are provided as Figures 1 and 2, respectively. General site photographs are provided as Appendix B. The Release Notification and Corrective Action is provided as Appendix C.

The Eddy County Soil Survey (2004) indicates the release site soil type is Reeves-Gypsum land complex with 0-3% slopes, the area surrounding the release site is in an active oil and gas production field.

On September 28, 2009, Fairway discovered a produced water/crude oil release from the South Red Lake Grayburg Unit 41 flow line. The cause of the release was attributed to failure of the flow line and was reported to the New Mexico Oil Conservation Division (NMOCD) on October 12, 2009. During initial response activities, Fairway installed a temporary clamp on the flow line to mitigate the release. Approximately fifteen (15) barrels of produced water/crude oil was released from the flow line, with no recovery.

2.0 NMOCD SITE CLASSIFICATION

A search of the New Mexico Office of the State Engineer (NMOSE) database did not identify the average depth to groundwater information for Section 35, Township 17 South, Range 27 East. A reference map utilized by the NMOCD indicated depth to groundwater at the release site should be encountered at approximately one hundred (100) to one hundred twenty-five (125) feet below ground surface (bgs). This depth to groundwater results in a score of zero (0) points being assigned to the site based on the NMOCD depth to groundwater criteria.

The water well database, maintained by the NMOSE, indicated there are no water wells less than 1,000 feet from the release, resulting in zero (0) points being assigned to this site as a result of the criteria.

There are no surface water bodies located within 1,000 feet of the site. Based on the NMOCD ranking system zero (0) points will be assigned to the site as a result of the criterion.

The NMOCD guidelines indicate the South Red Lake Grayburg Unit 41 release site has a ranking score of zero (0). Based on this score, the soil remediation levels for a site with a ranking score of zero (0) points are as follows:

- Benzene 10 mg/Kg (ppm)
- BTEX 50 mg/Kg (ppm)
- TPH -5,000 mg/Kg (ppm)

The NMOCD chloride clean up level concentrations are site specific and will be 1,270 mg/Kg due to background concentrations at a previously remediated site in the area.

3.0 SUMMARY OF RECENT FIELD ACTIVITIES

On October 1, 2009, Basin began excavation of the impacted soil at the release site. The impacted soil was transported to Lea Land (NMOCD permit #WM-01-035) for disposal.

On October 2, 2009, four (4) trenches were excavated at the site to delineate the vertical extent of impacted soil. Soil samples were collected from the trenches and the trenches were backfilled.

Trench 1 was located at the release point and excavated to a total depth of approximately seven (7) feet bgs. Three (3) soil samples (Trench 1 @ 3', Trench 1 @ 6' and Trench 1 @ 7') were collected and the trench was backfilled. Results of the chloride field test indicated chloride concentrations ranged from 216 mg/Kg in soil sample Trench 1 @ 7' to 17,204 mg/Kg in soil sample Trench 1 @ 3'.

Trench 2 was located in the center of the release area and excavated to a total depth of approximately five (5) feet bgs. Two (2) soil samples (Trench 2 @ 2' and Trench 2 @ 5') were collected and the trench was backfilled. Results of the chloride field test indicated chloride concentrations ranged from 540 mg/Kg in the soil sample Trench 2 @ 5' to 2,884 mg/Kg in soil sample Trench 2 @ 2'.

Trench 3 was located in the southwest flow path and excavated to a total depth of approximately eight (8) feet bgs. Four (4) soil samples (Trench 3 @ 2', Trench 3 @ 5', Trench 3 @ 7' and Trench 3 @ 8') were collected and the trench was backfilled. Results of the chloride field test indicated chloride concentrations ranged from 856 mg/Kg in soil sample Trench 3 @ 8' to 4,860 mg/Kg in soil sample Trench 3 @ 5'.

Trench 4 was located in the west flow path and was excavated to a total depth of approximately eight (8) feet bgs. Four (4) soil samples (Trench 4 @ 2', Trench 4 @ 4', Trench 4 @ 6' and Trench 4 @ 8') were collected and the trench was backfilled. Results of the chloride field test indicated chloride concentrations ranged from 216 mg/Kg in soil sample Trench 4 @ 8' to 4,464 mg/Kg in soil sample Trench 4 @ 2'.

On November 4, 2009, the *Remediation Summary and Site Closure Strategy* (Plan) was submitted to the NMOCD Artesia District Office. The NMOCD Artesia District Office granted verbal approval of the Plan and the proposed closure activities commenced.

During October and November 2009, Basin excavated impacted soil at the release site. Approximately 4,792 yards of impacted soil was transported to Lea Land for disposal. The final dimensions of the excavation were approximately four hundred ninety seven (497) feet in length, approximately four (4) to ten (10) feet in width, ranging in depth from approximately two (2) to eight (8) feet bgs in the west flow path. The southwest flow path measured approximately seven

hundred forty (740) feet in length and approximately two (2) to ten (10) feet in width and varied in depth for two (2) to eight (8) feet bgs.

On October 28, 2009, thirty two (32) soil samples (SP 1, SP 2, SP 3, SP 4, SP 5, SP 6, SP 7, SP 8, SP 9, SP 10, SP 11, SP 12, SP 13, SP 14, SP 15, SP 16, SP 17, SP 18, SP 19, SP 20, SP 21, SP 22, SP 23, SP 24, SP 25, SP 26, SP 27, SF 1, SF 2, SF 3, SF 4 and SF 5) were collected from the excavation and submitted to the laboratory for analysis. Soil samples SP 1, SP 2, SP 3, SP 4, SP 5, SP 6, SP 7, SP 8, SP 9, SP 10, SP 11, SP 12, SP 13, SP 14, SP 15, SP 16, SP 17, SP 18, SP 19, SP 20, SP 21, SP 22, SP 23, SP 24, SP 25, SP 26, SP 27 and SF 1 were analyzed for total petroleum hydrocarbon (TPH) concentrations using EPA Method SW 846-8015M Extended. All the collected soil samples were submitted for chloride concentrations using EPA Method 4500 Cl B. A summary of the analytical results are included in Table 1, Concentrations of TPH and Chlorides in Soil. Sample locations are provided in Figure 2, Site and Sample Location Map. Laboratory analytical reports are included in Appendix A.

The laboratory analytical results indicated TPH concentrations ranged from less than the appropriate laboratory method detection limit (MDL) for soil samples SP 1, SP 2, SP 3, SP 4, SP 5, SP 7, SP 8, SP 9, SP 10, SP 11, SP 12, SP 13, SP 14 SP 15, SP 16, SP 19, SP 20, SP 21, SP 23, SP 25, SP 26, SP 27 and SF 1, to 557 mg/Kg for soil sample SP 18. Chloride concentrations ranged from 48 mg/Kg for soil sample SF 4 to 24,400 mg/Kg for soil sample SF 2. A review of analytical results indicated chloride concentrations in soil samples SP 1, SP 2, SP 3, SP 6, SP 16, SP 17, SP 19, SP 20, SP 21, SP 22, SP 23, SP 24, SP 25, SP 26, SP 27, SF 3 and SF 4 were less than the NMOCD approved clean up level of 1,270 mg/Kg.

Soil samples SP 5, SP 7, SP 8 and SP 12 were collected from the gypsum layer located at depth across the site. The NMOCD granted verbal approval to leave the elevated chloride concentrations at the above mentioned sampling locations.

Based on the laboratory analytical results additional excavation was conducted in the areas of soil samples SP 4, SP 9, SP 10, SP 11, SP 13, SP 14, SP 15, SP 18, SF 1, SF 2 and SF 5.

On November 16, 2009, fourteen (14) soil samples (SF 6, SF 7, SF 8, SP 9, SP 10, SP 11, SP 13, SP 14, SP 15, SP 4, SP 18, SF 2, SF 1 and SF 5) were collected from the excavation and submitted to the laboratory for chloride analysis. Laboratory analytical results indicated chloride concentrations ranged from less than the laboratory MDL for soil samples SF 6, SF 7 and SF 1 to 3,520 mg/Kg for soil sample SP 11. Review of the analytical results indicated chloride concentrations were less than NMOCD clean up level in all the submitted soil samples with the exception of soil samples SF 2, SF 5 and SP 11 which exceeded NMOCD clean up levels.

Soil samples SF 2 and SF 5 were collected from the gypsum layer located at depth across the site. The NMOCD granted verbal approval to leave the elevated chloride concentrations at the above mentioned sampling locations.

Based on the laboratory analytical results additional excavation was conducted in the area of soil sample SP 11.

On November 18, 2009, one (1) soil sample SP 11 was collected from the excavation and submitted to the laboratory for chloride analysis. Laboratory analytical results indicate a chloride concentration of 3,600 mg/Kg for soil sample SP 11.

Based on the laboratory analytical results additional excavation was conducted in the area of soil sample SP 11.

On November 25, 2009, one (1) soil sample SP 11 was collected from the excavation and submitted to the laboratory for chloride analysis. Laboratory analytical results indicated chloride concentration of 128 mg/Kg for soil sample SP 11.

On November 25, 2009, with NMOCD approval the excavation was backfilled with locally purchased non-impacted soil and compacted in twelve (12) inch lifts. Following the backfilling activities the site was contoured to fit the surrounding topography and reseeded with a BLM approved seed mixture.

4.0 QA/QC PROCEDURES

4.1 Soil Sampling

Soil Samples were delivered to Cardinal Laboratories., of Hobbs, New Mexico for Chlorides and /or TPH analyses using the methods described below. Soil samples were analyzed for Chlorides and/or TPH concentrations within fourteen (14) days. The soil samples were analyzed as follows:

- Chloride concentrations in accordance with EPA Method 4500 Cl B
- TPH concentrations in accordance with modified EPA Method 8015M GRO/DRO

4.2 Decontamination of Equipment

Cleaning of the sampling equipment was the responsibility of the environmental technician. Prior to use and between each sample, the sampling equipment was cleaned with Liqui-Nox® detergent and rinsed with distilled water.

4.3 Laboratory Protocol

The laboratory was responsible for proper QA/QC procedures after signing the chain-of-custody (COC) form. These procedures were either transmitted with the laboratory reports or are on file at the laboratory.

5.0 SITE CLOSURE REQUEST

Based on the analytical results of confirmation soil samples, Basin recommends Fairway provide the NMOCD Artesia District Office and the BLM Carlsbad District Office, a copy of this Remediation Summary and Site Closure Request and request the NMOCD and BLM grant site closure to the South Red Lake Grayburg Unit 41 release site.

6.0 LIMITATIONS

Basin Environmental Consulting, LLC has prepared this Remediation Summary and Site Closure Request to the best of its ability. No other warranty, expressed or implied, is made or intended.

Basin Environmental Consulting, LLC has examined and relied upon documents referenced in the report and has relied on oral statements made by certain individuals. Basin Environmental Consulting, LLC has not conducted an independent examination of the facts contained in referenced materials and statements. We have presumed the genuineness of the documents and that the information provided in documents or statements is true and accurate. Basin Environmental Consulting, LLC has prepared this report, in a professional manner, using the degree of skill and care exercised by similar environmental consultants. Basin Environmental Consulting, LLC also notes that the facts and conditions referenced in this report may change over time and the conclusions and recommendations set forth herein are applicable only to the facts and conditions as described at the time of this report.

This report has been prepared for the benefit of Fairway Resources Operating, LLC. The information contained in this report, including all exhibits and attachments, may not be used by any other party without the express consent of Basin Environmental Consulting, LLC and/or Fairway Resources Operating, LLC.

7.0 DISTRIBUTION:

Copy 1: Sherry Bonham

New Mexico Energy, Minerals and Natural Resources Department

Oil Conservation Division (District 2)

1301 E. Grand Avenue Artesia, New Mexico 88210

Copy 2: Terry Gregston

Bureau of Land Management

602 E. Greene Street

Carlsbad, New Mexico 88220

Copy 3: Jay Pulte

Fairway Resources Operating, LLC.

538 Silicon Drive,

Suite 101

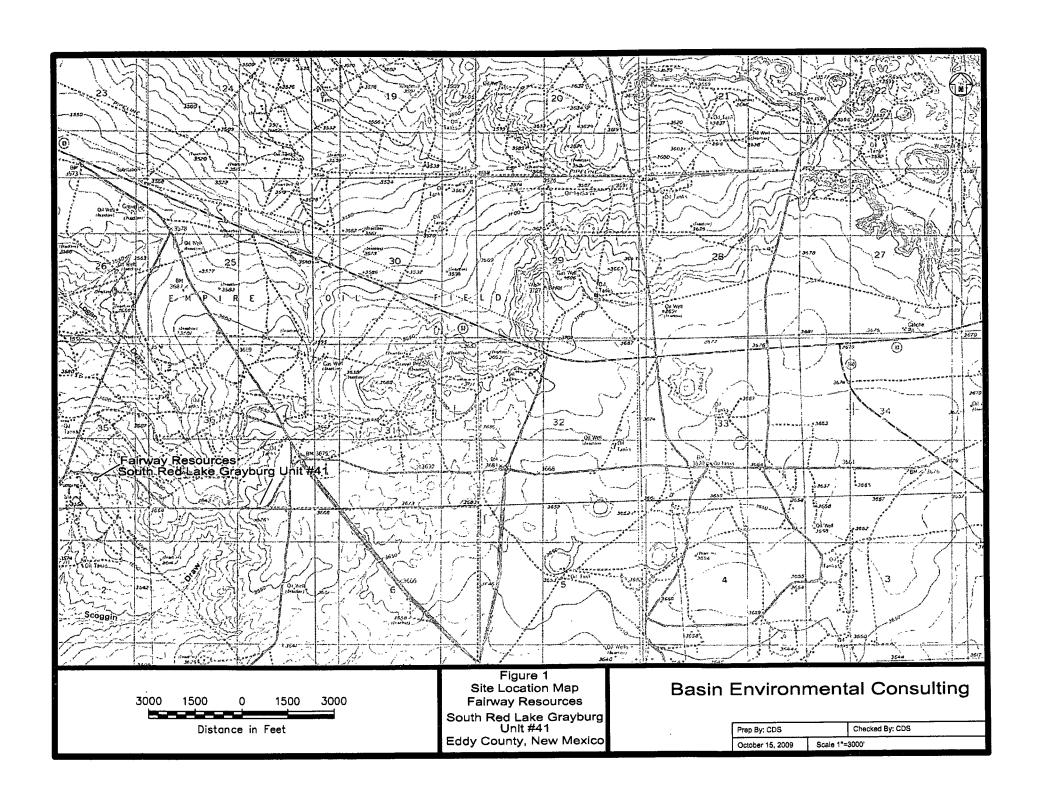
Southlake, Texas 76092

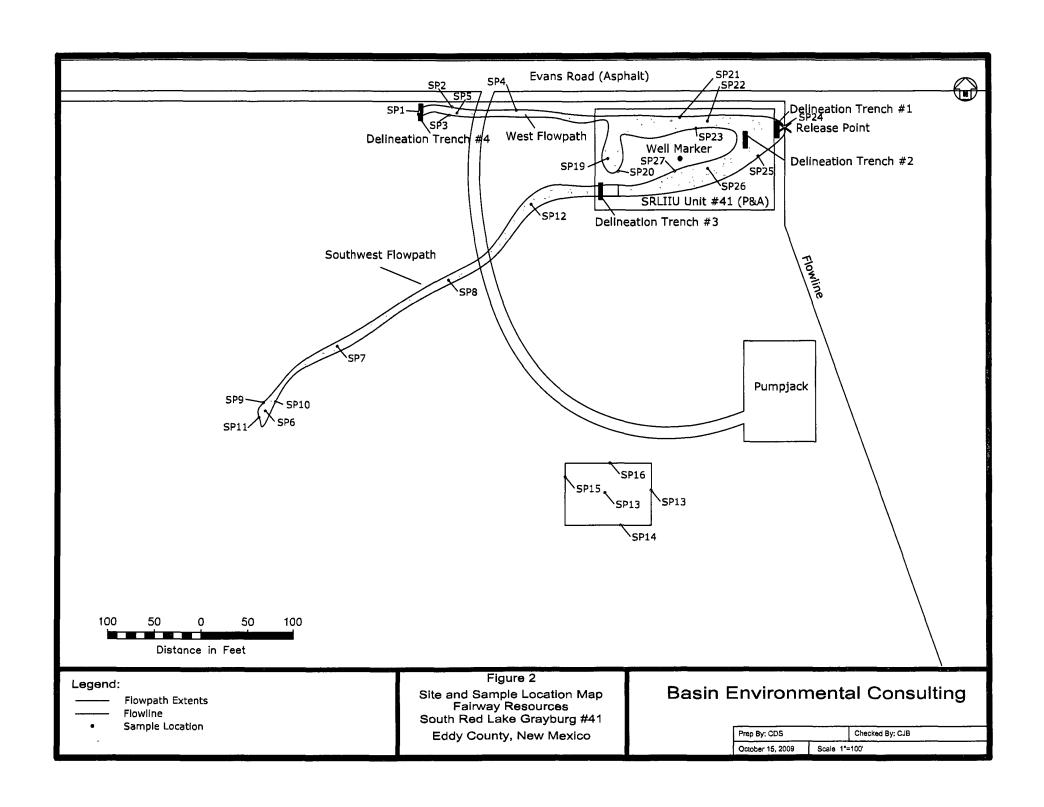
Copy 4: Basin Environmental Consulting, LLC

P.O. Box 381

Lovington, New Mexico 88260 cjbryant@basin-consulting.com

Figures





Tables

TABLE 1

CONCENTRATIONS OF TPH AND CHLORIDES IN SOIL

FAIRWAY RESOURCES OPERATING, LLC SOUTH RED LAKE GRAYBURG UNIT 41 EDDY COUNTY, NEW MEXICO

	T		S	D	4500-CI B		
SAMPLE LOCATION	SAMPLE DATE	SOIL STATUS	GRO C ₆₋ C ₁₀ (mg/Kg)	DRO C ₁₀ -C ₂₈ (mg/Kg)	ORO C ₂₈ -C ₃₅ (mg/Kg)	TOTAL TPH C ₆ -C ₃₅ (mg/Kg)	CHLORIDE (mg/Kg)
SP 1	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	896
SP 2	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	272
SP3	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	416
SP 4	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	20,600
SP 5	10/28/09	In-Situ	<10.0	<10.0	<10 0	<10.0	2,680
SP6	10/28/09	In-Situ	<10.0	287	<10.0	287	144
SP 7	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	1,380
SP8	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	2,560
SP9	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	21,600
SP 10	10/28/09	Excavated	<10.0	<10.0	<10.0	<100	2,720
SP 11	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	2,400
SP 12	10/28/09	In-Situ	<100	<10.0	<10.0	<10.0	1,550
SP 13	10/28/09	Excavated	<100	<10.0	<10.0	<10.0	3,880
SP 14	10/28/09	Excavated	<100	<10.0	<10.0	. <10.0	18,400
SP 15	10/28/09	Excavated	<100	<10.0	<10.0	<10.0	5,760
SP 16	10/28/09	In-Situ	<10.0	<10.0	<10 0	<100	240
SP 17	10/28/09	In-Situ	<10.0	52.8	<10.0	52 8	208
SP 18	10/28/09	Excavated	<10.0	557	<10.0	557	2,360
SP 19	10/28/09	In-Situ	<100	<10.0	<10.0	<10.0	320
SP 20	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	96
SP 21	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	464
SP 22	10/28/09	In-Situ	<10.0	13.6	<10.0	13.6	384
SP 23	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	592
SP 24	10/28/09	In-Situ	<10.0	15.9	<10.0	15.9	1,200
SP 25	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	160
SP 26	10/28/09	In-Situ	<10.0	<10 0	<10 0	<10.0	272
SP 27	10/28/09	In-Situ	<10.0	,<10.0	<10.0	<10.0	848
SF 1	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	6,080
SF 2	10/28/09	Excavated	•	•	-	_	24,400
SF 3	10/28/09	In-Situ	-		-	_	480

TABLE 1
CONCENTRATIONS OF TPH AND CHLORIDES IN SOIL

FAIRWAY RESOURCES OPERATING, LLC SOUTH RED LAKE GRAYBURG UNIT 41 EDDY COUNTY, NEW MEXICO

			S	W 846-8015I	VI EXTENDE	D	4500-CI B
SAMPLE LOCATION	SAMPLE DATE	SOIL STATUS	GRO C ₆ C₁₀ (mg/Kg)	DRO C ₁₀ -C ₂₈ (mg/Kg)	ORO C ₂₈ -C ₃₅ (mg/Kg)	TOTAL TPH C ₆ -C ₃₅ (mg/Kg)	CHLORIDE (mg/Kg)
SF 4	10/28/09	In-Situ	-	_	-	_	48
SF 5	10/28/09	Excavated	-	_	-	-	2,960
	1,100			100	理的婚費		1 4 1 2 1
SF 6	11/16/09	In-Situ	-	-	1	-	<16
SF 7	11/16/09	In-Situ	-	-	-	,	<16
SF8	11/16/09	In-Situ	-	-	-	•	64
SP 9	11/16/09	In-Situ	-	•	•	-	16
SP 10	11/16/09	In-Situ		•	•	-	176
SP 11	11/16/09	Excavated	-	-	-	-	3,520
SP 13	11/16/09	In-Situ	-	-	-	-	576
SP 14	11/16/09	In-Situ	-	-	-	_	512
SP 15	11/16/09	In-Situ	-	-		-	784
SP 4	11/16/09	In-Situ	-	-	-	-	96
SP 18	11/16/09	In-Situ	-	-	-	_	688
SF 2	11/16/09	In-Situ					1,280
SF 1	11/16/09	In-Situ	-	_	-	-	<16
SF 5	11/16/09	In-Situ	-	-	-	-	1,480
3.4 19 19 19 19 19 19 19 19 19 19 19 19 19 	E. X4 17		Fishing the	100.55	2 / 1 / 2 3	15.桑丁鄉	域的工作
SP 11	11/18/09	Excavated	-	•	-	-	3,600
FACTOR POWER TO SERVICE	THERE	37° 37.55		#F 2003	MARK!	PROPERTY	"是"
SP 11	11/25/09	In-Situ	-	-	-	-	128
NMOCD Regulatory Stand	lard					5,000	1,270

NOTE: 1 CHoride "Standard" is based on previously established "background" levels for this area

Appendices

Appendix A Laboratory Analytical Reports



October 30 2009

Curt Stanley Fairway Resources 538 Silicon Dr., Suite 101 Southlake, TX 76092

Re: South Red Lake Unit 41

Enclosed are the results of analyses for sample number H18593, received by the laboratory on 10/29/09 at 8:21 am.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021

Benzene, Toluene, Ethyl Benzene, and Total Xylenes

Method SW-846 8260

Benzene, Toluene, Ethyl Benzene, and Total Xylenes

Method TX 1005

Total Petroleum Hydrocarbons

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

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

Method EPA 552.2

Haloacetic Acids (HAA-5)

Method EPA 524.2

Total Trihalomethanes (TTHM)

Method EPA 524.2

Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 9 (includes Chain of Custody)

Sincerely.

Celey D. Keene

Laboratory Director



Receiving Date: 10/29/09

Reporting Date: 10/29/09

Project Owner: FAIRWAY RESOURCES

Project Name: SOUTH RED LAKE UNIT 41

Project Location: EDDY CO., NM

Analysis Date: 10/29/09

Sampling Date: 10/28/09

Sample Type: SOIL

Sample Condition: COOL & INTACT @ 4°C

Sample Received By: ML

Analyzed By: HM

		CIT
LAB NO.	SAMPLE ID	(mg/kg)
H18593-1	SP1	896
H18593-2	SP2	272
H18593-3	SP3	416
H18593-4	SP4	20,600
H18593-5	SP5	2,680
H18593-6	SP6	144
H18593-7	SP7	1,380
H18593-8	SP8	2,560
H18593-9	SP9	21,600
H18593-10	SP10	2,720
H18593-11	SP11	2,400
H18593-12	SP12	1,550
H18593-13	SP13	3,880
H18593-14	SP14	18,400
H18593-15	SP15	5,760
H18593-16	SP16	240
Quality Cont	rol	490
True Value C	QC	500
% Recovery		98.0
Relative Per	cent Difference	2.0

METHOD: Standard Methods 4500-CIB

Note: Analyses performed on 1:4 w:v aqueous extracts.

Unemisty

10/30/09 Date

H18593 Basin Environmental



Receiving Date: 10/29/09

Reporting Date: 10/29/09
Project Owner: FAIRWAY RESOURCES

Project Name: SOUTH RED LAKE UNIT 41

Project Location: EDDY CO., NM

Analysis Date: 10/29/09 Sampling Date: 10/28/09

Sample Type: SOIL

Sample Condition: COOL & INTACT @ 4°C

Sample Received By: ML

10/30/09

Analyzed By: HM

		CI
LAB NO.	SAMPLE ID	(mg/kg)
H18593-17	SP17	208
H18593-18	SP18	2,360
H18593-19	SP19	320
H18593-20	SP20	96
H18593-21	SP21	464
H18593-22	SP22	384
H18593-23	SP23	592
H18593-24	SP24	1,200
H18593-25	SP25	160
H18593-26	SP26	272
H18593-27	SP27	848
H18593-28	SF1	6,080
H18593-29	SF2	24,400
H18593-30	SF3	480
H18593-31	SF4	48
H18593-32	SF5	2,960
Quality Contr	ol	500
True Value Q	IC .	500
% Recovery		100
Relative Pero	cent Difference	2.0

METHOD: Standard Methods 4500-Cl'B

Note: Analyses performed on 1:4 w:v aqueous extracts.

H18593 Basin Environmental



Receiving Date: 10/29/09

Sampling Date: 10/28/09 Sample Type: SOIL

Reporting Date: 10/30/09 Project Owner: FAIRWAY RESOURCES

Sample Condition: COOL & INTACT @ 40C

Project Name: SOUTH RED LAKE UNIT 41

Sample Received By: ML

Project Location: 'EDDY COUNTY, NEW MEXICO

DRO GRO DRO ext.

Analyzed By: AB

 (C_6-C_{10}) (>C₁₀-C₂₈) (>C₂₈-C₃₅)

LAB NUMBER	SAMPLE ID	(mg/kg)	(mg/kg)	(mg/kg)
ANALYSIS DA	TE	10/29/09	10/29/09	10/29/09
H18593-1	SP1	<10.0	<10.0	<10.0
H18593-2	SP2	<10.0	<10.0	<10.0
H18593-3	SP3	<10.0	<10.0	<10.0
H18593-4	SP4	<10.0	<10.0	<10.0
H18593-5	SP5	<10.0	<10.0	<10.0
H18593-6	SP6	<10.0	287	<10.0
H18593-7*	SP7	<10.0	<10.0	<10.0
H18593-8*	SP8	<10.0	<10.0	<10.0
H18593-9	SP9	<10.0	<10.0	<10.0
H18593-10	SP10	<10.0	<10.0	<10.0
H18593-11*	SP11	<10.0	<10.0	<10.0
H18593-12	SP12	<10.0	<10.0	<10.0
H18593-13	SP13	<10.0	<10.0	<10.0
H18593-14	SP14	<10.0	<10.0	<10.0
H18593-15	SP15	<10.0	<10.0	<10.0
H18593-16	SP16	<10.0	<10.0	<10.0
H18593-17	SP17	<10.0	52.8	<10.0
H18593-18	SP18	<10.0	557	<10.0
H18593-19	SP19	<10.0	<10.0	<10.0
H18593-20	SP20	<10.0	<10.0	<10.0
Quality Contro		503	558	•
True Value QC		500	500	-
% Recovery		101	112	-
Relative Perce	nt Difference	9.7	10.9	-

METHODS: TPH GRO & DRO: EPA SW-846 8015 M extended. Reported on wet weight.

*TPH second surrogate out of historical limits due to matrix interference.

H18593 TEHEXT BASIN

10/30/09



Receiving Date: 10/29/09 Reporting Date: 10/30/09 Sampling Date: 10/28/09

Project Owner: FAIRWAY RESOURCES

Sample Type: SOIL

Project Name: SOUTH RED LAKE UNIT 41

Project Location: EDDY COUNTY, NEW MEXICO

Sample Condition: COOL & INTACT @ 40C Sample Received By: ML

Analyzed By: AB

GRO DRO DRO ext. $(C_{8}-C_{10})$ (>C₁₀-C₂₈) (>C₂₈-C₃₅)

	(06 010)	(010 028)	(- 79 - 30)
LAB NUMBER SAMPLE ID	(mg/kg)	(mg/kg)	(mg/kg)
ANALYSIS DATE	10/30/09	10/30/09	10/30/09
H18593-21 SP21	<10.0	<10.0	<10.0
H18593-22 SP22	<10.0	13.6	<10.0
H18593-23 SP23	<10.0	<10.0	<10.0
H18593-24 SP24	<10.0	15.9	<10.0
H18593-25 SP25	<10.0	<10.0	<10.0
H18593-26 SP26	<10.0	<10.0	<10.0
H18593-27 SP27	<10.0	<10.0	<10.0
H18593-28 SF1	<10.0	<10.0	<10.0
Quality Control	515	568	-
True Value QC	500	500	*
% Recovery	103	114	
Relative Percent Difference	1.8	4.7	*

METHODS: TPH GRO & DRO: EPA SW-846 8015 M extended. Reported on wet weight.

CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

101 East Marland Hobbs, New Mexico 88240

Phone: 505-393-2326 Fax: 505-393-2476

	Project Manager:	Curt Stan	ley		·····	PAGE OF	4												Pro	ject	t Na	ne:	So	uth	Re	d La	ake	Unit	41				
	Company Name	Fairway R	esources									···								Pr	ojec	t #:		,									
	Company Address:	538 Silico	n Dr Suite 101																P	roje	ct L	oc:	Edd	у сс	Ne	w M	exic	0					
	City/State/Zip:	Southlake	TX 76092										**********			-t					PC) #:						···········					***********
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	Sampler Signature:	Ela	Ge_				e-mail:		<u>es</u>	stay	<u>/lor</u>	<u>@</u> t	as	ine	nv.	cor	<u>m</u>	·····		person				County Of Service	استونت					-	action (Chromating		***
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AB # (lab use only)	SIT.	LD CODE		Beginning Depth	Ending Depth	Date Sampled	Time Sampled	Field Screened	otal # of Containers	ica	HNO3	ل ت	² OS ² +	NaOH	Na ₂ S ₂ O ₃	Aone		DW = Drinking Water St = Studg GW = Groundwater S = Soli/Sol	NP Non-Potable Specify Oth	PH: 418.1 (8015) 538	TPH; TX 1005 TX 1006	ations (Ca, Mg, Na, K)	Anions (Cl. SO4, Alkalinity)	SAR/ESP/CEC	letals: As Ag Ba Cd Cr Pb H	olatiles	Semivolatiles	BIEX 80216/5030 or BIEX 8250 RCI	,O.R.M.	CHLORIDES EPA 308.1 KS		USH TAT (Pre-Schedule) 2	Standard TAT
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CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

101 East Marland Hobbs, New Mexico 88240 Phone: 505-393-2326 Fax: 505-393-2476

PAGE 2 OF 4 Project Manager: **Curt Stanley** Project Name: South Red Lake Unit 41 Company Name Fairway Resources Project #: Company Address: 538 Silicon Dr Suite 101 Project Loc: Eddy co New Mexico City/State/Zip: Southlake TX 76092 PO#: Report Format: X Standard TRRP NPDES Telephone No: (817) 416 1949 Fax No: (505) 396-1429 Sampler Signature: estaylor@basinenv.com e-mail: Analyze For: (lab use only) TCLP: TOTAL; ORDER #: Preservation & # of Containers Matrix BTEX 8021B/5030 or BTEX 8260 RUSH TAT (Pre-Schedule) Anions (Cl. SO4, Alkalinity) Metals: As Ag Ba Cd Cr Pb AB # (lab use only) Cations (Ca. Mg. Na. K) EPA **Beginning Depth** fotal #. of Containers Time Sampled Sampled Ending Depth TX 1005 Other (Specify) CHLORIDES letd Screened Na₂S₂O₃ N.O.R.M. L'SO. 호 8 FIELD CODE H18593-11 **SP11** 28-Oct-09 13:17 SOIL 13:23 1 SOIL **SP12** 28-Oct-09 1 **SP13** 28-Oct-09 13:28 SOIL SP14 28-Oct-09 13:30 1 SOIL 13:33 1 SOIL SP15 28-Oct-09 **SP16** 28-Oct-09 13:36 1 SOIL 1 Х **SP17** 28-Oct-09 13:39 SOIL **SP18** 28-Oct-09 13:41 SOIL **SP19** 28-Oct-09 13:47 1 X SOIL -20 13:50 SOIL **SP20** 28-Oct-09 Special Instructions: **Laboratory Comments:** Sample Containers Intact? EMAIL RESULTS: kdutton@basinenv.com-&-cjreynolds@paalp.com VOCs Free of Headspace?
Labels on container(s)
Custody seals on container(s) DESCRIPTION OF AINS MARKETING L.P. Received by: Relinquished by: Time 21:70 10129 Custody seals on cooler(s) Received by: // Sample Hand Delivered N Relinquished by: by Sampler/Client Rep. ? by Courier? UPS DHL FedEx Lone Star Date Relinquished by: Date Received by Cardinal:: Temperature Upon Receipt.

CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

101 East Marland Hobbs, New Mexico 88240

Phone: 505-393-2326 Fax: 505-393-2476

	Project Manager:	Curt Stanley			PAGE 3 OF	4												Pre	oject	t Nar	ne:	So	uth	Re	<u>d La</u>	ike l	<u>Jnit</u>	41				
	Company Name	Fairway Resources			·							··········		p					Pr	ojec	t#:_											
	Company Address:	538 Silicon Dr Suite 101										············						F	Proje	ect L	oc:	Edd	ly co	Ne	w M	exico	<u> </u>		***************************************			
	City/State/Zip:	Southlake TX 76092																		PC) #: _											
	Telephone No:	(817) 416 1949			· • • • • • • • • • • • • • • • • • • •	Fax No:		(50)5) 3	96-1	429	-		w			Re	port	t For	rmat	. [X	Star	ndar	d] TF	RRP			NPDE:	s
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7 8	<u> </u>	LD CODE	Beginning Depth	Ending Depth	Date Sampled	Time Sampled	Field Screened	Total #. of Containers	·	HNO3	HCI	H ₂ SO ₂	NaOH	Na ₂ S ₂ O ₃	None	Other (Specify)	DW = Unixing Water St. = Studg GW = Groundwater S = Solifol	NP=Non-Potable Specify Oth	No.	TPH: TX 1005 TX 1086	Cations (Ca, Mg, Na, K)	Anlons (Cl. SO4, Alkalinity)	SAR / ESP / CEC	Metals: As Ag Ba Cd Cr Pb Hg Se	Volatiles	Semivolatiles BTEX 8021B/5030 or BTEX 8260	RCI	N.O.R.M.	CHLORIDES EPA 300.1-		RUSH TAT (Pre-Schedule) 24, 48, 72 hrs	Standard TAT
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CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

101 East Marland Hobbs, New Mexico 88240 Phone: 505-393-2326 Fax: 505-393-2476

	Project Manager:	Curt Stanley				PAGE 4 OF	4											Pr	ojec	t Na	me:	Sou	th R	ted	Lak	<u>e Ur</u>	<u>iit 4</u>	1				
	Company Name	Fairway Res	ources			·								·		,,			P	roje	ct #:											
	Company Address:	538 Silicon E	or Suite 101								******						_	!	Proj	ect l	Loc:	Edd	y co l	New	Mex	ico	-					
	City/State/Zip ⁻	Southlake T	X 76092									***************					-			P	O #:	***************************************										
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November 17, 2009

Camille Bryant
Basin Environmental Consulting, LLC.
P O. Box 381
Lovington, NM 88260

Re: South Red Lake 41

Enclosed are the results of analyses for sample number H18735, received by the laboratory on 11/16/09 at 4:15 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021

Benzene, Toluene, Ethyl Benzene, and Total Xylenes

Method SW-846 8260

Benzene, Toluene, Ethyl Benzene, and Total Xylenes

Method TX 1005

Total Petroleum Hydrocarbons

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

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

Method EPA 552.2

Haloacetic Acids (HAA-5)

Method EPA 524.2

Total Trihalomethanes (TTHM)

Method EPA 524.2

Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 3 (includes Chain of Custody)

Sincerely,

Celey D. Keene

Laboratory Director



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CAMILLE BRYANT

P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 11/16/09 Reporting Date: 11/17/09 Project Owner: FAIRWAY

Project Name: SOUTH RED LAKE 41

Project Location: EDDY CO., NM

Analysis Date: 11/17/09 Sampling Date: 11/16/09 Sample Type: SOIL

Sample Condition: COOL & INTACT @ 5°C

Sample Received By: ML

Analyzed By: HM

		Cl
LAB NO.	SAMPLE ID	(mg/kg)
H18735-1	SF 6	< 16
H18735-2	SF 7	< 16
H18735-3	SF 8	64
Quality Con	trol	500
True Value	QC	500
% Recover	/	100
Relative Pe	rcent Difference	< 0.1

METHOD: Standard Methods 4500-CIB

Note: Analyses performed on 1:4 w:v aqueous extracts.

Chemist/

Date

H18735 Basin Environmental



(575) 393-2326 Fax (575) 393-2476

Company Name: RACIA

HWY

REYNOLDS

Page____of____

ANALYSIS REQUEST

City: Lavi.	NATON State: Nm	Attn:	\sim								
	396 - 2378 Fax#: 575		Address:								
Project#:		FAIRWAY	City:								
Project Name:	TOUTH RED LAKE 41	The state of the s	State: Zip:								
	EDOY CO NM		Phone #:								
1	2B TAYLOR		Fax #:								
FOR LAB U.D.	Sample I.D	VATER TER XINIAW	PRESERV. SAMPL	NG	Horioés						
		(G)RAB OR (C)OMP # CONTAINERS GROUNDWATER WASTEWATER SOIL OIL		TIME	CHro						
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BILL TO

Company: Fairure

P.O. #:

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



November 17, 2009

Camille Bryant
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: South Red Lake 41

Enclosed are the results of analyses for sample number H18736, received by the laboratory on 11/16/09 at 4:15 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

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

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

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

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

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 4 (includes Chain of Custody)

Celey D. Keene

Sincerely.

Laboratory Director



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CAMILLE BRYANT

P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 11/16/09

Reporting Date: 11/17/09

Reporting Date: 11/17/09

Project Owner: FAIRWAY

Analysis Date: 11/17/09

Sampling Date: 11/16/09

Sample Type: SOIL

Project Name: SOUTH RED LAKE 41 Sample Condition: COOL & INTACT @ 3°C

Project Location: EDDY CO., NM Sample Received By: ML

Analyzed By: HM

		Cl
LAB NO.	SAMPLE ID	(mg/kg)
H18736-1	SP 9	16
H18736-2	SP 10	176
H18736-3	SP 11	3,520
H18736-4	SP 13	576
H18736-5	SP 14	512
H18736-6	SP 15	784
H18736-7	SP 4	96
H18736-8	SP 18	688
H18736-9	SF 2	1,280
H18736-10	SF 1	< 16
H18736-11	SF 5	1,460
Quality Cont	rol	500
True Value	***************************************	500
% Recovery	, 004.0.000	100
Relative Per	cent Difference	< 0.1

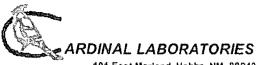
METHOD: Standard Methods 4500-CIB

Note: Analyses performed on 1:4 w:v aqueous extracts.

Chemist

Date

11/17/09



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

Page 1 of T

Company Name: BASIN	BILL TO	ANALYSIS REQUEST
Project Manager: CAMILLE REYNOLDS	P.O. #:	
Address: 2900 PLAINS HWY	Company: Fairway	
City: LavinkTow State: Nm Zip: 88260	Attn:	
Phone #: 575 396 - 2378 Fax #: 575 396-1435	Address:	
Project #: Project Owner: Frieway	City:	
Project Name: SOUTH RED LAKE 41	State: Zip:	
Project Location: EDD4 CD NM	Phone #:	
Sampler Name: ZB TITYLOR	Fax #:	
Tap 1.D. Sample I.D. (G)RAB OR (C)OMP # CONTAINERS GROUNDWATER WASTEWATER SOIL SILUDGE		
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	10/34	
-3 SP 11 -4 SP 13 -5 SP 14 -4 SP 15 -7 SP4	10:30	
-1/1 SAB.~	10:36	
-7 SP4	10:40	
8792 8-	10:44	
9 5/2	10:50	
-10 sF1	10:54	
PLEASE NOTE: Libility and Damages, Cardinals liability and clients exclusive remety for any claim arising whether has analyses. All claims including those to negigence and any other cause whistoever shall be deemed waived unless made in writing and mocinic service. In no event small Cardinal be labtle for incidental or consequental damages, including without analysing turnings intemptions to a of	d by Cardinal within 30 days after completion of the applicable	ie client for the
affiliates or successors arising out of or related to the performance of services hereurder by Cerdinal regardless of whether such dates to base Sampler Relinquished: Date: ; Received By:	tupon any of the above stated reasons or otherwise Phone Result:	□ No Add¹ Phone #:
Sampler Relinquished: Date: Received By: Time:	Fax Result: REMARKS:	□ No ;Add1Fax#:
Relinquished By: Date: Received By:	wind	
Time:	,	
Delivered By: (Circle One) Temp. Sample Condit		
Sampler - UPS - Bus - Other: Cool Intact	(Initials)	

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



(575) 393-2326 Fax (575) 393-2476

Page 1 of 2

Company Namo: BAS:	BILL TO	ANALYSIS REQUEST
Project Manager: CAMILE REYNOLDS	P.O. #:	
Address: 2900 Perios HWY	Company:	
City: LavinkTon State: Nm Zip: 88260	Attn:	
Phone #: 575 396 - 2378 Fax #: 571 396-1429	Address:	
Project#: Project Owner: Frieway	City:	
Project Name: SOUTH RED CARE 41	State: Zip:	
Project Location: EADY CO Nm	Phone#:	
Sampler Name: ZB TAYLOR MATRIX	Fax #:	
Lab I.D. Sample I.D.	PRESERY. SAMPLING ACID/BASE. ICE / COOL OTHER: DATE TIME	CHURIDES
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PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether base	ed in contract or tort, shall be limited to the amoun	t palo by the client for the
analyses. All claims including those for negligence and any other cause whatsoover stell be deemed waived unless made in writing and receive spoke. In one ment shell Gardinet by Eddin for knod made or consequented decreases, includes a ways the brightes informations have of	ed by Cerdinal within 30 days after completion of the applicables or three and confer incomed by close the substitution of the applicables.	
stillates or successors existing out of or related to the performance of services hereunder by Cerdund, regardless of orhedne such claim is based. Sampler Relinquished: Date: Received By:	d upon any of the above stated reasons or otherwise. Phone Res	rult: No Add'l Phone #:
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Time:		
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Sampler - UPS - Bus - Other: 3CH26 No No No	MUSB	

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



November 19, 2009

Camille Bryant
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: South Red Lake 41

Enclosed are the results of analyses for sample number H18759, received by the laboratory on 11/18/09 at 2:15 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

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

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

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

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

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 3 (includes Chain of Custody)

Sincerely,

Celey D. Keene Laboratory Director



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CAMILLE BRYANT

P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 11/18/09
Reporting Date: 11/19/09
Project Number: FAIRWAY
Analysis Date: 11/19/09
Sampling Date: 11/18/09
Sample Type: SOIL

Project Name: SOUTH RED LAKE 41 Sample Condition: COOL & INTACT @ 4.5°C

Project Location: EDDY CO., NM Sample Received By: ML

Analyzed By: HM

METHOD: Standard Methods 4500-Cl'B

Note: Analysis performed on a 1:4 w:v aqueous extract.

Chemis

Date



01 East Marland, Hobbs, NM 88240 (575) 393-2326 Fax (575) 393-247

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

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Page	1	of	1

(3/3) 393-2320 Fax (3/3) 393-24/6	·												
Company Name: BASIN	BII	LL TO	ANALYSIS REQUEST										
Project Manager: OAMILE BRYTONT	P.O. #:												
Address: 2900 PLAINS HWY	Company:	maannoonin, saa aa aa aa aa aa ah aa a										. 1	
City: LOV: KTOW State: NM Zip: 8	Attn:	navana diyagayaa aa aa aa aa ah ah ah ah ah ah ah ah a											
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Project Name: SORTH RED LAKE 41		State:	Zip:										.]
Project Location: 8004 NM		Phone #:											.
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November 30, 2009

Camille Bryant
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: South Red Lake 41

Enclosed are the results of analyses for sample number H18805, received by the laboratory on 11/25/09 at 4:10 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021

Benzene, Toluene, Ethyl Benzene, and Total Xylenes

Method SW-846 8260

Benzene, Toluene, Ethyl Benzene, and Total Xylenes

Method TX 1005

Total Petroleum Hydrocarbons

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

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

Method EPA 552.2

Haloacetic Acids (HAA-5)

Method EPA 524.2

Total Trihalomethanes (TTHM)

Method EPA 524.2

Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 3 (includes Chain of Custody)

Sincerely,

Celey D. Keene Laboratory Director



ANALYTICAL RESULTS FOR BASIN ENVIRONMENTAL CONSULTING, LLC

ATTN: CAMILLE BRYANT

P.O. BOX 381

LOVINGTON, NM 88260 FAX TO: (575) 396-1429

Receiving Date: 11/25/09
Reporting Date: 11/30/09
Project Owner: FAIRWAY
Analysis Date: 11/30/09
Sampling Date: 11/25/09
Sample Type: SOIL

Project Name: SOUTH RED LAKE 41 Sample Condition: COOL & INTACT @ 5°C

Project Location: EDDY, NM Sample Received By: HM

Analyzed By: HM

METHOD: Standard Methods 4500-Cl'B

Note: Analysis performed on a 1:4 w:v aqueous extract.

Chemist

Date

11/30/09



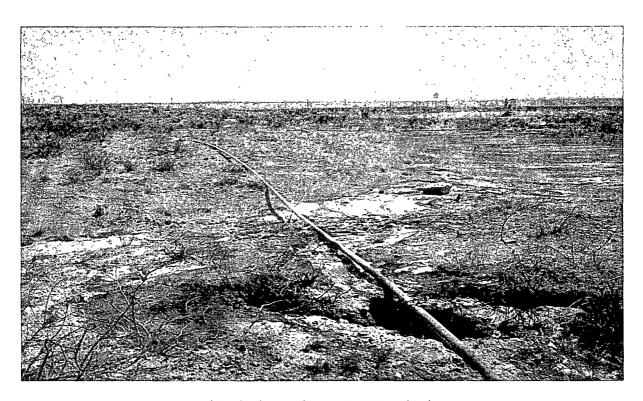
(575) 393-2326 Fax (575) 393-2476

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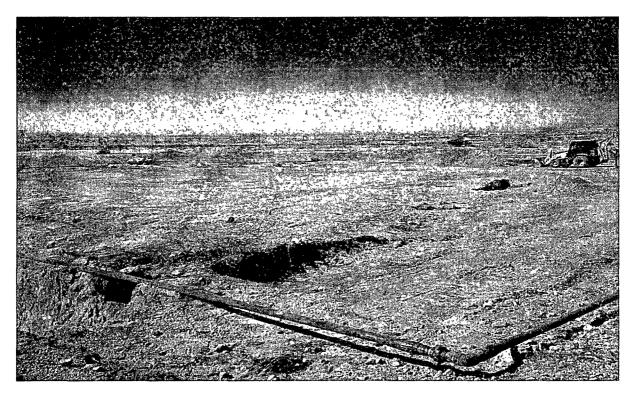
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[†] Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

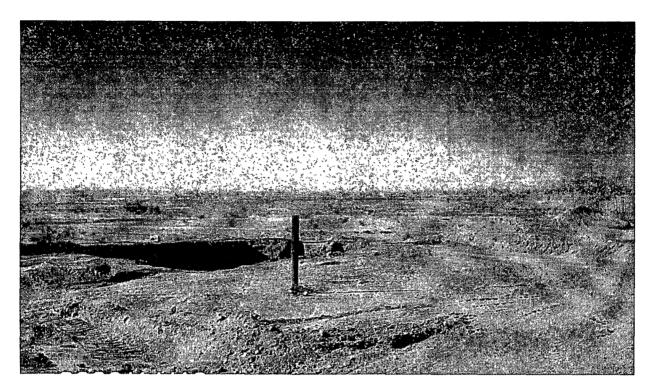
Appendix B General Photographs



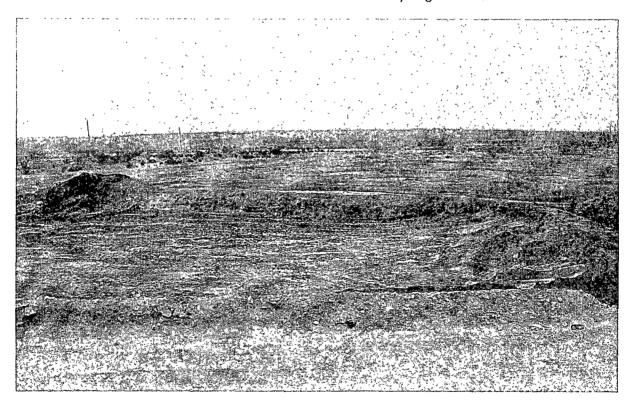
South Red Lake Grayburg Unit 41 Initial Release



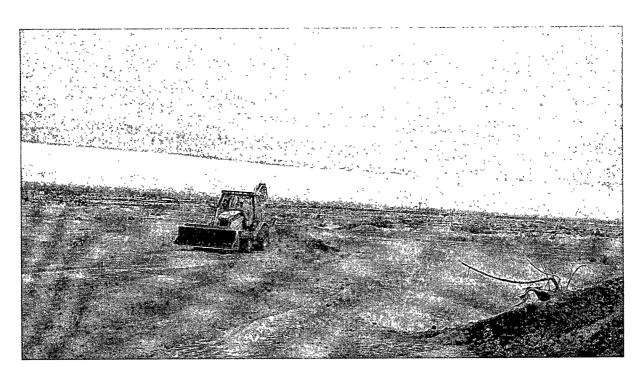
Excavation Activities at the South Red Lake Grayburg Unit 41 Site



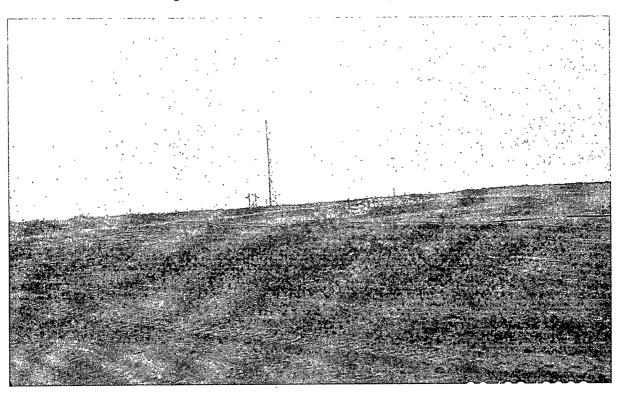
Excavation Activities at the South Red Lake Grayburg Unit 41 Site



Excavation Activities at the South Red Lake Grayburg Unit 41 Site



Backfilling Activities at the South Red Lake Grayburg Unit 41 Site



Completion of Remediation Activities at the South Red Lake Grayburg Unit 41 Site

Appendix C Release Notification and Corrective Action (Form C-141)

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

.BON - DY AMIANY TECHNOLINGS

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Form C-14 Revised October 10, 20

Submit 2 Copies to appropria District Office in accordance with Rule 116 on bac side of for

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