

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

RECEIVED

MAY 01 2011
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	Contact Cam Robbins
Address 5 Houston Center, 1401 McKinley St. Ste 2400 Houston Tx	Telephone No. (575) 390-4666
Facility Name NE PQ Central Battery	Facility Type Battery

Surface Owner	Mineral Owner	Lease No.
---------------	---------------	-----------

LOCATION OF RELEASE

NEARBY WELL NEPQ #6
APL# 30-025-03192-00-00

Unit Letter D	Section 23	Township 19S	Range 35E	Feet from the	North/South Line	Feet from the	East/West Line	County LEA
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Latitude: 32.65140°N Longitude 103.43388°W

NATURE OF RELEASE

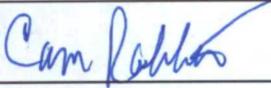
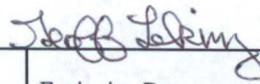
Type of Release : PRODUCED OIL and WATER	Volume of Release 60 bbls	Volume Recovered 30 bbls
Source of Release : Hole in heater	Date and Hour of Occurrence 11/15/10	Date and Hour of Discovery 11/15/10
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

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

Describe Cause of Problem and Remedial Action Taken.*
Hole in heater drain line causing discharge. Spilled fluid breached berm area at low point NW corner and followed road 300', pooled 100' on grass land 2 ft wide. The free fluids were immediately removed and sent to disposal.

Describe Area Affected and Cleanup Action Taken.* **Recovered free fluids and sent to disposal. On Nov. 29, 2010, obtained verbal approval to conduct ICP delineation. Delineated the area with a track hoe and soil bore machine. Determined that no groundwater is present at the site. NMOCD approved CAP on Jan. 22, 2011. RECS excavated an area 35 ft x 96 ft x 4 ft bgs and installed a poly liner. The liner was sand packed 6 inches above and below the liner. The remaining soils were evaluated on site to use as backfill. Backfill samples were taken to a commercial laboratory for confirmation of field numbers. The backfill soils showed chloride numbers below 500 mg/kg. The site was backfilled and soil amendments were added to the soil. A fence with silk netting was installed and the site seeded with a native vegetative mix.**

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: Cam Robbins	Approved by ENV ENGR: District Supervisor: 	
Title: Production Foreman	Approval Date: 03/01/11	Expiration Date: ---
E-mail Address: maximum@valornet.com	Conditions of Approval:	
Date: 3/1/2011 Phone: (575) 390-4666	Attached <input type="checkbox"/> IRP-03-11-2687	

* Attach Additional Sheets If Necessary

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MAY 01 2011

Form C-141
Revised October 10, 2003

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Energy Minerals and Natural Resources
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Santa Fe, NM 87505

HOBBSDCD

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: Melrose Operating Company OGRID 184860	Contact: Petar Evtimov
Address: 20333 State Hwy 249, Ste 310, Houston, TX	Telephone No. 832 698 7000
Facility Name: NEPQ Battery	Facility Type: Battery

Surface Owner:	Mineral Owner:	Lease No.:
----------------	----------------	------------

LOCATION OF RELEASE

AP1 # 30.025-03192-00.00
N=ARBY WELL NEPQ #6

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
D	23	19S	35E					Lea

Latitude N32.65140 Longitude W103.43388

NATURE OF RELEASE

Type of Release: Produced oil and water	Volume of Release: 60 bbls	Volume Recovered: 30bbl
Source of Release: Hole in heater	Date and Hour of Occurrence: 11/15/10	Date and Hour of Discovery: 11/15/10
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*
No

Describe Cause of Problem and Remedial Action Taken.*
Hole in heater drain line causing discharge. Spilled fluids breached berm area at low point NW corner and followed road 300', pooled 100' on grass land 2ft wide. The free fluids were immediately removed and sent to disposal.

Describe Area Affected and Cleanup Action Taken.*
Recovers free fluids and sent to disposal. Treated contaminated area with chemicals.

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: Petar Evtimov	Approved by District Supervisor:	
Title: Operations Engineer	Approval Date: 11/17/10	Expiration Date: 01/13/11
E-mail Address: pevtimov@melroseenergy.com	Conditions of Approval: SUBMIT FINAL BY 01/18/11.	Attached <input type="checkbox"/>
Date: 11/17/10 Phone: 832 698 7000		IRP-03-11-2687

* Attach Additional Sheets If Necessary



RECEIVED
MAY 01 2011
HOBBSOCD
Rice Environmental Consulting & Safety

P.O. Box 5630 Hobbs, NM 88241
Phone 575.393.4411 Fax 575.393.0293

March 1st, 2011

Mr. Geoffrey Leking

New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau
1625 N. French Drive
Hobbs, New Mexico 88240

RE: **Quantum Resources**
Northeast Pearl Queen Central Tank Battery
Accidental Discharge 1RP-1210-2665
TERMINATION REQUEST
Unit Letter D, Sec. 23, T19S, R35E
Lea County, New Mexico

Mr. Leking,

Quantum Resources has retained Rice Environmental Consulting and Safety (RECS) to address environmental concerns at the above-referenced site.

Background and Investigation work

The site is located approximately 16 miles east of Hobbs, New Mexico in Unit Letter D, Sec. 23, T19S R35E. On November 15, 2010, NMOCD discovered an accidental discharge (AD) of approximately sixty barrels of produced water released from a hole in the heater drain line. Thirty barrels of fluid were recovered and properly disposed and the line was permanently repaired. Quantum Resources submitted an initial C-141 on November 17, 2010 (Figure 1). RECS had a meeting with Geoffrey Leking of the NMOCD District One office on November 29, 2010 and obtained verbal approval to perform Investigation & Characterization of the accidental discharge. Based on the Investigation & Characterization work, RECS proposed the following as a Corrective Action Plan on January 21st, 2011. The Plan was approved by NMOCD on January 22nd, 2011.

Corrective Action Recommendations for Remediation Activities

Based on the fact that there is no groundwater below the leak site, the leak will in no way contribute to groundwater impairment. RECS recommends the following actions:

- Because of the high concentrations of chlorides beneath Point Four, RECS recommends that a poly liner measuring 35 ft x 96 ft be placed at 4 ft bgs. The liner will be sand packed 6 inches above and below the liner.

- The soils from the entire site will be evaluated on site to use as backfill and if justified returned to the trench excavations, the scraped areas, and placed over the poly liner. The backfill soils must have a field chloride reading below 500 mg/kg and PID reading below 100 ppm before it is placed over the liner.
- The entire site will then be prepared for reseeded by applying soil amendments as necessary to support vegetation. The site will be reseeded with native vegetation and will be expected to return to normal capacity. The vegetation will provide an evapo-transpiration layer at the site that will further inhibit the downward movement of the chlorides. Plants capture water through their roots and so reduce the amount of water infiltrating below the root zone and transporting residual chloride.

Corrective Action Plan Implementation

The CAP work began on January 28th, 2011. Photos of these activities are located in Appendix A. The site was excavated to 96 ft by 35 ft by 4 ft bgs. By February 9th, 2011, the site was completely excavated and 60 yards of chloride impacted soil had been taken to Sundance for disposal. On February 11th, 2011, the excavation was covered with 6 inches of clean blow sand in preparation for the poly liner. On February 14th, 2011, the poly liner was placed over the sand pad. Another 6 inches of clean blow sand was placed over the liner to protect the liner integrity. A total of 120 yards of blow sand was imported to serve as padding for the liner. From February 16th, 2011 to February 22nd, 2011, the soil from the excavation was blended on site to use as backfill. A total of 96 yards of chloride impacted soil was taken to Sundance for disposal. A total of 236 yards of clean blow sand was imported and blended into the remaining soil to aid in cutting the chloride levels down to below 500 mg/kg.

On February 21st and 22nd, 2011, the samples from the backfill were taken to a commercial laboratory for confirmation of the field testing (Appendix B). The laboratory tests for the sample taken on February 21st, 2011 showed a chloride reading of 384 mg/kg and GRO reading of non-detect and a DRO reading of 56.9 mg/kg. The laboratory tests for the sample taken of February 22nd, 2011 showed a chloride reading of 496 mg/kg, a GRO reading of non-detect and a DRO reading of 57.9 mg/kg.

On February 24th, 2011, 120 yards of clean blow sand was imported to complete the backfill of the site (Appendix C). The site was contoured to match the surrounding area. On February 25th, 2011, eleven bags of Bio-Nhance were blended into the topsoil to add soil nutrients. A fence lined with silk netting was installed around the site to reduce wind erosion of the soils and to keep the seed from blowing away. On February 28th, 2011, the site was seeded with a native vegetative mix.

Since Quantum Resources completed all parts of the Corrective Action Plan, we submit the Final C-141 (Figure 2) and ask for Termination status for this site.

I appreciate the opportunity to work with you on this project. Please call me at (575) 631-6432 if you have any questions or need additional information.

Sincerely,



Hack Conder

Environmental Manager

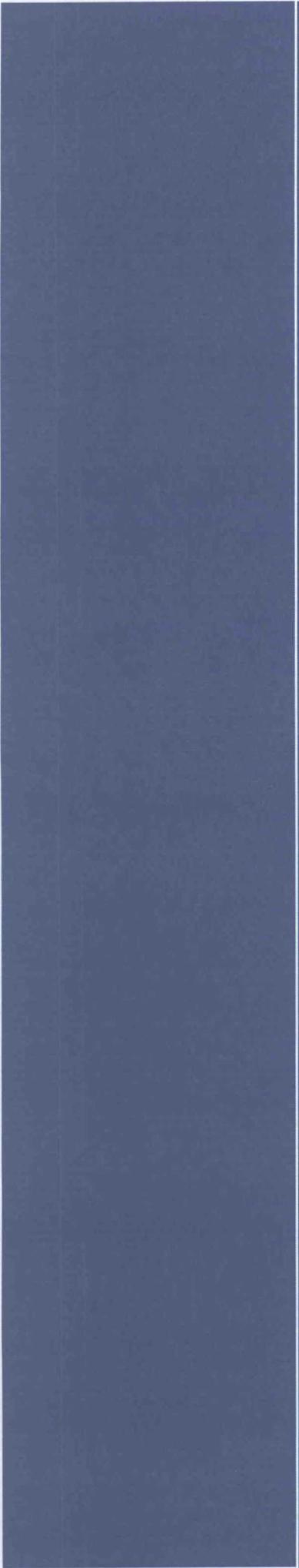
cc: Cam Robbins, Maximum
Wyatt Yates, Quantum Resources
Martin Williams, Quantum Resources

Attachments: Figure 1 – Initial C-141
Figure 2 – Final C-141
Appendix A – Photo documentation of CAP work
Appendix B – Backfill laboratory confirmation
Appendix C – Poly liner installation
Appendix D – Disposal and haul tickets



Figures

RICE Environmental Consulting and Safety (RECS)
P.O. Box 5630 Hobbs, NM 88241
Phone 575.393.4411 Fax 575.393.0293



Appendix A

Photo Documentation of CAP work

RICE Environmental Consulting and Safety (RECS)

P.O. Box 5630 Hobbs, NM 88241

Phone 575.393.4411 Fax 575.393.0293

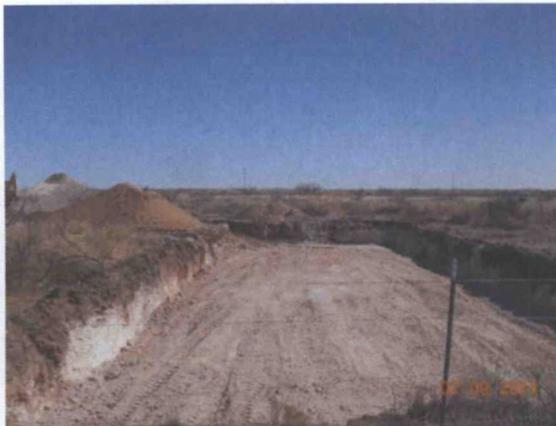
**NE Pearl Queen Central Battery
Unit D, Section 23, T-19-S, R-35-E**



Site prior to excavation, facing southwest



Excavating, facing south



Final Excavation, facing east



Excavation with sand padding, facing west



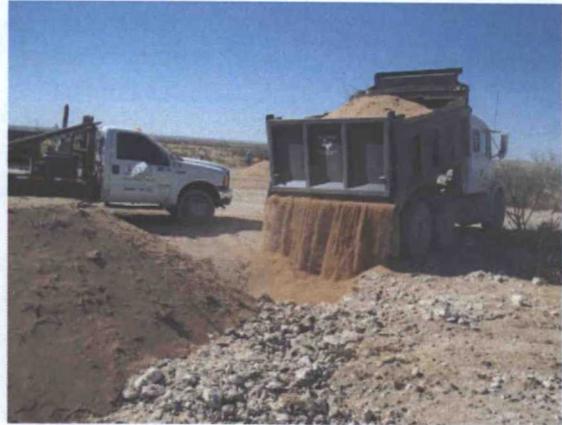
Poly liner installed, facing west



Padding on top of Poly liner with sand, facing north



Backfilling excavation, facing east



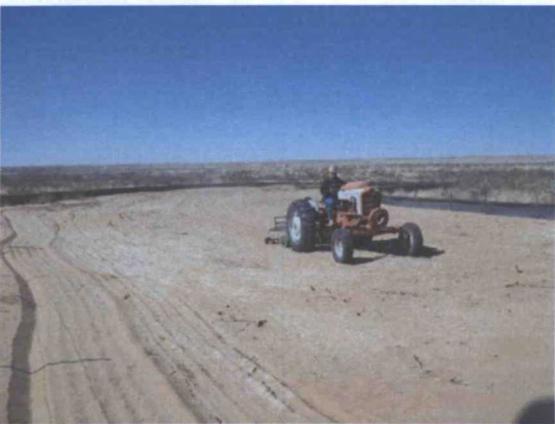
Importing soil facing southwest



Blending Backfill, facing west



Seeding site, facing south



Tilling the seed into the soil using a tractor,
facing southwest



Site completed, facing southwest



PO Box 5630
 Hobbs, NM 88241
 Phone: (575) 393-4411
 Fax: (575) 393-0293

REVEGETATION FORM

1. General Information

Site name: NE Pearl Queen Central Battery		U/L		Section	Township	Range	County	Latitude	Longitude
D		23	19S	35E	Lea	N. 32° 65' 14"	W. 103° 43' 38"		
Contact Name: Hack Conder									
Email: hconder@riceswd.com									
Site size: 15249 square feet		Map detail of site attached <input checked="" type="checkbox"/>							
Additional information:									

2. Soils

**Do not rip caliche subsoils; caliche rocks brought to the surface by ripping shall be removed.*

Salvaged from site <input type="checkbox"/>	Bioremediated <input type="checkbox"/>	Imported <input checked="" type="checkbox"/>	Blended <input checked="" type="checkbox"/>	Depth (in):
Texture:		Describe soil & subsoil:		
Soil prep methods: Rip <input type="checkbox"/>	Depth(in):	Disc <input type="checkbox"/>	Depth (in):	Rollerpack <input type="checkbox"/>
Date completed: 2/28/2011				

3. Bioremediation

Fertilizer <input checked="" type="checkbox"/>	Hay <input type="checkbox"/>	Other <input type="checkbox"/>
Type: Bio-Enhance	Describe:	
Lbs/acre: 550lb for .4 of acre		

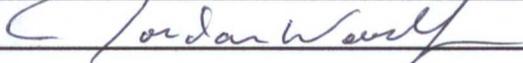
4. Seeding

**Attach seed bag tags to this form. Seed bag tags shall contain the site name and S-T-R.*

Custom seed mix <input checked="" type="checkbox"/>	Prescribed mix <input type="checkbox"/>	Seed mix name: Doom Mix	Seeding date: 2/28/2011
Broadcast <input type="checkbox"/>			
Method: Push Spreader			
Soil conditions during seeding: Dry <input checked="" type="checkbox"/> Damp <input type="checkbox"/> Wet <input type="checkbox"/>			
Photos attached <input checked="" type="checkbox"/>	Observations:		
Number of photos:			

5. Certification

I hereby certify that the information in this form and attachments is true and complete to the best of my knowledge and belief.

Name: Jordan Woodfin	Title: Environmental Tech.	Date: 3/1/2011
Signature: 		

DISTURBED AREA REPORT

LOCATION: NE Pearl Queen Central Battery

LAND OWNER: State leased to Patrick Sims

11L/ SEC - T - R U1/D Sec 23 T19S R35E

DEPTH TO GW: None

GPS LAT & LON NAD27: N. 32.65140 W. 103.43388

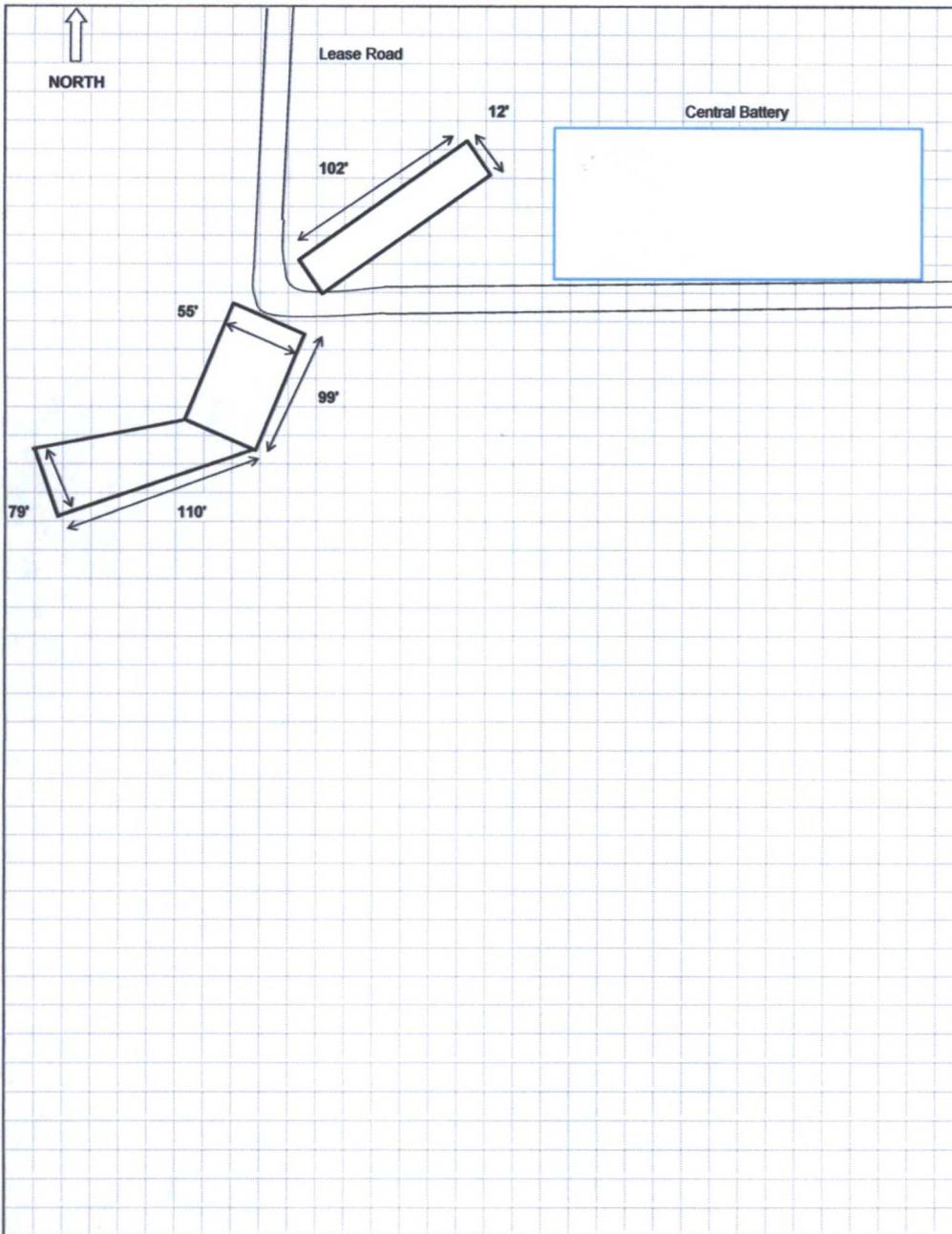
SIZE & SQFT OF EFFECTED AREA: 15249sq ft

DATE BACKFILLED: 2-24-11

DATE SEEDED: 2-28-11

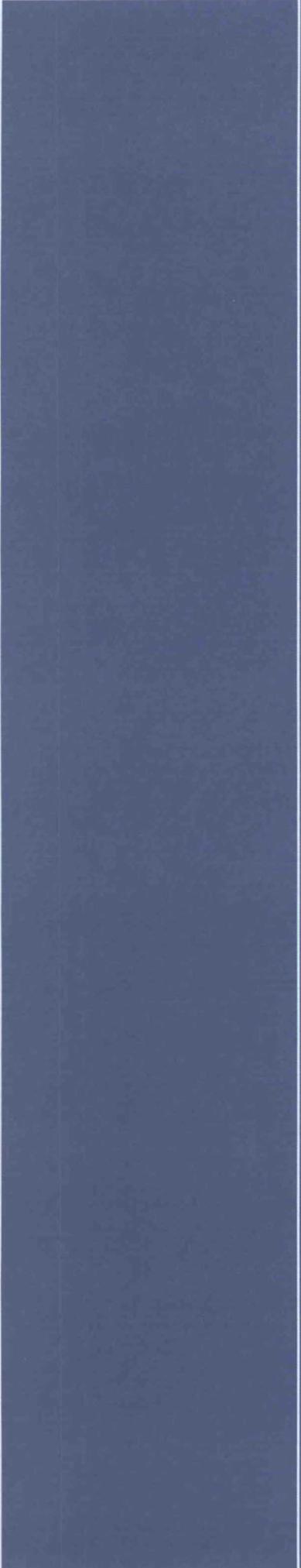
AMOUNT AND TYPE OF SEED USED: 30lbs of Titricale & 30lbs Mix (included:sand dropseed, green spranletop

plains bristlegrass, blue grama, black grama, sideoats grama, tall fescue, sorghum alum)



SIGNATURE *Jordan Woolf*

DATE: 3/4/11



Appendix B

Backfill laboratory confirmation

RICE Environmental Consulting and Safety (RECS)
P.O. Box 5630 Hobbs, NM 88241
Phone 575.393.4411 Fax 575.393.0293

February 22, 2011

HACK CONDER

RICE ENVIRONMENTAL CONSULTING & SAFETY LLC

112 W. TAYLOR

HOBBS, NM 88240

RE: NE PEARL QUEEN CENTRAL BATTERY

Enclosed are the results of analyses for samples received by the laboratory on 02/21/11 15:27.

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.

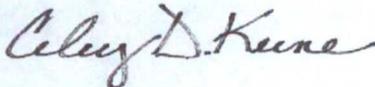
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

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:

RICE ENVIRONMENTAL CONSULTING & SAFETY |
 HACK CONDER
 112 W. TAYLOR
 HOBBS NM, 88240
 Fax To: (575) 397-1471

Received:	02/21/2011	Sampling Date:	02/21/2011
Reported:	02/22/2011	Sampling Type:	Soil
Project Name:	NE PEARL QUEEN CENTRAL BATTERY	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: BLENDED BACKFILL (H100344-01)

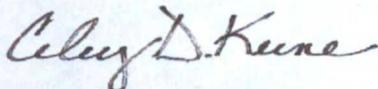
Chloride, SM4500Cl-B		mg/kg		Analyzed By: CK						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	384	16.0	02/22/2011	ND	368	92.0	400	4.26		
TPH 8015M		mg/kg		Analyzed By: AB						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	02/22/2011	ND	201	100	200	2.47		
DRO >C10-C28	56.9	10.0	02/22/2011	ND	201	100	200	3.34		

Surrogate: 1-Chlorooctane 99.4 % 70-130
 Surrogate: 1-Chlorooctadecane 95.7 % 70-130

Cardinal Laboratories

*=Accredited Analyte

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 the 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.



Celey D. Keene, Lab Director/Quality Manager

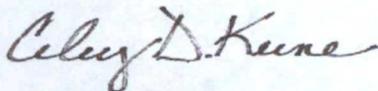
Notes and Definitions

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

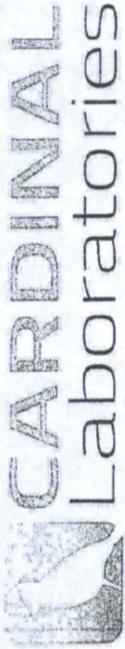
Cardinal Laboratories

*=Accredited Analyte

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 the 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.



Celey D. Keene, Lab Director/Quality Manager



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

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

Company Name: Quantum Resources Project Manager: RECS Address: 122 W. TAYLOR City: HOBBS State: NM Zip: 88240 Phone #: 393-9174 Fax #: Project #: Project Name: NE PEARL QUEEN CENTRAL BATTERY Project Location: NE PEARL QUEEN CENTRAL BATTERY Sampler Name: JORDAN WOODFORD Project Owner:		BILL TO P.O. #: Company: Attn: Address: City: State: Zip: Phone #: Fax #:		ANALYSIS REQUEST	
FOR LAB USE ONLY Lab I.D. Sample I.D. H105441 Brewed backfill		MATRIX # CONTAINERS: 1 (G)RAB OR (C)OMP.: 1 GROUNDWATER WASTEWATER SOIL OIL SLUDGE OTHER:		PRESERV: ICE/COOL: <input checked="" type="checkbox"/> ACID/BASE: OTHER: DATE 2-21-11 TIME 2:45pm	
		TPUBOEM CI- X			

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.

Relinquished By: [Signature] **Date:** 2-21-11
Received By: Addie Johnson **Date:** 3:27
Relinquished By: [Signature] **Date:** _____
Received By: _____

Delivered By: (Circle One)
 Sampler - UPS - Bus - Other:

Sample Condition:
 Cool Intact
 Yes No
 Yes No

Checked By: [Signature] **Initials:** [Signature]

REMARKS:
 HCONDER
 K JONES. @ Rice SWD.COM
 JWOODFORD
 CWEINHEIMER

Phone Result: Yes No
Fax Result: Yes No
Add'l Phone #:
Add'l Fax #:

RUSH 031-1278
email results

* Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476 #26

February 23, 2011

HACK CONDER
RICE ENVIRONMENTAL CONSULTING & SAFETY LLC
112 W. TAYLOR
HOBBS, NM 88240

RE: NE PEARL QUEEN CENTRAL BATTERY

Enclosed are the results of analyses for samples received by the laboratory on 02/22/11 16:27.

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.

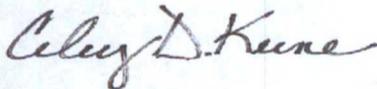
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

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:

RICE ENVIRONMENTAL CONSULTING & SAFETY I
 HACK CONDER
 112 W. TAYLOR
 HOBBS NM, 88240
 Fax To: (575) 397-1471

Received:	02/22/2011	Sampling Date:	02/22/2011
Reported:	02/23/2011	Sampling Type:	Soil
Project Name:	NE PEARL QUEEN CENTRAL BATTERY	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: BLENDED BACKFILL #2 (H100356-01)

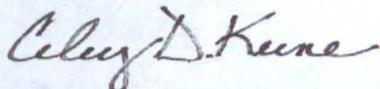
Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	496	16.0	02/22/2011	ND	368	92.0	400	4.26		
TPH 8015M		mg/kg		Analyzed By: AB						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	02/23/2011	ND	207	103	200	2.48		
DRO >C10-C28	57.9	10.0	02/23/2011	ND	199	99.6	200	7.32		

Surrogate: 1-Chlorooctane 120 % 70-130
 Surrogate: 1-Chlorooctadecane 118 % 70-130

Cardinal Laboratories

*=Accredited Analyte

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 the 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.



Celey D. Keene, Lab Director/Quality Manager

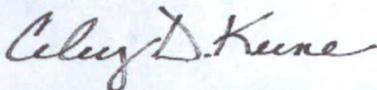
Notes and Definitions

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

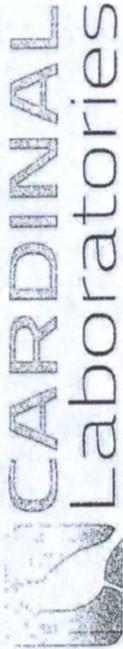
Cardinal Laboratories

*=Accredited Analyte

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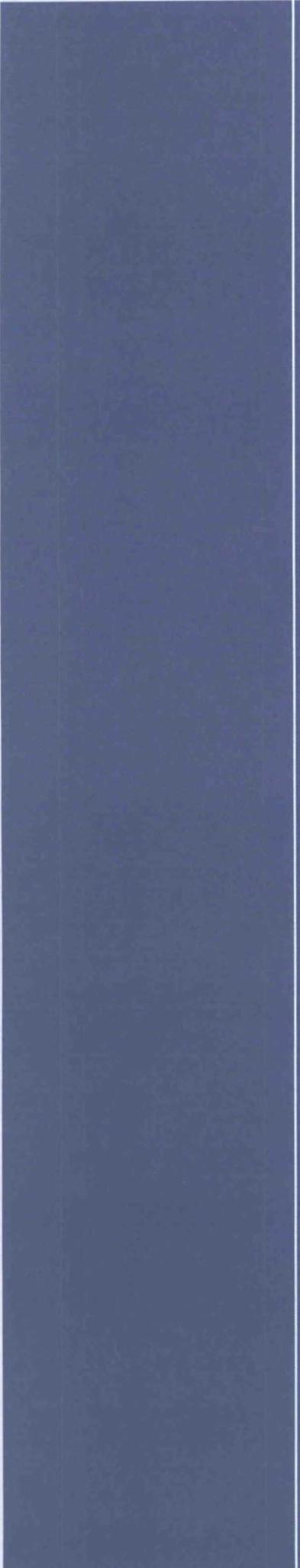
Celey D. Keene, Lab Director/Quality Manager



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

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

Company Name: <u>Quantum Resources</u> Project Manager: <u>RECS</u> Address: <u>122 W. TAYLOR</u> State <u>NM</u> Zip: <u>88240</u> City: <u>HOBBS</u> Phone #: <u>393-9174</u> Fax #: Project #: Project Name: <u>NE PEARL QUEEN CENTRAL BATTERY</u> Project Location: <u>NE PEARL QUEEN CENTRAL BATTERY</u> Sampler Name: <u>JORDAN WOODRIF</u>		BILL TO P.O. #: Company: Attn: Address: City: State: Zip: Phone #: Fax #:		ANALYSIS REQUEST	
FOR LAB USE ONLY Lab I.D. Sample I.D. <u>H100561 Blended Backfill #2</u>		MATRIX <input type="checkbox"/> WASTEWATER <input type="checkbox"/> GROUNDWATER <input type="checkbox"/> # CONTAINERS <input type="checkbox"/> (GRAB OR (COM). <input type="checkbox"/> SOIL <input type="checkbox"/> OIL <input type="checkbox"/> SLUDGE <input type="checkbox"/> OTHER:		PRESERV <input type="checkbox"/> ACID/BASE <input type="checkbox"/> ICE/COOL <input type="checkbox"/> OTHER:	
DATE TIME 2-22-11 2:30		DATE TIME 2-22-11 2:30		X PH 805M X C1-	
Relinquished By:		Received By: <u>Jodi Benson</u> Date: <u>2-22-11</u> Type: <u>4:27</u> Date: <u>4:27</u> Time:		Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No REMARKS: <u>HConder</u> <u>K Jones</u> <u>C Weinmann</u> <u>J Woodruff</u> <u>Rice SWP.com</u> <u>031-1278</u> <u>email</u> <u>BUSTH 11111</u>	
Delivered By: (Circle One) <input type="checkbox"/> Sampler <input type="checkbox"/> UPS <input type="checkbox"/> Bus <input type="checkbox"/> Other:		Sample Condition <input type="checkbox"/> Cool <input type="checkbox"/> Intact <input type="checkbox"/> Yes <input type="checkbox"/> No		CHECKED BY: (Initials) <u>AT</u>	



Appendix C

Poly liner installation

RICE Environmental Consulting and Safety (RECS)
P.O. Box 5630 Hobbs, NM 88241
Phone 575.393.4411 Fax 575.393.0293

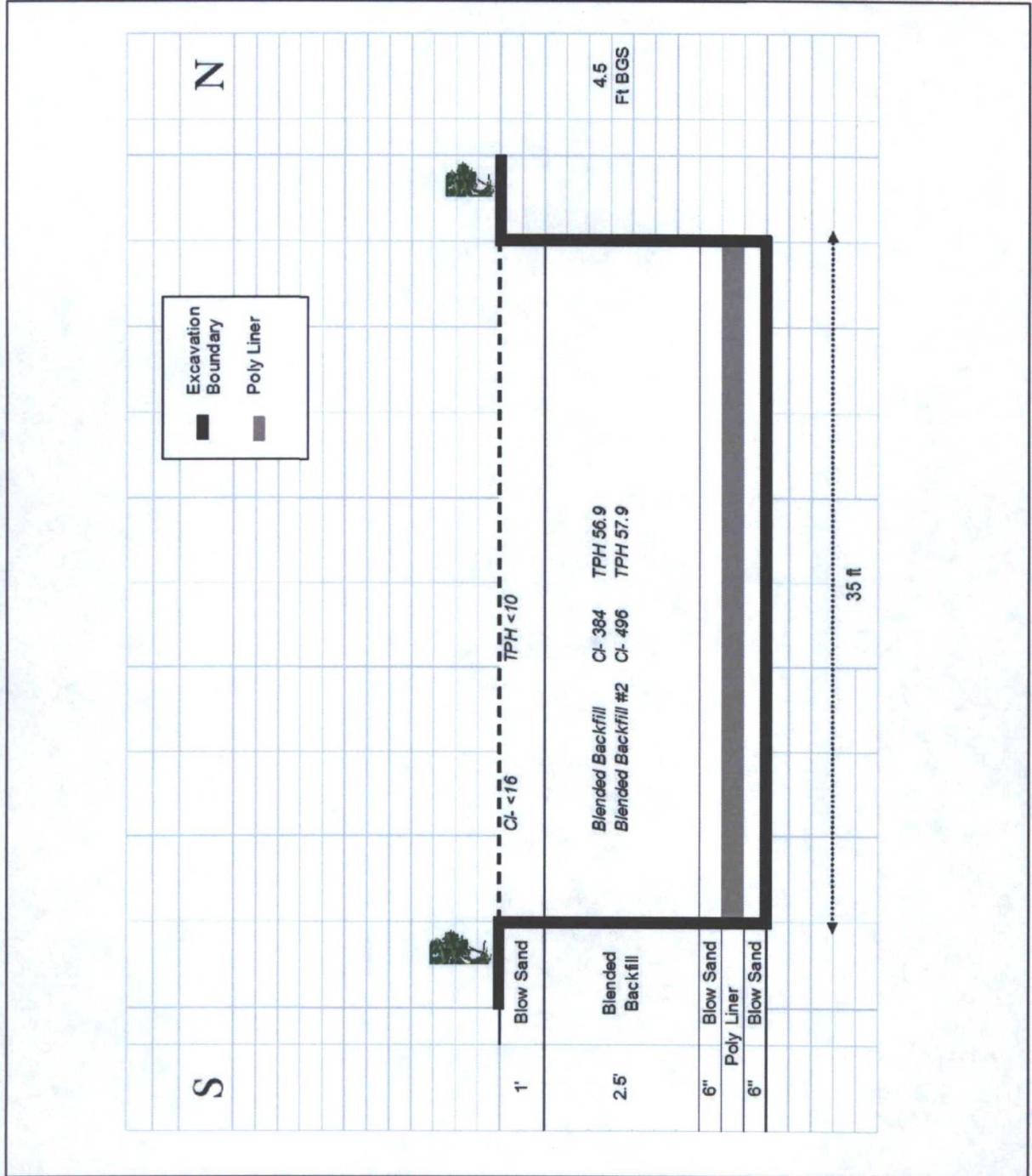
Poly Liner Installation



P.O. Box 5630
 Hobbs, NM 88241
 Phone (575) 393-9174
 Fax (575) 393-0293

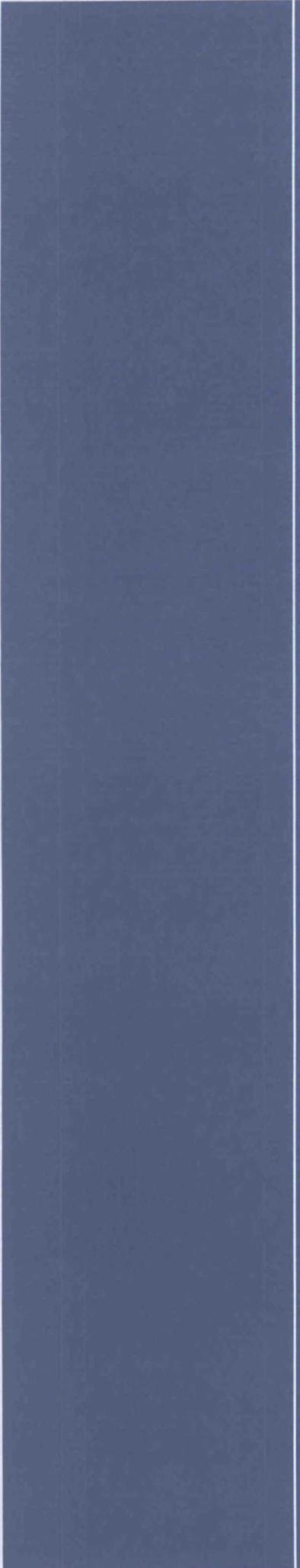
NE Pearl Queen Central Battery AD

Legals: UL/D sec. 23 T19S R35E
 NMOCD Case #: IRP-1210-2665



Appendix C

Drawing date: 3/1/2011
 Drafted by: Lara Weinheimer



Appendix D

Disposal and haul tickets

RICE Environmental Consulting and Safety (RECS)
P.O. Box 5630 Hobbs, NM 88241
Phone 575.393.4411 Fax 575.393.0293

 SUNDANCE SERVICES, Inc. P.O. Box 1737 Eunice, New Mexico 88231 (575) 394-2511		TICKET No. 158949
LEASE OPERATOR/SHIPPER/COMPANY: <i>Melrose Oper</i>		
LEASE NAME: <i>NE Pearl Queen TB</i>		
TRANSPORTER COMPANY: <i>Parker</i>		TIME: <i>1:42 AM/PM</i>
DATE: <i>1-28-11</i>	VEHICLE NO.: <i>116</i>	GENERATOR COMPANY MAN'S NAME: <i>Don Robbins</i>
CHARGE TO: <i>Melrose Oper</i>		RIG NAME AND NUMBER
TYPE OF MATERIAL		
<input type="checkbox"/> Production Water	<input type="checkbox"/> Drilling Fluids	<input type="checkbox"/> Rinsate
<input type="checkbox"/> Tank Bottoms	<input checked="" type="checkbox"/> Contaminated Soil	<input type="checkbox"/> Jet Out
<input type="checkbox"/> Solids	<input type="checkbox"/> BS&W Content:	<input type="checkbox"/> Call Out
Description: <i>old</i>		
RRC or API #		C-133#
VOLUME OF MATERIAL <input type="checkbox"/> BBLs. _____ : <input checked="" type="checkbox"/> YARD <i>12</i> : <input type="checkbox"/> _____		
<p>AS A CONDITION TO SUNDANCE SERVICES, INC.'S ACCEPTANCE OF THE MATERIALS SHIPPED WITH THIS JOB TICKET, OPERATOR/SHIPPER REPRESENTS AND WARRANTS THAT THE WASTE MATERIAL SHIPPED HERewith IS MATERIAL EXEMPT FROM THE RESOURCE, CONSERVATION AND RECOVERY ACT OF 1976, AS AMENDED FROM TIME TO TIME, 40 U.S.C. § 6901, et seq., THE NM HEALTH AND SAF. CODE § 361.001 et seq., AND REGULATIONS RELATED THERETO, BY VIRTUE OF THE EXEMPTION AFFORDED DRILLING FLUIDS, PRODUCED WATERS, AND OTHER WASTE ASSOCIATED WITH THE EXPLORATION, DEVELOPMENT OR PRODUCTION OF CRUDE OIL OR NATURAL GAS OR GEOTHERMAL ENERGY.</p> <p>ALSO AS A CONDITION TO SUNDANCE SERVICES, INC.'S ACCEPTANCE OF THE MATERIALS SHIPPED WITH THIS JOB TICKET, TRANSPORTER REPRESENTS AND WARRANTS THAT ONLY THE MATERIAL DELIVERED BY OPERATOR/SHIPPER TO TRANSPORTER IS NOW DELIVERED BY TRANSPORTER TO SUNDANCE SERVICES, INC.'S FACILITY FOR DISPOSAL.</p> <p>THIS WILL CERTIFY that the above Transporter loaded the material represented by this Transporter Statement at the above described location, and that it was tendered by the above described shipper. This will certify that no additional materials were added to this load, and that the material was delivered without incident.</p>		
DRIVER: <i>Ray [Signature]</i>		
FACILITY REPRESENTATIVE: <i>Donnie [Signature]</i>		
White - Sundance Canary - Sundance Acct #1 Pink - Transporter		
<small>Re-order from: TOTALLY SHARP ADVERTISING - 452-586-5401 - www.PromoSupermarket.com</small>		



SUNDANCE SERVICES, Inc.

P.O. Box 1737 Eunice, New Mexico 88231
(575) 394-2511

TICKET No. **158926**

LEASE OPERATOR/SHIPPER/COMPANY: Melrose Oper	
LEASE NAME: WE Pearl Queen 718	
TRANSPORTER COMPANY: Parker	TIME 11:29 AM/PM
DATE: 1-28-11 VEHICLE NO: 116	GENERATOR COMPANY MAN'S NAME: Cam Robbins
CHARGE TO: Melrose Oper.	RIG NAME AND NUMBER

TYPE OF MATERIAL

- | | | |
|---|---|-----------------------------------|
| <input type="checkbox"/> Production Water | <input type="checkbox"/> Drilling Fluids | <input type="checkbox"/> Rinsate |
| <input type="checkbox"/> Tank Bottoms | <input checked="" type="checkbox"/> Contaminated Soil | <input type="checkbox"/> Jet Out |
| <input type="checkbox"/> Solids | <input type="checkbox"/> BS&W Content: | <input type="checkbox"/> Call Out |

Description: dd

RRC or API #	C-133#
--------------	--------

VOLUME OF MATERIAL [] BBLs. _____ :	<input checked="" type="checkbox"/> YARD 12 :	[] _____
--------------------------------------	--	-----------

AS A CONDITION TO SUNDANCE SERVICES, INC.'S ACCEPTANCE OF THE MATERIALS SHIPPED WITH THIS JOB TICKET, OPERATOR/SHIPPER REPRESENTS AND WARRANTS THAT THE WASTE MATERIAL SHIPPED HERewith IS MATERIAL EXEMPT FROM THE RESOURCE, CONSERVATION AND RECOVERY ACT OF 1976, AS AMENDED FROM TIME TO TIME, 40 U.S.C. § 6901, et seq., THE NM HEALTH AND SAF. CODE § 361.001 et seq., AND REGULATIONS RELATED THERETO, BY VIRTUE OF THE EXEMPTION AFFORDED DRILLING FLUIDS, PRODUCED WATERS, AND OTHER WASTE ASSOCIATED WITH THE EXPLORATION, DEVELOPMENT OR PRODUCTION OF CRUDE OIL OR NATURAL GAS OR GEOTHERMAL ENERGY.

ALSO AS A CONDITION TO SUNDANCE SERVICES, INC.'S ACCEPTANCE OF THE MATERIALS SHIPPED WITH THIS JOB TICKET, TRANSPORTER REPRESENTS AND WARRANTS THAT ONLY THE MATERIAL DELIVERED BY OPERATOR/SHIPPER TO TRANSPORTER IS NOW DELIVERED BY TRANSPORTER TO SUNDANCE SERVICES, INC.'S FACILITY FOR DISPOSAL.

THIS WILL CERTIFY that the above Transporter loaded the material represented by this Transporter Statement at the above described location, and that it was tendered by the above described shipper. This will certify that no additional materials were added to this load, and that the material was delivered without incident.

DRIVER: *Ray Cuppen*
(SIGNATURE)

FACILITY REPRESENTATIVE: *Connie Rometh*
(SIGNATURE)

White - Sundance Canary - Sundance Acct #1 Pink - Transporter

