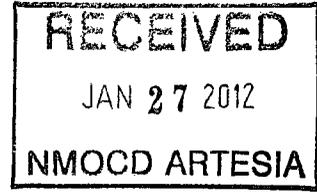




January 23, 2012



Mr. Mike Bratcher
NMOCD District 2
1301 West Grand Avenue
Artesia, NM 88210

AMARILLO
921 North Bivins
Amarillo, Texas 79107
Phone 806.467.0607
Fax 806.467.0622

ARTESIA
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Artesia, New Mexico 88210
Phone 575.746.8768
Fax 575.746.8905

AUSTIN
911 West Anderson Lane
Suite 202
Austin, Texas 78757
Phone 512.989.3428
Fax 512.989.3487

HOBBS
318 East Taylor Street
Hobbs, New Mexico 88240
Phone 575.393.4261
Fax 575.393.4658

MIDLAND
2901 State Hwy 349
Midland, Texas 79706
Phone 432.522.2133
Fax 432.522.2180

SAN ANTONIO
11 Commercial Place
Schertz, Texas 78154
Phone 210.265.8025
Fax 210.568.2191

TULSA
525 South Main Street
Suite 535
Tulsa, Oklahoma 74103
Phone 918.742.0871
Fax 918.382.0232

Subject: **Remediation and Closure Report**
Quantum Resources Management, LLC
Artesia Unit No. 32
API # 30-015-01764 – 2RP-769

Dear Mr. Bratcher,

Quantum Resources Management, LLC has contracted Talon/LPE (Talon) to perform soil assessment and remediation services at the referenced Artesia Unit No. 32 release. The incident description, soil assessment, remediation activities and closure request are submitted herein.

Incident Date

April 15, 2011

Background Information

The Artesia Unit No. 32 is located approximately sixteen (16) miles southeast of Artesia, New Mexico. The legal location for the site is Section 36, Township 17 South and Range 28 East in Eddy County, New Mexico. More Specifically the latitude and longitude for the release are 32.78729 North and -104.13741 West.

According to the soil survey provided by the United States Department of Agriculture National Resources Conservation Services the soil in this area is made up of Simona-Bippus land complex soils with 0 to 5 percent slopes. The local surface and shallow geology, Quaternary Age sedimentary deposits, is comprised of alluvium and eolian sands which includes silty soils under lain by dense caliche layers. Drainage courses in this area are normally dry. The New Mexico State Engineer web site indicates the nearest ground water data to be in S34-T17S-R28E. The ground water in Section 34 is reported to be 53' below ground surface (bgs). The referenced groundwater data is presented in Appendix I.

The ranking for this site is 10 based on the as following:

Depth to ground water 50'-100'
Wellhead Protection Area >1000'
Distance to surface water body >1000'

ENVIRONMENTAL CONSULTING
ENGINEERING
DRILLING
CONSTRUCTION
SPILL MANAGEMENT
GENERAL CONTRACTING

Toll Free: 866.742.0742
www.talonlpe.com

Incident Description

On April 15, 2011 the injection line west of the Artesia Unit No. 32 was found to be leaking. The line was shut in, excavated, repaired and placed back into service. Fifteen to twenty (15-20) barrels of produced water were released. No fluids were recovered. The release is located on the pipeline right of way and on the lease road running north of the injection line ending at the Artesia Unit No. 31 location. A site plan illustrating the impacted area is attached.

The visually impacted soil at the release point was immediately excavated and taken to a NMOCD approved disposal facility. The excavated area measured approximately 60-feet long by 40-feet wide at a depth of 1.5' bgs at initial impacted area.

Remedial Actions

On July 21, 2011 Mr. Bratcher with the NMOCD approved the Soil Assessment and Remediation Work Plan with stipulations and/or conditions of approval. On August 31, 2011 Talon/LPE mobilized personnel to begin excavation activities.

On September 14, 2011 closure soil sampling activities were carried out on the sidewalls and bottom of the excavated areas per OCD requirements. Grab soil samples were collected and submitted for laboratory analysis. Based upon laboratory results additional excavation was required.

On October 11, 2011 Talon personnel returned to the site for additional soil sampling activities on the remaining sidewalls of the excavation per OCD requirements. Grab soil samples were collected and submitted for laboratory analysis.

Again on November 15, 2011 Talon personnel concluded the confirmation sampling showing vertical delineation complete at sample locations S-6 and S-7.

Multiple sampling and field testing events for chlorides using field titration methods were conducted during the excavation process. The excavation was expanded and then re-sampled several times based on the field testing results and laboratory results.

Soils samples were collected by Talon personnel wearing clean nitrile gloves. The samples were placed in laboratory provided glassware, iced and transported to Cardinal Laboratories in Hobbs, New Mexico for analysis. The samples were tested for volatile organics pursuant to EPA Method 8021B, Total Petroleum Hydrocarbons (TPH) per EPA Method 8015M and Total Chlorides via Method SM4500Cl-B.

Analytical Results

Analytical results received from Cardinal Laboratories are summarized below:

September 22, 2011

<u>Sample</u>	<u>Location</u>	<u>Chlorides</u>	<u>BTEX</u>	<u>TPH</u>
S-8	12' bgs	240 mg/kg	*	*
S-9	12' bgs	368	*	*
S-10	Bottom exc 5'	7360	*	*
S-11	Bottom exc 3'	32	*	*
S-12	South side wall	224	*	*
S-13	West side wall	64	*	*
S-14	East side wall	64	*	*
S-15	Bottom exc 3'	1600	*	*
S-16	West side wall	144	*	*
S-17	East side wall	3400	*	*
S-18	North side wall	2600	*	*
S-19	Bottom exc 4'	3240	*	*
S-20	North side wall	1460	*	*
S-21	South side wall	1230	*	*
S-22	East side wall	176	*	*
S-23	East of flowline	432	*	*
S-24	Bottom exc 3'	3520	*	*
S-25	North side wall	1120	*	*
S-26	South side wall	16	*	*
S-27	East side wall	16	*	*

September 26, 2011

<u>Sample</u>	<u>Location</u>	<u>Chlorides</u>	<u>BTEX</u>	<u>TPH</u>
S-28	West side wall	1100	*	*
S-29	Bottom exc 4'	1470	<0.150	<10
S-30	West side wall	32	*	*
S-31	North side wall	32	*	*
S-32	South side wall	112	*	*
S-33	East side wall	64	*	*
S-1	North side wall	576	<0.150	<10
S-2	East side wall	1140	*	*
S-3	Southside wall	6560	*	*
S-4	West side wall	960	*	*

October 17, 2011

<u>Sample</u>	<u>Location</u>	<u>Chlorides</u>	<u>BTEX</u>	<u>TPH</u>
S-34	Bottom exc 7'	112	*	*
S-35	Bottom exc 7'	2360	*	*
S-36	Bottom exc 4'	1220	*	*
S-37	Bottom exc 6'	16	*	*

November 18, 2011

<u>Sample</u>	<u>Location</u>	<u>Chlorides</u>	<u>BTEX</u>	<u>TPH</u>
S-38	Vertical Delineation 7'	160 mg/kg	*	*
S-39	Vertical Delineation 8'	112	*	*

**Analyte not tested

The excavated areas were left open until NMOCD granted approval for backfilling and the installation of a liner. On November 8, 2011 the OCD granted approval to begin installation of the liner and backfilling the excavated areas.

On November 10, 2011 Talon personnel began installing a 15'x150' composite 20 millimeter liner in the excavation at 7-feet deep where remaining chlorides levels were greater than 1,000 mg/kg. The excavated areas were subsequently backfilled to grade using new material backhauled from Lea Land, LLC and were contoured to match the surrounding terrain.

Conclusions and Recommendations

- Ground water in the project vicinity is greater than 50-feet below land surface per the New Mexico State Engineer Database.
- Based on the depth to groundwater and the remedial action completed, it is unlikely that the impacts identified from this release will pose a threat to groundwater.
- The impacted areas in the flow path and pooling areas were excavated to a depth of 1-7 feet deep and the impacted soil was transported to Lea Land disposal facility.
- A 15'x150' composite 20 millimeter liner was installed in the excavation at 7-feet deep below ground surface where remaining chloride levels were greater than 1,000 mg/kg.
- The excavated areas were backfilled with new soil and contoured to match surrounding terrain.

Closure

Therefore, on behalf of Quantum Resources Management, LLC, we respectfully request that no further actions be required and that closure with respect to this release be granted.

If we can provide additional information or be of further assistance please contact our office at 575.746.8768.

Respectfully submitted,

TALON/LPE



Mike Stubblefield
Project Manager



David J. Adkins
District Manager

SITE MAP

Lease Road

Lease Road

Lease Road

S-31
S-30 S-7 S-33
S-32 S-39 S-29

S-25
S-6 S-24
S-28 S-27
S-38 S-36
S-26

S-5

S-18

S-22

S-19 S-35 S-4 S-20
S-23 S-17 S-9

S-16 S-15

S-14 S-3

S-13 S-8

S-2 S-1

S-11 S-10

S-34



Scale in Feet

Legend

◆ - Sample Location

— - Impacted Area



Date: 06/30/2011

Scale: 1" = 150'

Drawn By: TJS

Artesia Unit No. 32

Quantum Resources Management, LLC

Eddy County, New Mexico

Attachment 1 - Site Plan w/Sample Locations

APPENDIX I
GROUNDWATER DATA



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest)

(NAD83 UTM in meters)

(In feet)

POD Number	Sub basin	Use	County	Q	Q	Q	Sec	Tws	Rng	X	Y	Distance	Well	Depth	Depth	Water	
													Column	Water	Column		
L 07643	DOM	LE	LE	4	4	2	34	17S	28E	578979	3628574*	807	120	53	67		
													Average Depth to Water:		53 feet		
													Minimum Depth:		53 feet		
													Maximum Depth:		53 feet		

Record Count: 1

UTMNAD83 Radius Search (in meters):

Easting (X): 579187

Northing (Y): 3627794

Radius: 5000

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

APPENDIX II
LABORATORY RESULTS

September 22, 2011

MIKE STUBBLEFIELD

TALON LPE

408 W. TEXAS AVE.

ARTESIA, NM 88210

RE: ARTESIA UNIT #32

Enclosed are the results of analyses for samples received by the laboratory on 09/20/11 15:12.

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 524.4	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,



Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

 TALON LPE
 MIKE STUBBLEFIELD
 408 W. TEXAS AVE.
 ARTESIA NM, 88210
 Fax To: (575) 745-8905

 Received: 09/20/2011
 Reported: 09/22/2011
 Project Name: ARTESIA UNIT #32
 Project Number: 701407.009.01
 Project Location: SEC. 36-T17S.R28E

 Sampling Date: 09/14/2011
 Sampling Type: Soil
 Sampling Condition: ** (See Notes)
 Sample Received By: Jodi Henson

Sample ID: S-8 12' BGS (H102002-01)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	240	16.0	09/21/2011	ND	416	104	400	3.77		

Sample ID: S-9 12' BGS (H102002-02)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	368	16.0	09/21/2011	ND	416	104	400	3.77		

Sample ID: S-10 BTTM EXC 5' BGS (H102002-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	7360	16.0	09/21/2011	ND	416	104	400	3.77		

Sample ID: S-11 BTTM EXC 3' BGS (H102002-04)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	32.0	16.0	09/21/2011	ND	416	104	400	3.77		

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 TALON LPE
 MIKE STUBBLEFIELD
 408 W. TEXAS AVE.
 ARTESIA NM, 88210
 Fax To: (575) 745-8905

Received:	09/20/2011	Sampling Date:	09/14/2011
Reported:	09/22/2011	Sampling Type:	Soil
Project Name:	ARTESIA UNIT #32	Sampling Condition:	** (See Notes)
Project Number:	701407.009.01	Sample Received By:	Jodi Henson
Project Location:	SEC. 36-T17S.R28E		

Sample ID: S-12 SOUTHSIDE WALL (H102002-05)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	224	16.0	09/21/2011	ND	416	104	400	3.77		

Sample ID: S-13 WESTSIDE WALL (H102002-06)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	64.0	16.0	09/21/2011	ND	416	104	400	3.77		

Sample ID: S-14 EASTSIDE WALL (H102002-07)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	64.0	16.0	09/21/2011	ND	416	104	400	3.77		

Sample ID: S-15 BTM EXC 3' BGS (H102002-08)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1600	16.0	09/21/2011	ND	416	104	400	3.77		

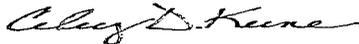
Sample ID: S-16 WESTSIDE WALL (H102002-09)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	144	16.0	09/21/2011	ND	416	104	400	7.41		

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* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 TALON LPE
 MIKE STUBBLEFIELD
 408 W. TEXAS AVE.
 ARTESIA NM, 88210
 Fax To: (575) 745-8905

 Received: 09/20/2011
 Reported: 09/22/2011
 Project Name: ARTESIA UNIT #32
 Project Number: 701407.009.01
 Project Location: SEC. 36-T17S.R28E

 Sampling Date: 09/14/2011
 Sampling Type: Soil
 Sampling Condition: ** (See Notes)
 Sample Received By: Jodi Henson

Sample ID: S-17 EASTSIDE WALL (H102002-10)

Chloride, SM4500CI-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	3400	16.0	09/21/2011	ND	416	104	400	7.41		

Sample ID: S-18 NORTHSIDE WALL (H102002-11)

Chloride, SM4500CI-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	2600	16.0	09/21/2011	ND	416	104	400	7.41		

Sample ID: S-19 BTM EXC 4' BGS (H102002-12)

Chloride, SM4500CI-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	3240	16.0	09/21/2011	ND	416	104	400	7.41		

Sample ID: S-20 NORTHSIDE WALL (H102002-13)

Chloride, SM4500CI-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1460	16.0	09/21/2011	ND	416	104	400	7.41		

Sample ID: S-21 SOUTHSIDE WALL (H102002-14)

Chloride, SM4500CI-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1230	16.0	09/21/2011	ND	416	104	400	7.41		

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Celey D. Keene, Lab Director/Quality Manager

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 Fax To: (575) 745-8905

 Received: 09/20/2011
 Reported: 09/22/2011
 Project Name: ARTESIA UNIT #32
 Project Number: 701407.009.01
 Project Location: SEC. 36-T17S.R28E

 Sampling Date: 09/14/2011
 Sampling Type: Soil
 Sampling Condition: ** (See Notes)
 Sample Received By: Jodi Henson

Sample ID: S-22 EASTSIDE WALL (H102002-15)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	176	16.0	09/21/2011	ND	416	104	400	7.41		

Sample ID: S-23 EAST OF FLOWLINE (H102002-16)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	432	16.0	09/21/2011	ND	416	104	400	7.41		

Sample ID: S-24 BTTM EXC 3' BGS (H102002-17)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	3520	16.0	09/21/2011	ND	416	104	400	7.41		

Sample ID: S-25 NORTHSIDE WALL (H102002-18)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1120	16.0	09/21/2011	ND	416	104	400	7.41		

Sample ID: S-26 SOUTHSIDE WALL (H102002-19)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	16.0	16.0	09/21/2011	ND	416	104	400	7.41		

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 TALON LPE
 MIKE STUBBLEFIELD
 408 W. TEXAS AVE.
 ARTESIA NM, 88210
 Fax To: (575) 745-8905

 Received: 09/20/2011
 Reported: 09/22/2011
 Project Name: ARTESIA UNIT #32
 Project Number: 701407.009.01
 Project Location: SEC. 36-T17S.R28E

 Sampling Date: 09/14/2011
 Sampling Type: Soil
 Sampling Condition: ** (See Notes)
 Sample Received By: Jodi Henson

Sample ID: S-27 EASTSIDE WALL (H102002-20)

Chloride, SM4500Cl-B

mg/kg

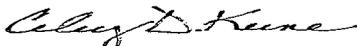
Analyzed By: HM

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	16.0	16.0	09/21/2011	ND	416	104	400	7.41	

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

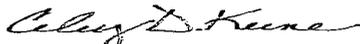
Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Laboratories

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

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

1-3

Company Name: <u>Talon/LPE</u>		P.O. #:		ANALYSIS REQUEST																						
Project Manager: <u>Mike Stubblefield</u>		Company: <u>Talon/LPE</u>																								
Address: <u>408 West Texas Ave.</u>		Attn:																								
City: <u>Artesia</u> State: <u>N.M.</u> Zip: <u>8</u>		Address:																								
Phone #: <u>575-441-7254</u> Fax #:		City:																								
Project #: <u>201407-004.01</u> Project Owner: <u>Quantum Res.</u>		State: Zip:																								
Project Name: <u>Artesia Unit No. 32</u>		Phone #:																								
Project Location: <u>scr. 36 TMS-R28E</u>		Fax #:																								
Sampler Name: <u>max Stubblefield</u>																										
FOR LAB USE ONLY																										
Lab I.D.	Sample I.D.	(Q)RAB OR (C)OMP.	# CONTAINERS	MATRIX					PRESERV.	SAMPLING		Total Chlorides														
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE:	ICE / COOL													OTHER:	DATE	TIME
<u>H102002</u>																										
<u>1</u>	<u>5-8 12' by 5</u>	<u>G</u>				<input checked="" type="checkbox"/>																			<u>9/14/2011</u>	<u>9:43A</u>
<u>2</u>	<u>5-9 12' by 5</u>	<u>G</u>				<input checked="" type="checkbox"/>																			<u>9/14/2011</u>	<u>10:27A</u>
<u>3</u>	<u>5-10 bottom excavation 5' by 5</u>	<u>G</u>				<input checked="" type="checkbox"/>																			<u>9/14/2011</u>	<u>2:12P</u>
<u>4</u>	<u>5-11 bottom excavation 3' by 5</u>	<u>G</u>				<input checked="" type="checkbox"/>																			<u>9/14/2011</u>	<u>2:44P</u>
<u>5</u>	<u>5-12 southside wall</u>	<u>G</u>				<input checked="" type="checkbox"/>																			<u>9/14/2011</u>	<u>2:16P</u>
<u>6</u>	<u>5-13 west side wall</u>	<u>G</u>				<input checked="" type="checkbox"/>																			<u>9/14/2011</u>	<u>2:18P</u>
<u>7</u>	<u>5-14 eastside wall</u>	<u>G</u>				<input checked="" type="checkbox"/>																			<u>9/14/2011</u>	<u>2:20P</u>
<u>8</u>	<u>5-15 bottom excavation 3' by 5</u>	<u>G</u>				<input checked="" type="checkbox"/>																			<u>9/14/2011</u>	<u>2:24P</u>
<u>9</u>	<u>5-16 westside wall</u>	<u>G</u>				<input checked="" type="checkbox"/>																			<u>9/14/2011</u>	<u>2:35P</u>
<u>10</u>	<u>5-17 eastside wall</u>	<u>G</u>				<input checked="" type="checkbox"/>																			<u>9/14/2011</u>	<u>2:38P</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 analysis. 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.

Relinquished By: <u>max Stubblefield</u>	Date: <u>9/20/2011</u> Time: <u>3:12 PM</u>	Received By: <u>Jodi Hinson</u>	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
Relinquished By: <u>v</u>	Date:	Received By:	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Delivered By: (Circle One) Sampler - UPS - Bus - <u>Other</u>		Sample Condition Cool Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No	CHECKED BY: (Initials) <u>JH</u>	

Cardinal cannot accept verbal changes. Please fax written changes to 505-293-2476

#26

FINAL 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-141
Revised October 10, 2003

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

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company : Quantum Resources Management, LLC	Contact : Garrett Newton
Address : 1905 West Sears Ave., Artesia, New Mexico 88210	Telephone No. : 575-513-0230
Facility Name : Artesia Unit #32	Facility Type: WIW
Surface Owner : State	Mineral Owner State
Lease No. : API #30-015-01764 2RP-769	

LOCATION OF RELEASE

Unit Letter M	Section 36	Township 17S	Range 28E	Feet from the 990'	North/South Line South	Feet from the 330'	East/West Line West	County Eddy
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Latitude 32.78729 N Longitude -104.13741 W

NATURE OF RELEASE

Type of Release : Produced Water	Volume of Release : 15-20 bbls	Volume Recovered: -0- bbls
Source of Release : Water Injection Line	Date and Hour of Occurrence: 4/15/2011 12:00 pm	Date and Hour of Discovery: same
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher, NMOCD	
By Whom? Garrett Newton	Date and Hour : 4/15/2011 12:30 pm	
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.*
The flow line located west of Artesia Unit #32 had leaked. The line was shut-in, excavated and repaired. The impacted soil transported to an NMOCD solid waste disposal facility.

Describe Area Affected and Cleanup Action Taken.* Talon/LPE was contracted for the correction of this release. The impacted areas from this release were excavated to a depth of 1-7 feet deep. A 15'x150' 20 mil liner was installed at sample location S-4. The excavated areas were backfilled and contoured to match the surrounding terrain.

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

Signature: 	OIL CONSERVATION DIVISION	
Printed Name: Garrett Newton	Approved by District Supervisor:	
Title: Field Supervisor	Approval Date:	Expiration Date:
E-mail Address: gnewton@pvtnetworks.net	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 1/5/12 Phone: 575-513-0230		

* Attach Additional Sheets If Necessary