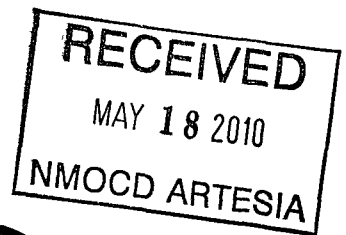


Basin Environmental Consulting, LLC

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

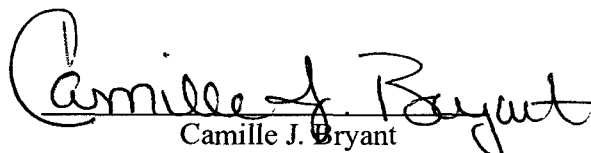
Latitude 32°, 47', 10.62" North, Longitude 104°, 14', 44.73" West

Prepared For:

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

Prepared By:
Basin Environmental Consulting, LLC

April 2010


Camille J. Bryant
Project Manager

AMENDED

TABLE OF CONTENTS

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FIGURES

Figure 1 – Site Location Map

Figure 2 – Site and Sample Location Map

TABLES

Table 1- Concentrations of TPH and Chlorides in Soil

APPENDICES

Appendix A – Laboratory Analytical Reports

Appendix B – General Photographs

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

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.

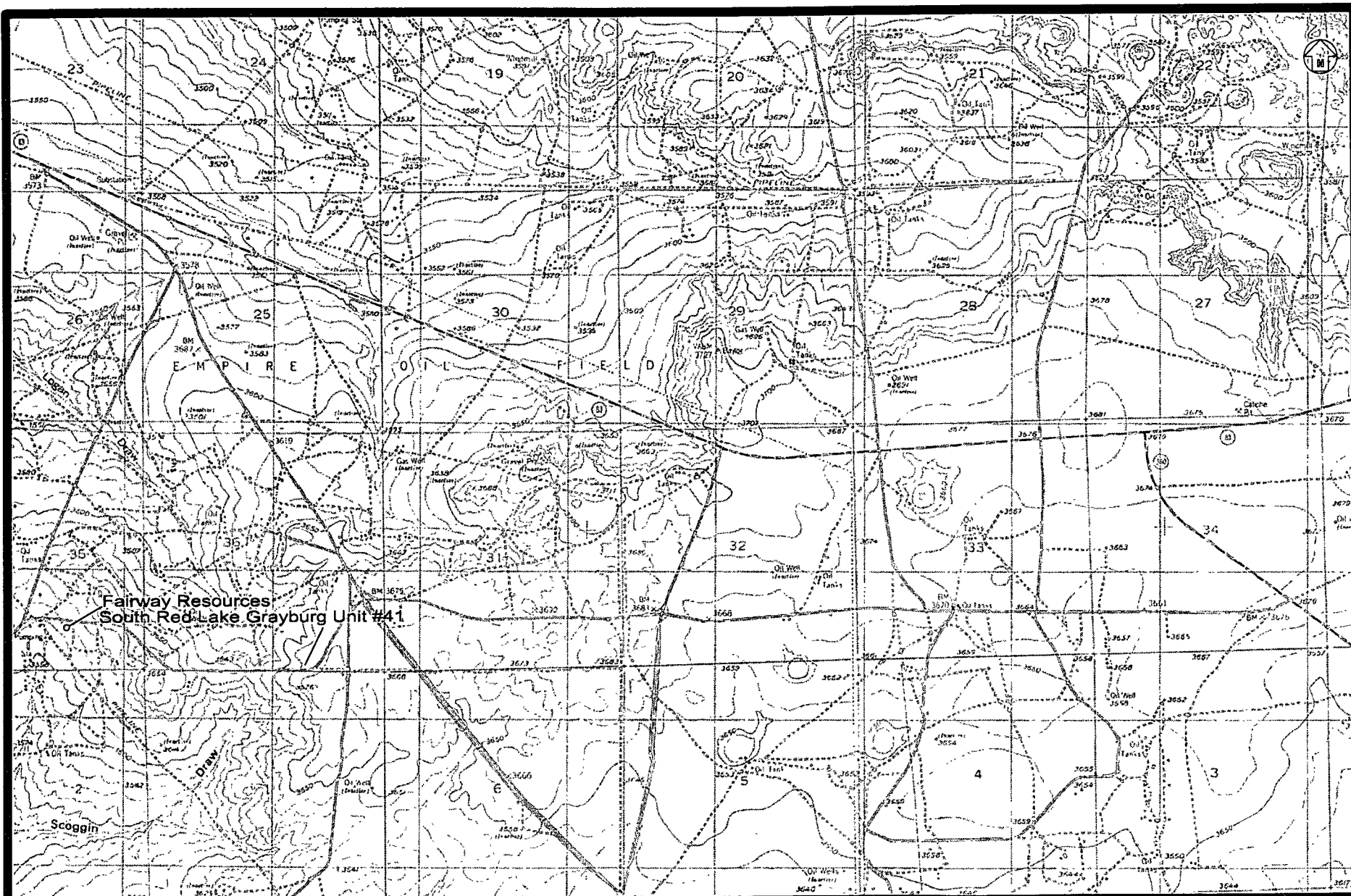
Basin Environmental Consulting, LLC has examined and relied upon documents referenced in the report and has relied on oral statements made by certain individuals. Basin Environmental Consulting, LLC has not conducted an independent examination of the facts contained in referenced materials and statements. 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

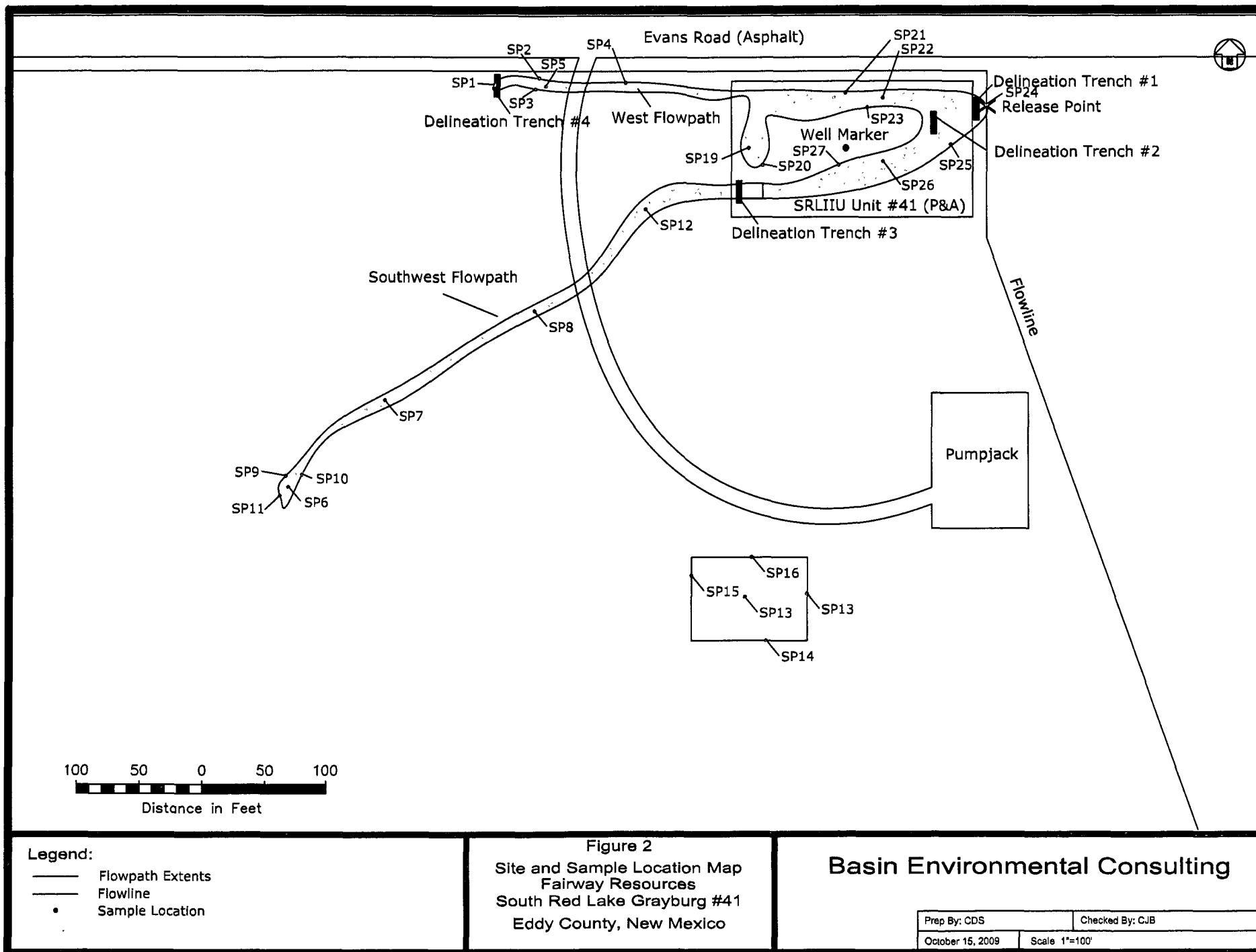


3000 1500 0 1500 3000
 Distance in Feet

Figure 1
 Site Location Map
 Fairway Resources
 South Red Lake Grayburg
 Unit #41
 Eddy County, New Mexico

Basin Environmental Consulting

Prep By: CDS	Checked By: CDS
October 15, 2009	Scale 1"=3000'



Tables

TABLE 1
CONCENTRATIONS OF TPH AND CHLORIDES IN SOIL

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

SAMPLE LOCATION	SAMPLE DATE	SOIL STATUS	SW 846-8015M EXTENDED				4500-CI B
			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
SP 3	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
SP 6	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
SP 8	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	2,560
SP 9	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	<10.0	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	<10.0	<10.0	<10.0	<10.0	1,550
SP 13	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	3,880
SP 14	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	18,400
SP 15	10/28/09	Excavated	<10.0	<10.0	<10.0	<10.0	5,760
SP 16	10/28/09	In-Situ	<10.0	<10.0	<10.0	<10.0	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	<10.0	<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

SAMPLE LOCATION	SAMPLE DATE	SOIL STATUS	SW 846-8015M EXTENDED				4500-Cl B
			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)
SF 4	10/28/09	In-Situ	-	-	-	-	48
SF 5	10/28/09	Excavated	-	-	-	-	2,960
SF 6	11/16/09	In-Situ	-	-	-	-	<16
SF 7	11/16/09	In-Situ	-	-	-	-	<16
SF 8	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
SP 11	11/18/09	Excavated	-	-	-	-	3,600
SP 11	11/25/09	In-Situ	-	-	-	-	128
NMOCD Regulatory Standard						5,000	1,270

⊛ NOTE: Chloride "Standard" is based on previously established "background" levels for this area

Appendices

Appendix A

Laboratory Analytical Reports



CARDINAL LABORATORIES

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

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 through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	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

This report conforms with NELAP requirements.



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

ANALYTICAL RESULTS FOR
FAIRWAY RESOURCES
ATTN: CURT STANLEY
538 SILICON DR., SUITE 101
SOUTHLAKE, TX 76092
FAX TO: (575) 396-1429

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

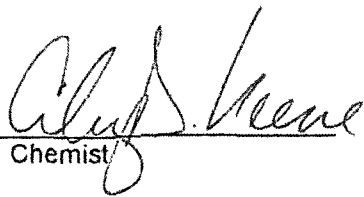
Analysis Date: 10/29/09
Sampling Date: 10/28/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4°C
Sample Received By: ML
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl ⁻ (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 Control		490
True Value QC		500
% Recovery		98.0
Relative Percent Difference		2.0

METHOD: Standard Methods

4500-Cl⁻B

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


Chemist

Date

10/30/09

H18593 Basin Environmental

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



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ANALYTICAL RESULTS FOR
FAIRWAY RESOURCES
ATTN: CURT STANLEY
538 SILICON DR., SUITE 101
SOUTHLAKE, TX 76092
FAX TO: (575) 396-1429

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

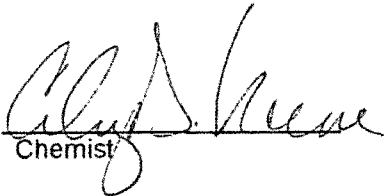
Analysis Date: 10/29/09
Sampling Date: 10/28/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4°C
Sample Received By: ML
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl ⁻ (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 Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		2.0

METHOD: Standard Methods

4500-Cl⁻B

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


Chemist

10/30/09
Date

H18593 Basin Environmental

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



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FAIRWAY RESOURCES
ATTN: CURT STANLEY
538 SILICON DR., SUITE 101
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FAX TO: (575) 396-1429


Receiving Date: 10/29/09
Reporting Date: 10/30/09
Project Owner: FAIRWAY RESOURCES
Project Name: SOUTH RED LAKE UNIT 41
Project Location: EDDY COUNTY, NEW MEXICO

Sampling Date: 10/28/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4°C
Sample Received By: ML
Analyzed By: AB

LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	DRO ext. (>C ₂₈ -C ₃₅) (mg/kg)
		10/29/09	10/29/09	10/29/09
ANALYSIS DATE		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 Control		503	558	-
True Value QC		500	500	-
% Recovery		101	112	-
Relative Percent 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.


Lab Director

10/30/09
Date

H18593 TPEXT BASIN

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CARDINAL LABORATORIES

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

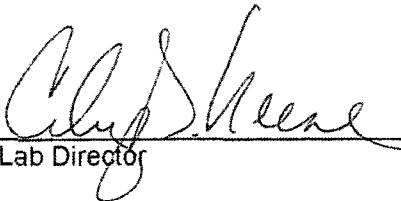
ANALYTICAL RESULTS FOR
FAIRWAY RESOURCES
ATTN: CURT STANLEY
538 SILICON DR., SUITE 101
SOUTHLAKE, TX 76092
FAX TO: (575) 396-1429

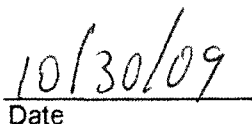
Receiving Date: 10/29/09
Reporting Date: 10/30/09
Project Owner: FAIRWAY RESOURCES
Project Name: SOUTH RED LAKE UNIT 41
Project Location: EDDY COUNTY, NEW MEXICO

Sampling Date: 10/28/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4°C
Sample Received By: ML
Analyzed By: AB

LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	DRO ext. (>C ₂₈ -C ₃₅) (mg/kg)
		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.


Lab Director


Date

H18593 TPHEXT BASIN

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CARDINAL LABORATORIES

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 1 OF 4

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 #: _____

Telephone No: (817) 416 1949

Fax No: (505) 396-1429

Report Format: ☒ Standard ☐ TRRP ☐ NPDES

Sampler Signature: El Se

e-mail: estaylor@basinenv.com

(lab use only)

ORDER #:

LAB # (lab use only)	FIELD CODE					Beginning Depth	Ending Depth	Date Sampled	Time Sampled	Field Screened	Total # of Containers	Ice	HNO ₃	HCl	H ₂ SO ₄	NaOH	Na ₂ S ₂ O ₈	None	Other (Specify)	DW = Drinking Water SL = Sludge	GW = Groundwater S = Solid/soil	NP = Non-Potable Specify Other	TPH: 418.1 8015B 8015C 8015D	TPH: 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 8250	RCI	N.O.R.M.	CHLORIDES EPA 906.1	RUSH TAT (Pre-Schedule) 24, 48, 72 hrs	Standard TAT		
H18593-1	SP1			28-Oct-09	12:51		1	X												SOIL			X															
-2	SP2			28-Oct-09	12:54		1	X												SOIL																		
-3	SP3			28-Oct-09	12:56		1	X												SOIL																		
-4	SP4			28-Oct-09	12:55		1	X												SOIL																		
-5	SP5			28-Oct-09	13:02		1	X												SOIL																		
-6	SP6			28-Oct-09	13:06		1	X												SOIL																		
-7	SP7			28-Oct-09	13:08		1	X												SOIL																		
-8	SP8			28-Oct-09	13:10		1	X												SOIL																		
-9	SP9			28-Oct-09	13:15		1	X												SOIL																		
-10	SP10			28-Oct-09	13:16		1	X												SOIL																		

Special Instructions:

EMAIL RESULTS: kdutton@basinenv.com & c.j.reynolds@paulp.com estaylor@basinenv.com

Laboratory Comments:

Sample Containers Intact? ☒ Y N
VOCs Free of Headspace? ☒ Y N
Labels on container(s) ☒ Y N
Custody seals on container(s) ☒ Y N
Custody seals on cooler(s) ☒ Y N
Sample Hand Delivered by Sampler/Client Rep.? ☒ Y N
by Courier? ☐ UPS ☐ DHL ☐ FedEx ☐ Lone Star
Temperature Upon Receipt: 4 °C

Relinquished by:	Date	Time	Received by:	Date	Time
<u>El Se</u>	<u>10/29</u>	<u>8:20</u>	<u>Christy R. But</u>	<u>10/29/09</u>	<u>8:21</u>
Relinquished by:	Date	Time	Received by:	Date	Time
Relinquished by:	Date	Time	Received by Cardinal:	Date	Time

CARDINAL LABORATORIES

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 2 OF 4

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 #: _____

Telephone No: (817) 416 1949

Fax No: (505) 396-1429

Report Format: ☒ Standard ☐ TRRP ☐ NPDES

Sampler Signature: Elu J

e-mail: estaylor@basinenv.com

(lab use only)
ORDER #:

LAB # (lab use only)	FIELD CODE	Beginning Depth	Ending Depth	Date Sampled	Time Sampled	Field Screened	Total # of Containers	Preservation & # of Containers										Matrix	Analyze For:															RUSH TAT (Pre-Schedule) 24, 48, 72 hrs	Standard TAT
								Ice	HNO ₃	HCl	H ₂ SO ₄	NaOH	Na ₂ S ₂ O ₃	None	Other (Specify)	DW - Drinking Water	SL - Sludge		TCLP:	TOTAL:	TPH: 418.1	TPH: TX 1005	TPH: TX 1006	Cations (Ca, Mg, Na, K)	Anions (Cl, SO ₄ , Alkalinity)	SAR / ESP / CEC	Metals: As Ag Ba Cd Cl Pb Hg Se	Volatiles	Semivolatiles	BTX 8021B/5030 or BTX 8260	RCI	N.O.M.	CHLORIDES EPA 800-1		
H18593-11	SP11			28-Oct-09	13:17		1	X										SOIL																	
	-12			28-Oct-09	13:23		1	X										SOIL																	
	-13			28-Oct-09	13:28		1	X										SOIL																	
	-14			28-Oct-09	13:30		1	X										SOIL																	
	-15			28-Oct-09	13:33		1	X										SOIL																	
	-16			28-Oct-09	13:36		1	X										SOIL																	
	-17			28-Oct-09	13:39		1	X										SOIL																	
	-18			28-Oct-09	13:41		1	X										SOIL																	
	-19			28-Oct-09	13:47		1	X										SOIL																	
	-20			28-Oct-09	13:50		1	X										SOIL																	

Special Instructions:

EMAIL RESULTS: kdutton@basinenv.com & c.jreynolds@paalp.com
DISCOT BULL PLAINS MARKETING L.P.

Relinquished by:	Date	Time	Received by:	Date	Time
<u>Elu J</u>	<u>10/29</u>	<u>8:20</u>	<u>North Lake T</u>	<u>10/29/09</u>	<u>8:22</u>
Relinquished by:	Date	Time	Received by:	Date	Time
Relinquished by:	Date	Time	Received by Cardinal:	Date	Time

Laboratory Comments:

Sample Containers Intact? ☒ N
VOCs Free of Headspace? ☒ N
Labels on container(s) ☒ N
Custody seals on container(s) ☒ N
Custody seals on cooler(s) ☒ N
Sample Hand Delivered ☒ N
by Sampler/Client Rep. ? ☒ N
by Courier? ☐ UPS ☐ DHL ☐ FedEx ☐ Lone Star
Temperature Upon Receipt: 4 °C

CARDINAL LABORATORIES

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

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

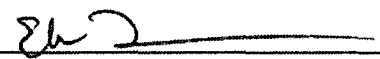
City/State/Zip: Southlake TX 76092

PO #:

Telephone No: (817) 416 1949

Fax No: (505) 396-1429

Report Format: ☒ Standard ☐ TRRP ☐ NPDES

Sampler Signature: 

e-mail: estaylor@basinenv.com

(lab use only)



ORDER #:

LAB # (lab use only)	FIELD CODE		Beginning Depth	Ending Depth	Date Sampled	Time Sampled	Field Screened	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/Soil NP = Non-Potable Specify Other	TPH: 418.1 (8015M) 8015B TX 1005	TPH: TX 1005 TX 1005	Callons (Ca, Mg, Na, K)	Anions (Cl, SO ₄ , 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 900.1	RUSH TAT (pre-Schedule) 24, 48, 72	Standard TAT		
H18593-21	SP21				28-Oct-09	13:53		1	X								SOIL																
22	SP22				28-Oct-09	13:55		1	X								SOIL																
23	SP23				28-Oct-09	13:57		1	X								SOIL																
24	SP24				28-Oct-09	14:05		1	X								SOIL																
25	SP25				28-Oct-09	14:08		1	X								SOIL																
26	SP26				28-Oct-09	14:10		1	X								SOIL																
27	SP27				28-Oct-09	14:12		1	X								SOIL																
28	SF1				28-Oct-09	14:20		1	X								SOIL																
29	SF2				28-Oct-09	14:23		1	X								SOIL																
30	SF3				28-Oct-09	14:27		1	X								SOIL																

Special Instructions:

EMAIL RESULTS: tdutton@basinenv.com & ccreynolds@paalp.com

DIRECTOR PLANS MARKETING 1.2

Relinquished by: 	Date: 10/29/09	Time: 8:20	Received by: 	Date: 10/29/09	Time: 8:22
Relinquished by:	Date:	Time:	Received by:	Date:	Time:
Relinquished by:	Date:	Time:	Received by Cardinal:	Date:	Time:

Laboratory Comments:

Sample Containers Intact? ☒ Y N
VOCs Free of Headspace? ☒ Y N
Labels on container(s) ☒ Y N
Custody seals on container(s) ☒ Y N
Custody seals on cooler(s) ☒ Y N
Sample Hand Delivered ☒ Y N
by Sampler/Client Rep? ☒ Y N
by Courier? ☐ UPS ☐ DHL ☐ FedEx ☐ Lons Star
Temperature Upon Receipt: 4 °C

CARDINAL LABORATORIES

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

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 #: _____

Telephone No: (817) 416 1949 Fax No: (505) 396-1429

Report Format: ☒ Standard ☐ TRRP ☐ NPDES

Sampler Signature:  e-mail: estaylor@basinenv.com

e-mail: estaylor@basinenv.com

[illegible]



CARDINAL LABORATORIES

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

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 through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	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



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

Date 11/17/09

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

Page 1 of 1

[illegible]

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Sampler Relinquished: 		Date: 7/1/16 Time: 4:15		Received By: 		Phone Result: <input type="checkbox"/> No Add'l Phone #: _____ Fax Result: <input type="checkbox"/> No Add'l Fax #: _____ REMARKS:	
Relinquished By:		Date: Time:		Received By:			
Delivered By: (Circle One) Sampler - UPS - Bus - Other:		Temp. 59°	Sample Condition Cool <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	CHECKED BY: (Initials) 			

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



CARDINAL LABORATORIES

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

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 through the State of Colorado Department of Public Health and Environment for:

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

Accreditation applies to public drinking water matrices.

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

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.



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

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

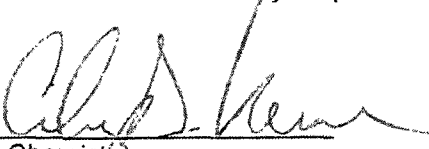
Analysis Date: 11/17/09
Sampling Date: 11/16/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 3°C
Sample Received By: ML
Analyzed By: HM

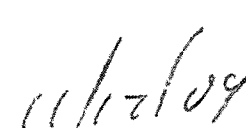
LAB NO.	SAMPLE ID	Cl ⁻ (mg/kg)
H18736-1	SP 9	16
H18736-2	SP 10	176
H18736-3	SP 11	3,520
H18736-4	SP 13	576
H18736-5	SP 14	512
H18736-6	SP 15	784
H18736-7	SP 4	96
H18736-8	SP 18	688
H18736-9	SF 2	1,280
H18736-10	SF 1	< 16
H18736-11	SF 5	1,460
Quality Control		500
True Value QC		500
% Recovery		100
Relative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

METHOD: Standard Methods

4500-Cl/B

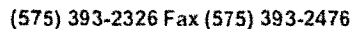
Note: Analyses performed on 1:4 w:v aqueous extracts.


Chemist

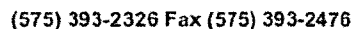

Date

H18736 Basin Environmental




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

[illegible]

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Sampler Relinquished: 		Date: 11/16 Time: 4:15		Received By: 		Phone Result: <input type="checkbox"/> No Add'l Phone #: _____ Fax Result: <input type="checkbox"/> No Add'l Fax #: _____ REMARKS: _____	
Relinquished By: _____		Date: _____ Time: _____		Received By: _____			
Delivered By: (Circle One) Sampler - UPS - Bus - Other: _____		Temp. 39° #210		Sample Condition: Cool Intact <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No		CHECKED BY: (Initials) 	



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

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 through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	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

This report conforms with NELAP requirements.



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

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
Project Name: SOUTH RED LAKE 41
Project Location: EDDY CO., NM

Analysis Date: 11/19/09
Sampling Date: 11/18/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4.5°C
Sample Received By: ML
Analyzed By: HM

[illegible]

METHOD: Standard Methods

4500-CIB

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

C. J. Keane
Chemist

Date 11/19/09

H18759 Basin Environmental

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



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[illegible]

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Sampler Relinquished:		Date: 11/18/09		Received By: [Signature]		Phone Result: <input type="checkbox"/> No		Add'l Phone #: _____	
Relinquished By: [Signature]		Time: 3:15		Received By: [Signature]		Fax Result: <input type="checkbox"/> No		Add'l Fax #: _____	
		Time: _____				REMARKS: _____			
Delivered By: (Circle One)		Temp. 45°C		Sample Condition		CHECKED BY: [Signature]			
Sampler - UPS - Bus - Other:		#76		Cool Intact		[Initials]			
				<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No					

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



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 through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	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



Analysis Date: 11/30/09
Sampling Date: 11/25/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5°C
Sample Received By: HM
Analyzed By: HM

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

Date _____

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Result relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

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

Page 1 of 1

Company Name: <u>BASIN</u>				BILL TO				ANALYSIS REQUEST											
Project Manager: <u>CAMILIE BRYANT</u>				P.O. #:															
Address: <u>2900 PLAINS HWY</u>				Company:															
City: <u>LOVINGTON</u> State: <u>NM</u> Zip: <u>88265</u>				Attn:															
Phone #: <u>575 396-2378</u> Fax #: <u>575 394-1429</u>				Address:															
Project #: _____ Project Owner: <u>FAIRWAY</u>				City:															
Project Name: <u>SOUTH RED LAKE 41</u>				State: _____ Zip: _____															
Project Location: <u>2007 NM</u>				Phone #:															
Sampler Name: <u>EB TUNING</u>				Fax #:															
FOR LAB USE ONLY																			
Lab I.D.		Sample I.D.		(GRAB OR (COMP. # CONTAINERS		MATRIX		PRESERV.		SAMPLING		<u>CHURCHES</u>							
						GROUNDWATER WASTEWATER SOIL OIL SLUDGE OTHER:		ACID/BASE: ICE / COOL OTHER:		DATE TIME									
<u>118505-1</u>		<u>SP 11</u>		<u>G 1</u>		<u>X</u>		<u>X</u>		<u>11/25 12:15</u>									

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

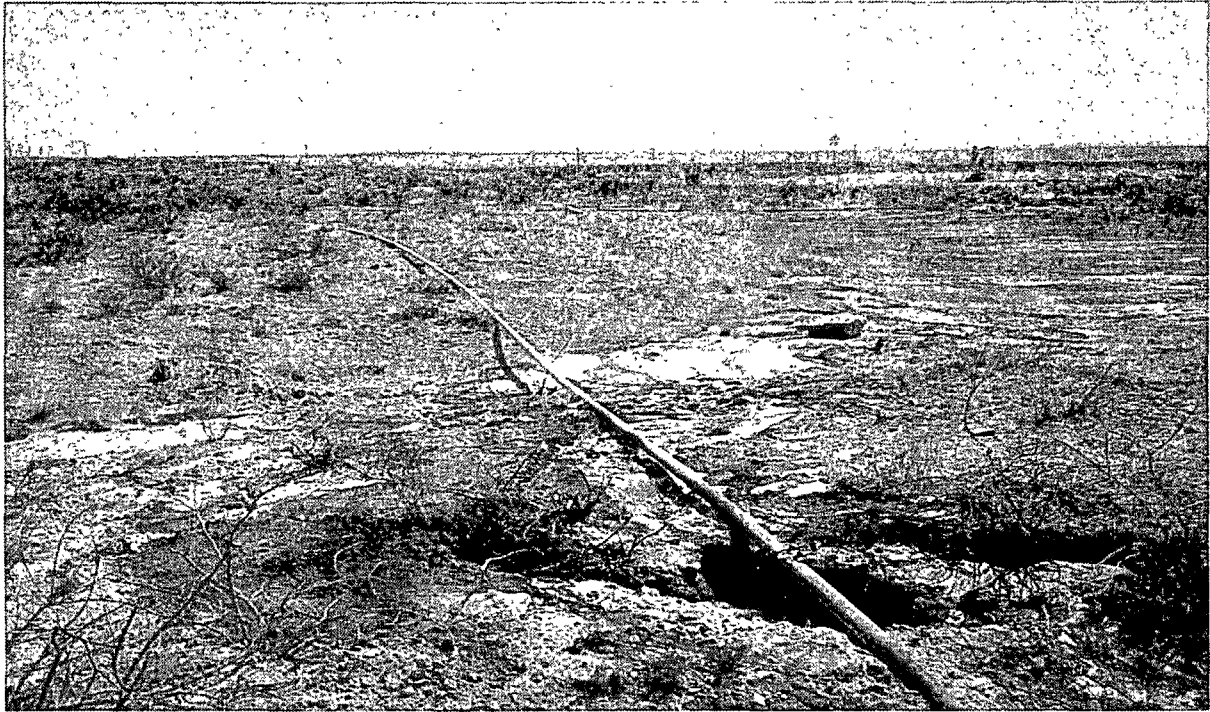
Sampler Relinquished:		Date: <u>11/25</u>	Received By: <u>[Signature]</u>		Phone Result: <input type="checkbox"/> No	Add'l Phone #:
[Signature]		Time: <u>4:10</u>			Fax Result: <input type="checkbox"/> No	Add'l Fax #:
Relinquished By:		Date:	Received By:		REMARKS:	
		Time:				
Delivered By: (Circle One)			Temp. <u>5.0C</u>	Sample Condition Cool Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	CHECKED BY: (Initials) <u>[Signature]</u>	
Sampler - UPS - Bus - Other:						

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

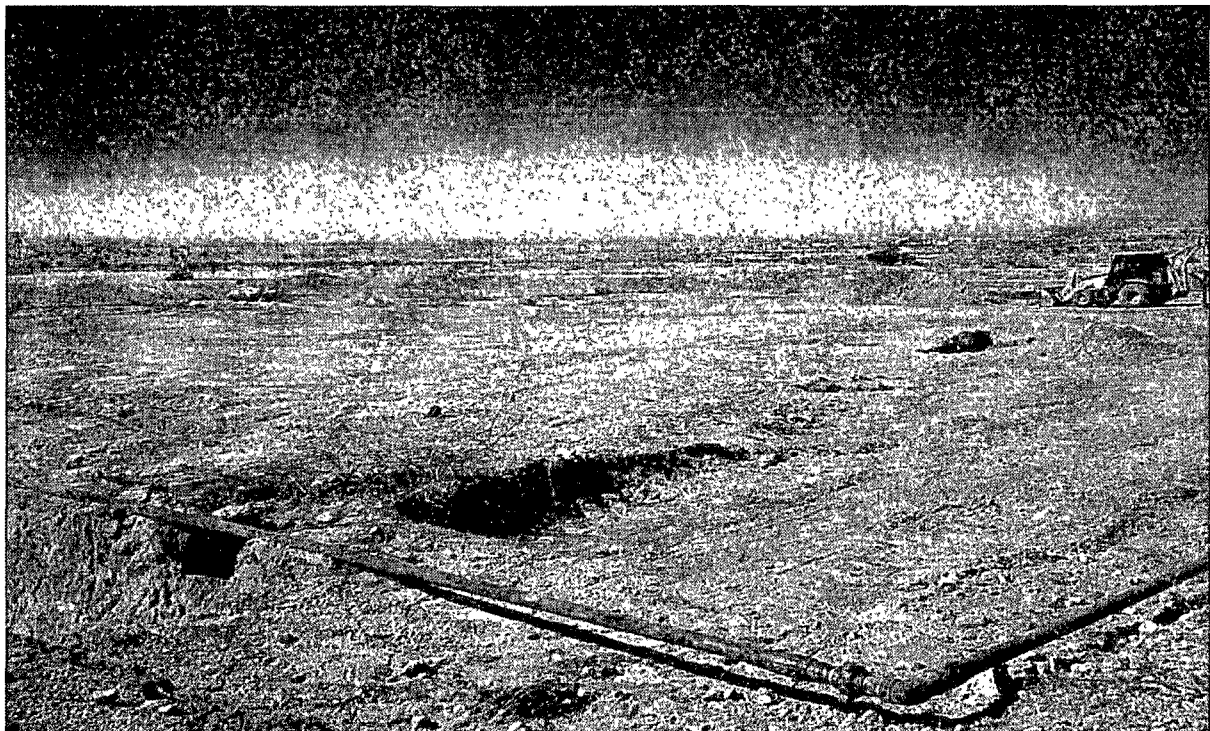
26

Appendix B

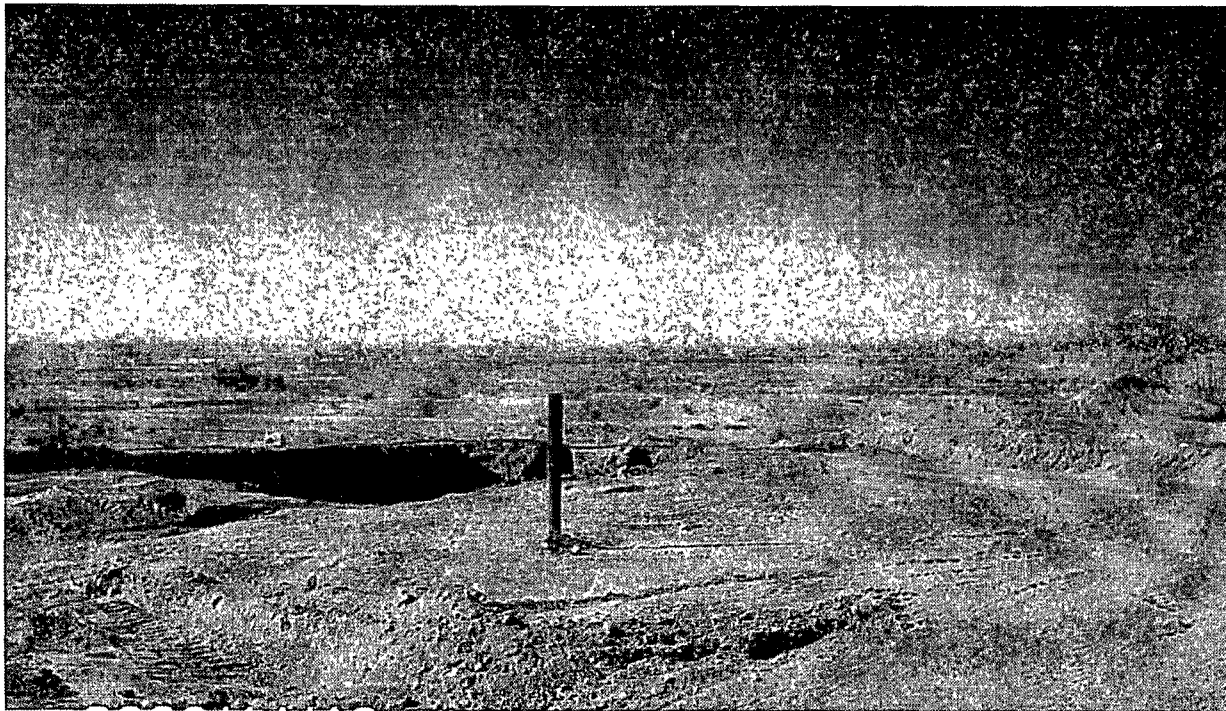
General Photographs



South Red Lake Grayburg Unit 41 Initial Release



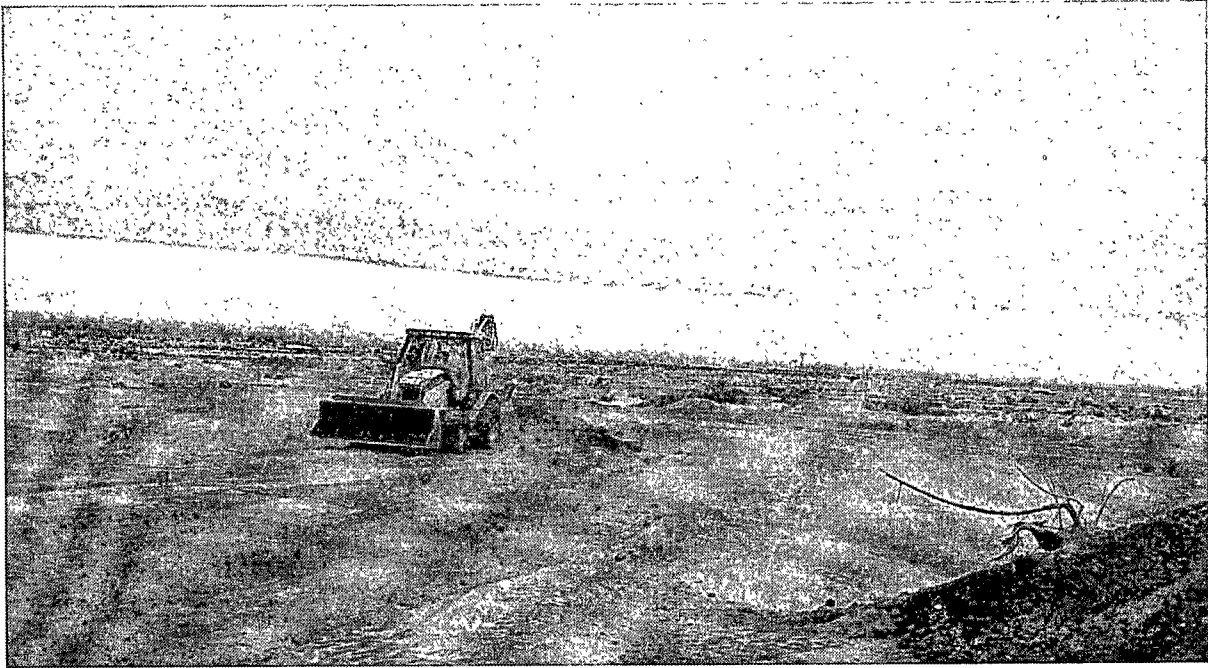
Excavation Activities at the South Red Lake Grayburg Unit 41 Site



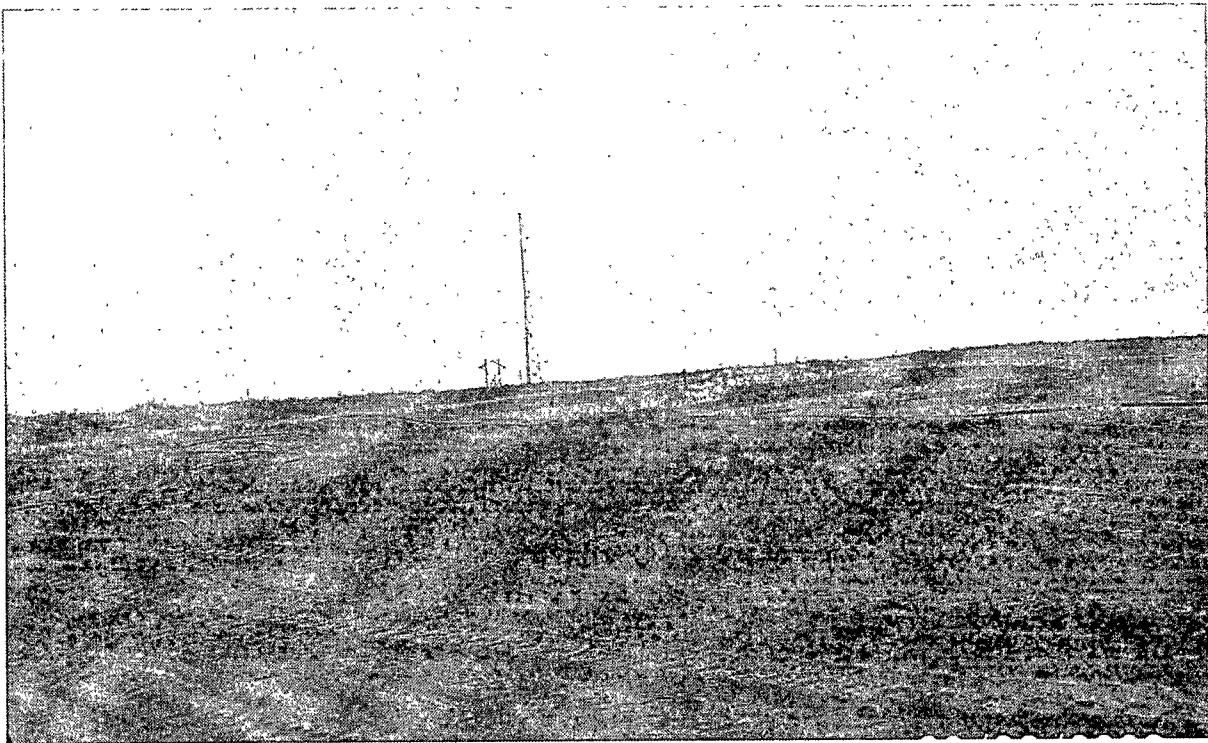
Excavation Activities at the South Red Lake Grayburg Unit 41 Site



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 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-14
Revised October 10, 2009

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

Name of Company Fairway Resources <i>Operating LLC</i>		OPERATOR	<input checked="" type="checkbox"/> Initial Report <input type="checkbox"/> Final Rep
Address 538 Silicon Drive Suite 101 Southlake, Tx 76092		Contact Mike Jones	
Facility Name South Red Lake Grayburg Unit 41		Telephone No. (432) 390-4611	
		Facility Type Flow Line	

Surface Owner BLM	Mineral Owner BLM	Lease No. 0577798
-------------------	-------------------	-------------------

30.015-20104								LOCATION OF RELEASE	
Unit Letter P	Section 35	Township 17S	Range 27E	Feet from the	North/South Line 990'	Feet from the	East/West Line 990'	County Eddy	

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release Produced Water and Crude	Volume of Release 15 bbl	Volume Recovered 0 bbl
Source of Release Flow Line	Date and Hour of Occurrence 9/28/2009	Date and Hour of Discovery 9/28/2009
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Jim Amos (BLM)	
By Whom? Mike Jones	Date and Hour 9/28/2009	
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.*

Describe Cause of Problem and Remedial Action Taken.*
A fiberglass flow line above the north east corner of the location failed under pressure releasing 15 bbls of produced water and crude. All saturated materials will be removed and transported to an approved NMOCDD disposal facility. Once all saturated materials have been removed the area will be delineated to determine what remedial steps will need to be taken.

Describe Area Affected and Cleanup Action Taken.*

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCDD 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 NMOCDD 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 groundwater, surface water, human health or the environment. In addition, NMOCDD 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>Mike Jones</i>	OIL CONSERVATION DIVISION	
Printed Name: <i>Mike Jones</i>	Approved by District Supervisor: <i>R. Dade by SB</i>	
Title: <i>Production Supt.</i>	Approval Date: <i>10-26-09</i>	Expiration Date: <i>12-31-09</i>
Email Address: <i>m.jones@fairwayres.com</i>	Remarks of Approval:	Attached <input type="checkbox"/>
Date: _____	Phone: _____	<i>2RP-359</i>

REMEDATION IN
PROGRESS