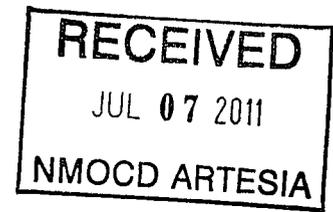




June 28, 2011



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

Subject: **Soil Assessment and Remediation Work Plan**
Quantum Resources Management, LLC
Conoco 7 State No. 12
API # 30-015-25160 – 2RP-601

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

ARTESIA
408 West Texas Ave.
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

Dear Mr. Bratcher,

Quantum Resources Management, LLC has contracted Talon/LPE (Talon) to perform soil assessment and remediation services at the referenced Conoco 7 State No. 12 release. The results of our soil assessment and proposed remediation activities consist of the following:

Incident Date

January 21, 2011

Background Information

The Conoco 7 State No. 12 is located approximately twenty-five (25) miles east of Artesia, New Mexico. The legal location for the site is Section 7, Township 19 South and Range 29 East in Eddy County, New Mexico. More Specifically the latitude and longitude for the release are 32.67308 North and -104.11502 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 Reeves-Gypsum land complex soils with 0 to 3 percent slopes. The local surface and shallow geology, Quaternary Age sedimentary deposits, is comprised of alluvium and eolian sands which includes silty soils underlain by gypsum and hard caliches. Drainage courses in this area are normally dry. The New Mexico State Engineer web site indicates the nearest ground water data to be in S7-T19S-R29E. The ground water in Section 7 is reported to be 150' below ground surface (bgs). The referenced groundwater data is presented in Appendix I.

The ranking for this site is 0 based on the as following:

Depth to ground water	>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 January 21, 2011 a filter located on the injection line at the Conoco 7 State No. 12 was found to be leaking. The water injection well was taken out of service, the filter was replaced and the well was returned to service. Approximately twenty (20) barrels of produced water were released. There were no fluids recovered. The areas affected by this release were on the location south of the injection well and the closed drilling pit area located due south of the location. The release flowed across the location in two narrow flow paths, both measured to be approximately 2-foot wide by 100-feet long. The release pooled on the closed drilling pit encompassing an area approximately 65-feet long by 50-feet wide.

Actions Taken

On February 9, 2011 Talon/LPE mobilized personnel to begin the assessment and soil sampling for the construction of a work plan. Grab soil samples were collected utilizing a split spoon auger rig. The soil samples labeled S-1 were collected as background data from the non-impacted area located on the closed drilling pit. Refusal was encountered in the borehole S-1 at 26-feet below ground surface (bgs). The soil samples from boring S-2 were collected from the impacted area of the closed drilling pit. Refusal was encountered in this borehole at 22-feet bgs.

On April 29, 2011 Talon/LPE mobilized personnel again to the site for additional sampling on location. Refusal was encountered in the test trench S-3 at 12-feet bgs using a backhoe. This soil sample location was labeled S-3.

The soil samples were collected by Talon personnel wearing clean nitrile gloves. The soil samples were placed in laboratory provided sample containers and transported to Cardinal Laboratories in Hobbs, New Mexico for analysis of chlorides using Method SM4500CL-B. The complete laboratory report is attached as Appendix II.

Analytical Results

Analytical results received from Cardinal Laboratories are summarized below:

S-1		S-2		S-3	
Feet	Chlorides(mg/kg)	Feet	Chlorides(mg/kg)	Feet	Chlorides(mg/kg)
0'	22400	0'	19600	0'	36000
2'	6240	2'	16000	1'	3040
4'	4800	4'	11800	2'	1680
6'	6320	6'	8800	4'	1600
8'	2560	8'	4160	6'	2160
10'	2400	10'	4320	8'	2560
16'	2640	16'	4880	10'	48
26'	1040	22'	1420		

Summary and Conclusion

- Groundwater in the project vicinity is greater than 100-feet below land surface per the New Mexico State Engineer Database.
- Based upon the results of the laboratory data obtained for this investigation, the vertical impacts of the chloride release on the closed drilling pit area have been delineated to 1420 mg/kg at 22-feet bgs. The background chlorides in the closed drilling pit area range from 22400 mg/kg at 0-foot to 1040 mg/kg at 26-feet bgs.
- Based on the depth of groundwater and the chloride levels detected in the soil at the sample location, it is unlikely that the chloride impacts identified from this release will pose a threat to groundwater.

Proposed Remedial Actions

- Due to the presence of existing chlorides in the former drilling pit no excavation of soil will be undertaken on the closed drilling pit area.
- The impacted soil on location will be excavated to a depth of 4-foot deep. The excavated soil will be transported to a NMOCD approved solid waste disposal facility.
- Upon completion of excavation activities, a compacted 1-foot clay barrier or a 20 mil liner will be installed into the bottom of excavated area.
- The excavated area will be backfilled to grade using new material transported from a local borrow pit, contoured to match existing terrain and seeded using an approved seed mixture for the area.
- A final report will be provided to the NMOCD Artesia Office utilizing Form C-141.

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

Respectfully submitted,

TALON/LPE

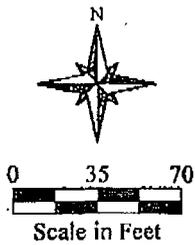
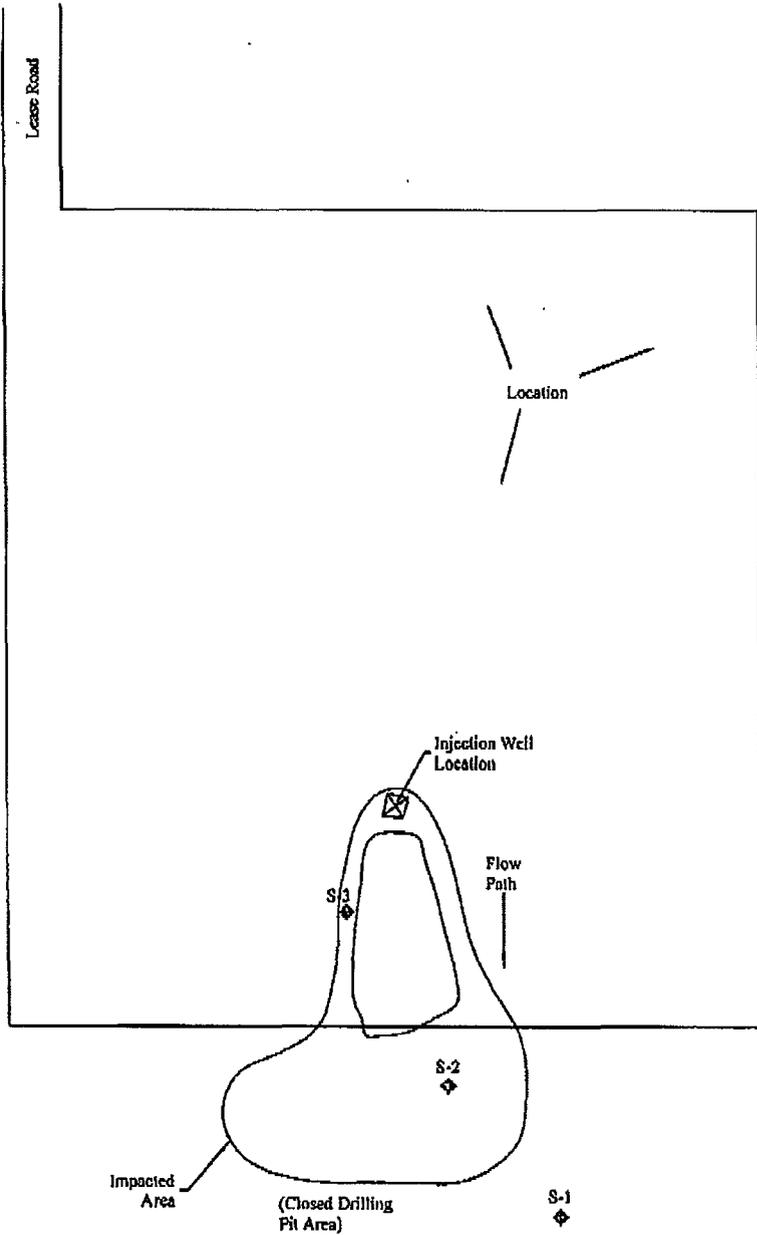


Mike Stubblefield
Project Manager



David J. Adkins
District Manager

SITE MAP



Legend

◆ - Soil Sample Locations



Date: 06/29/2011
 Scale: 1" = 70'
 Drawn By: TJS

Conoco 7 State #12
 Quantum Resources Management, LLC.
 Eddy County, New Mexico
 Figure 1 - Site Plan w/Soil Locations

APPENDIX I
GROUNDWATER DATA
INITIAL C-141



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 64	Q 16	Q 4	Sec	Tws	Rng	X	Y Distance	Depth Well	Depth Water	Water Column	
CP 00646	STK	ED		1	1	4	07	19S	29E	583155	3615551	667	199	150	49
L 03348 APPRO	DOM	LE		4	3	4	35	18S	28E	580236	3618135*	3233	105	65	40
CP 00361	PRO	ED		1	3	09		19S	28E	576195	3615347*	6455	365	265	100
CP 00361 EXPL	EXP	ED		3	1	3	09	19S	28E	576094	3615246*	6566	365	265	100
RA 09588	DOM	ED		1	2	33		18S	28E	576976	3619384*	6606	300		
CP 00926	PRO	ED		4	1	1	01	20S	28E	581074	3608090*	8013	300		
CP 00681	PRO	ED		1	1	3	34	19S	29E	587230	3609127*	8235			
CP 00741	PRO	ED		1	3	2	34	19S	29E	588030	3609533*	8394	230	60	170
CP 00830	STK	LE		2	1	04		20S	29E	586118	3608193*	8511	120		
CP 00820	STK	LE		2	4	13		19S	29E	591713	3613870*	9326	120		
CP 00698	PRO	ED		3	1	03		20S	29E	587327	3607804*	9409			
CP 00502	STK	ED		1	1	18		19S	28E	573001	3614478*	9733	100	91	9
CP 00836	DOM	ED		1	1	18		19S	28E	573001	3614478*	9733	110		
CP 00837	DOM	ED		1	1	18		19S	28E	573001	3614478*	9733	110		
CP 00838	DOM	ED		1	1	18		19S	28E	573001	3614478*	9733			

Average Depth to Water: **149 feet**

Minimum Depth: **60 feet**

Maximum Depth: **265 feet**

Record Count: 15

UTMNAD83 Radius Search (in meters):

Easting (X): 582622

Northing (Y): 3615953

Radius: 10000

*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.

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

Form C-141
Revised October 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

30-015-25760

Release Notification and Corrective Action

Kmw 1104138072

245874 OPERATOR

X 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 Conoco 7 State #12	Facility Type WIW

Surface Owner State	Mineral Owner State	Lease No. B-8096
---------------------	---------------------	------------------

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
K	7	19S	29E	1880'	South	1980'	West	EDDY

Latitude 32.67308 Longitude 104.11502

NATURE OF RELEASE

Type of Release Produced Waters	Volume of Release 20 bbls	Volume Recovered -0-
Source of Release Water injection line.	Date and Hour of Occurrence 01/21/2011 9:00am	Date and Hour of Discovery 01/21/2011 9:00am
Was Immediate Notice Given? X Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NMOCD/Mike Bratcher by voice mail box.	
By Whom? Mike Stubblefield	Date and Hour 01/21/2011 1:55pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

The filter located on the injection line developed a leak. The weather was warm and dry at the time of the release. A vacuum truck was brought to the location. No standing water was recovered.

RECEIVED

FEB 07 2011

Describe Area Affected and Cleanup Action Taken.*

The affected area was the location south of the wellhead, the release flowed in a narrow flow path and pooled south of the well. The pooling area was measured to be sixty (60') feet long by forty-nine (49') feet wide. The saturated soil from the release was excavated utilizing a backhoe and then placed on a liner. Talon/LPE has been contracted for the construction of a work plan for the correction of the release.

NMOCD ARTESIA

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.

OIL CONSERVATION DIVISION

Signature: Garrett Newton *Garrett Newton*
Printed Name: GARRETT L. NEWTON
Title: Field Supervisor
E-mail Address: gnewton@pvtnetworks.net
Date: 2/3/2011 Phone: 575-513-0230

Approved by District Supervisor: *Mike Bratcher*
Approval Date: 2/17/2011 Expiration Date:

Conditions of Approval:
Remediation per OCD Rules & Guidelines. SUBMIT REMEDIATION PROPOSAL NOT LATER THAN: 3/17/2011

Attached

2RP-601

* Attach Additional Sheets If Necessary

APPENDIX II

Laboratory Data

February 15, 2011

MIKE STUBBLEFIELD

TALON LPE

408 W. TEXAS AVE.

ARTESIA, NM 88210

RE: CONOCO 7 STATE #12

Enclosed are the results of analyses for samples received by the laboratory on 02/11/11 16:45.

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:	02/11/2011	Sampling Date:	02/09/2011
Reported:	02/15/2011	Sampling Type:	Soil
Project Name:	CONOCO 7 STATE #12	Sampling Condition:	** (See Notes)
Project Number:	701407.002.01	Sample Received By:	Jodi Henson
Project Location:	SEC. 7- 19S- 29E		

Sample ID: S - 1 0' (H100285-01)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	22400	16.0	02/14/2011	ND	416	104	400	0.00		

Sample ID: S - 1 2' (H100285-02)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	6240	16.0	02/14/2011	ND	416	104	400	0.00		

Sample ID: S - 1 4' (H100285-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	4800	16.0	02/14/2011	ND	416	104	400	0.00		

Sample ID: S - 1 6' (H100285-04)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	6320	16.0	02/14/2011	ND	416	104	400	0.00		

Sample ID: S - 1 8' (H100285-05)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	2560	16.0	02/14/2011	ND	416	104	400	0.00		

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 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 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

Analytical Results For:

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

Received: 02/11/2011
 Reported: 02/15/2011
 Project Name: CONOCO 7 STATE #12
 Project Number: 701407.002.01
 Project Location: SEC. 7- 19S- 29E

Sampling Date: 02/09/2011
 Sampling Type: Soil
 Sampling Condition: ** (See Notes)
 Sample Received By: Jodi Henson

Sample ID: S - 1 10' (H100285-06)

Chloride, SM4500CI-B		mg/kg	Analyzed By: HM							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	2400	16.0	02/14/2011	ND	416	104	400	0.00		

Sample ID: S - 1 16' (H100285-07)

Chloride, SM4500CI-B		mg/kg	Analyzed By: HM							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	2640	16.0	02/14/2011	ND	416	104	400	0.00		

Sample ID: S - 1 26' (H100285-08)

Chloride, SM4500CI-B		mg/kg	Analyzed By: HM							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1040	16.0	02/14/2011	ND	416	104	400	10.9		

Sample ID: S - 2 0' (H100285-09)

Chloride, SM4500CI-B		mg/kg	Analyzed By: HM							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	19600	16.0	02/14/2011	ND	416	104	400	10.9		

Sample ID: S - 2 2' (H100285-10)

Chloride, SM4500CI-B		mg/kg	Analyzed By: HM							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	16000	16.0	02/14/2011	ND	416	104	400	10.9		

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

Analytical Results For:

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

Received:	02/11/2011	Sampling Date:	02/09/2011
Reported:	02/15/2011	Sampling Type:	Soil
Project Name:	CONOCO 7 STATE #12	Sampling Condition:	** (See Notes)
Project Number:	701407.002.01	Sample Received By:	Jodi Henson
Project Location:	SEC. 7- 19S- 29E		

Sample ID: S - 2 4' (H100285-11)

Chloride, SM4500Cl-B		mg/kg	Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	11800	16.0	02/14/2011	ND	416	104	400	10.9	

Sample ID: S - 2 6' (H100285-12)

Chloride, SM4500Cl-B		mg/kg	Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	8800	16.0	02/14/2011	ND	416	104	400	10.9	

Sample ID: S - 2 8' (H100285-13)

Chloride, SM4500Cl-B		mg/kg	Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	4160	16.0	02/14/2011	ND	416	104	400	10.9	

Sample ID: S - 2 10' (H100285-14)

Chloride, SM4500Cl-B		mg/kg	Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	4320	16.0	02/14/2011	ND	416	104	400	10.9	

Sample ID: S - 2 16' (H100285-15)

Chloride, SM4500Cl-B		mg/kg	Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	4880	16.0	02/14/2011	ND	416	104	400	10.9	

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

Analytical Results For:

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

Received:	02/11/2011	Sampling Date:	02/09/2011
Reported:	02/15/2011	Sampling Type:	Soil
Project Name:	CONOCO 7 STATE #12	Sampling Condition:	** (See Notes)
Project Number:	701407.002.01	Sample Received By:	Jodi Henson
Project Location:	SEC. 7- 19S- 29E		

Sample ID: S - 2 22' (H100285-16)

Chloride, SM4500Cl-B	mg/kg	Analyzed By: HM								
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1420	16.0	02/14/2011	ND	416	104	400	10.9		

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



CARDINAL LABORATORIES
 101 East Marland, Hobbs, NM 88240
 (505) 393-2326 FAX (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

1-2

Company Name: <i>Talon/LPE</i>		BILL TO		ANALYSIS REQUEST																							
Project Manager: <i>Mike Stubblietel</i>		P.O. #:																									
Address: <i>408 W. Talar Ave</i>		Company:																									
City: State: <i>NM</i> Zip: <i>88200</i>		Attn:																									
Phone #: <i>505-441-7254</i> Fax #:		Address:																									
Project #: <i>701407.002.01</i> Project Owner: <i>Quantum Rel. Prod. LLC</i>		City:																									
Project Name: <i>Cesarco 2 State #12</i>		State: Zip:																									
Project Location: <i>Sec. 7-150-29c</i>		Phone #:																									
Sampler Name: <i>Mike Stubblietel</i>		Fax #:																									
FOR LAB USE ONLY																											
Lab I.D.	Sample I.D.	(GRAB OR C)OMP.	# CONTAINERS													MATRIX					PRESERV.		SAMPLING		Total # Containers		
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE:	ICE / COOL	OTHER:	DATE	TIME													
<i>HDD285-1</i>	<i>5-1 0'</i>	<i>5</i>				<input checked="" type="checkbox"/>							<i>2/9/2011</i>	<i>9:51A</i>													
<i>2</i>	<i>5-1 2'</i>	<i>5</i>				<input checked="" type="checkbox"/>							<i>2/9/2011</i>	<i>9:54A</i>													
<i>3</i>	<i>5-1 4'</i>	<i>5</i>				<input checked="" type="checkbox"/>							<i>2/9/2011</i>	<i>9:57A</i>													
<i>4</i>	<i>5-1 6'</i>	<i>5</i>				<input checked="" type="checkbox"/>							<i>2/9/2011</i>	<i>10:09A</i>													
<i>5</i>	<i>5-1 8'</i>	<i>5</i>				<input checked="" type="checkbox"/>							<i>2/9/2011</i>	<i>10:15A</i>													
<i>6</i>	<i>5-1 10'</i>	<i>5</i>				<input checked="" type="checkbox"/>							<i>2/9/2011</i>	<i>10:20A</i>													
<i>7</i>	<i>5-1 18'</i>	<i>5</i>				<input checked="" type="checkbox"/>							<i>2/9/2011</i>	<i>10:25A</i>													
<i>8</i>	<i>5-1 26'</i>	<i>5</i>				<input checked="" type="checkbox"/>							<i>2/9/2011</i>	<i>11:20A</i>													
<i>9</i>	<i>5-2 0'</i>	<i>5</i>				<input checked="" type="checkbox"/>							<i>2/9/2011</i>	<i>12:11P</i>													
<i>10</i>	<i>5-2 2'</i>	<i>5</i>				<input checked="" type="checkbox"/>							<i>2/9/2011</i>	<i>12:49P</i>													

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: <i>Mac Stubblietel</i>	Date: <i>2/11/2011</i> Time: <i>1:05 PM</i>	Received By: <i>CB J</i>	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
Relinquished By: <i>CB J</i>	Date: <i>2/11/11</i> Time: <i>4:45</i>	Received By: <i>Joelle Newson</i>	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Delivered By: (Circle One) Sampler - UPS - Bus - Other: <i>Other</i>	Sample Condition Cool <input type="checkbox"/> Intact <input checked="" type="checkbox"/> 18°C <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> No	CHECKED BY: (Initials) <i>JS</i>	REMARKS:	

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476

#26



May 13, 2011

MIKE STUBBLEFIELD

TALON LPE

408 W. TEXAS AVE.

ARTESIA, NM 88210

RE: CONOCO 7 STATE #12

Enclosed are the results of analyses for samples received by the laboratory on 05/11/11 14:07.

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:	05/11/2011	Sampling Date:	04/29/2011
Reported:	05/13/2011	Sampling Type:	Soil
Project Name:	CONOCO 7 STATE #12	Sampling Condition:	** (See Notes)
Project Number:	701407.002.01	Sample Received By:	Jodi Henson
Project Location:	SEC. 7- T19S- R29E		

Sample ID: S - 3 0' (H100954-01)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	36000	16.0	05/12/2011	ND	432	108	400	3.64	

Sample ID: S - 3 1' (H100954-02)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	3040	16.0	05/12/2011	ND	432	108	400	3.64	

Sample ID: S - 3 2' (H100954-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	1680	16.0	05/12/2011	ND	432	108	400	3.64	

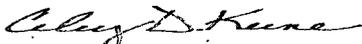
Sample ID: S - 3 4' (H100954-04)

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	05/12/2011	ND	432	108	400	3.64	

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

Analytical Results For:

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

Received:	05/11/2011	Sampling Date:	04/29/2011
Reported:	05/13/2011	Sampling Type:	Soil
Project Name:	CONOCO 7 STATE #12	Sampling Condition:	** (See Notes)
Project Number:	701407.002.01	Sample Received By:	Jodi Henson
Project Location:	SEC. 7- T19S- R29E		

Sample ID: S - 3 6' (H100954-05)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	2160	16.0	05/12/2011	ND	448	112	400	3.64		

Sample ID: S - 3 8' (H100954-06)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	2560	16.0	05/12/2011	ND	448	112	400	3.64		

Sample ID: S - 3 10' (H100954-07)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	48.0	16.0	05/12/2011	ND	448	112	400	3.64		

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

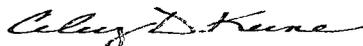
Notes and Definitions

- 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

