



January 3, 2012



Mr. Mike Bratcher
NMOCD District 2
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Artesia, NM 88210

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Amarillo, Texas 79107
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Phone 575.746.8768
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2901 State Hwy 349
Midland, Texas 79706
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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
Conoco 7 State No. 12
API # 30-015-25160 – 2RP-601

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 incident description, soil assessment, remediation activities and closure request are submitted herein.

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 under lain 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-foot long. The release pooled on the closed drilling pit encompassing an area approximately 65-foot long by 50-foot wide.

Assessment Activities

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 from sample point 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.

On August 3, 2011 Mr. Bratcher with the NMOCD approved the Soil Assessment and Remediation Work Plan with stipulations and/or conditions of approval. On August 30, 2011 Talon/LPE mobilized personnel to begin excavation activities.

On September 20, 2011 closure soil sampling activities were carried out on the sidewalls of the excavated areas per OCD requirements. Grab soil samples were collected and submitted for laboratory analysis.

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:

February 15, 2011

<u>Sample</u>	<u>Depth</u>	<u>Chlorides</u>
S-1	0'	22,400 mg/kg
	2'	6,240
	4'	4,800
	6'	6,320
	8'	2,560
	10'	2,400
	16'	2,640
	26'	1,040
S-2	0'	19,600
	2'	16,000
	4'	11,800
	6'	8,800
	8'	4,160
	10'	4,320
	16'	4,880
22'	1,420	

May 13, 2011

<u>Sample</u>	<u>Depth</u>	<u>Chlorides</u>
S-3	0'	36,000
	1'	3,040
	2'	1,680
	4'	1,600
	6'	2,160
	8'	2,560
	10'	48

October 13, 2011

<u>Sample</u>	<u>Location</u>	<u>Chlorides</u>	<u>BTEX</u>	<u>TPH</u>
S-1	North side wall	576	<0.150 mg/kg	<10 mg/kg
S-2	East side wall	1140	*	*
S-3	South side wall	6560	*	*
S-4	West side wall	960	*	*

*Analyte not tested

Remedial Actions

On August 30, 2011 Talon personnel mobilized to the site to begin excavation activities of the impacted areas from this release. The impacted soil from this release was excavated to a depth of 4-feet below land surface up to the closed drilling pit and transported to Lea Land, LLC for disposal.

The excavation was left open until NMOCD granted approval for the installation of a liner and backfilling. On October 27, 2011 the OCD granted approval to install the liner and begin backfilling the excavation.

On November 10, 2011 a composite 20 millimeter liner was installed into the excavated area at a depth of 4-feet deep. The excavated areas were subsequently backfilled to grade using new material backhauled from Lea Land, LLC and placed over the top of the 20 millimeter liner in a 4-foot soil lift. The soil lift was contoured to match the surrounding location.

Summary and Conclusion

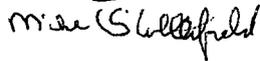
- Groundwater in the project vicinity is greater than 100-feet below land surface per the New Mexico State Engineer Database.
- The impacted area from this release was excavated to a depth of 4-feet deep and a 20 mil liner was installed.
- Based upon the results of the laboratory data obtained for this 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.
- As per approval of the work plan submitted, there were no excavation activities required on the closed drilling pit area, due to the presence of existing chlorides. The south side wall of the excavation (S-3) is adjacent to the closed drilling pit with chloride levels at 6560 mg/kg, which was approved to be left in place.
- The excavated area was backfilled and contoured to match the surrounding terrain.
- Based on the depth to groundwater and the installation of a 20 mil liner, it is unlikely that the impacts identified from this release will pose a threat to groundwater.

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

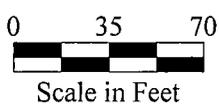
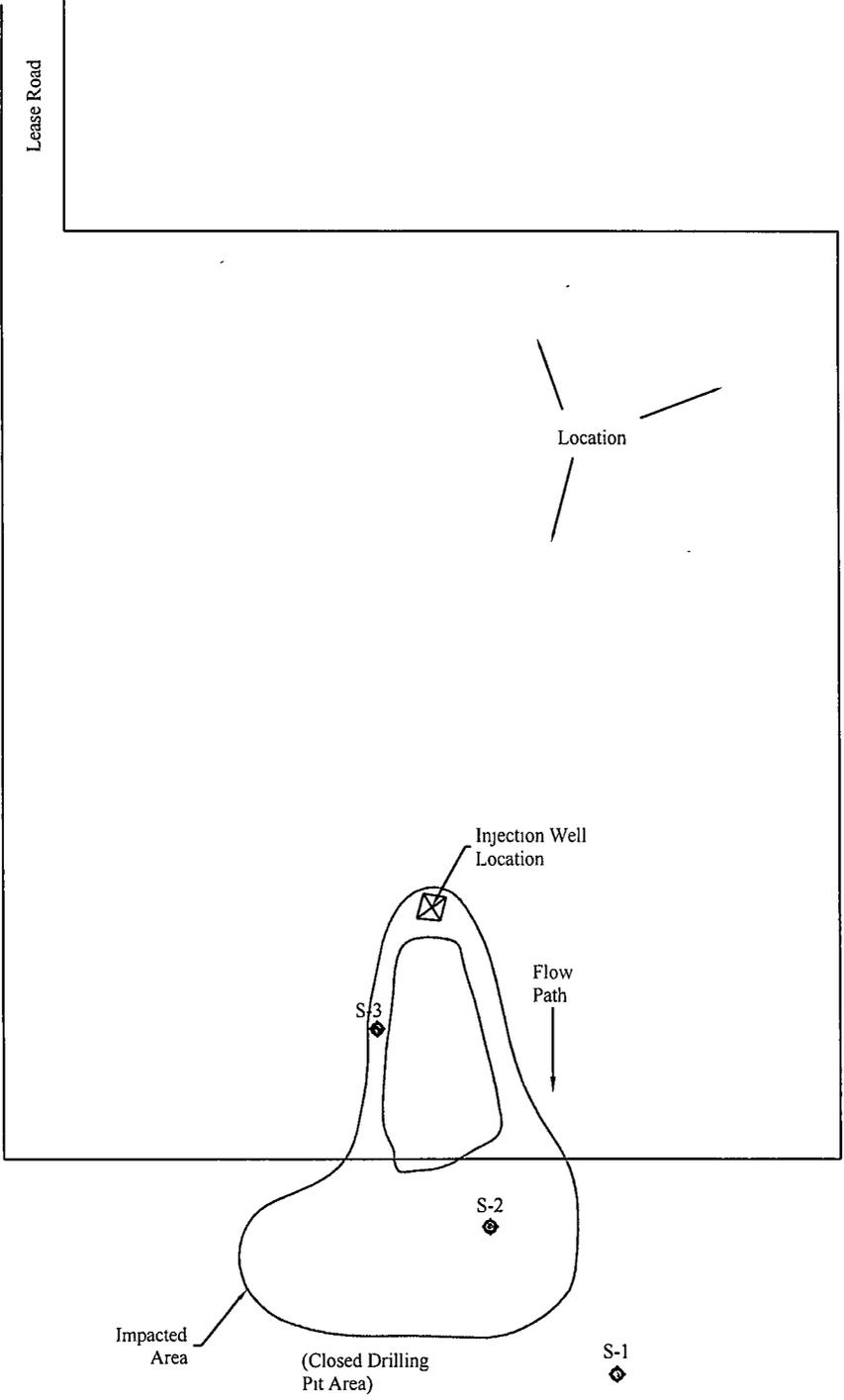


Mike Stubblefield
Project Manager



David J. Adkins
District Manager

SITE MAP



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



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	Q	Sec	Tws	Rng	X	Y	Distance	Well	Depth	Depth	Water
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

UTM NAD83 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.

APPENDIX II
LABORATORY RESULTS



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,

A handwritten signature in black ink that reads "Celey D. Keene".

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 0' (H100285-01)

Chloride, SM4500CI-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, SM4500CI-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, SM4500CI-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, SM4500CI-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, SM4500CI-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	

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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:	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 10' (H100285-06)

Chloride, SM4500Cl-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, SM4500Cl-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, SM4500Cl-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, SM4500Cl-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, SM4500Cl-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		

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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:	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	

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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:	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	

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*=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

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Celey D. Keene, Lab Director/Quality Manager

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.

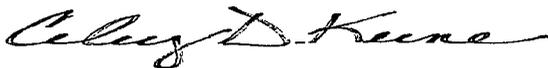
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

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
 Reported: 05/13/2011
 Project Name: CONOCO 7 STATE #12
 Project Number: 701407.002.01
 Project Location: SEC. 7- T19S- R29E

 Sampling Date: 04/29/2011
 Sampling Type: Soil
 Sampling Condition: ** (See Notes)
 Sample Received By: Jodi Henson

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

Chloride, SM4500CI-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, SM4500CI-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, SM4500CI-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		

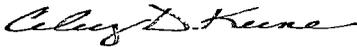
Sample ID: S - 3 4' (H100954-04)

Chloride, SM4500CI-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		

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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:	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		

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Celey D. Keene, Lab Director/Quality Manager

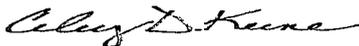
Notes and Definitions

- 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

October 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 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.

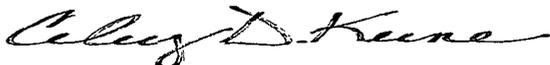
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

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	Sampling Date:	09/20/2011
Reported:	10/13/2011	Sampling Type:	Soil
Project Name:	CONOCO 7 STATE #12	Sampling Condition:	Cool & Intact
Project Number:	701407.002.01	Sample Received By:	Jodi Henson
Project Location:	SEC. 7- T19S- R29E		

Sample ID: S-1 NORTHSIDE WALL (H102000-01)

BTEX 8021B		mg/kg		Analyzed By: CMS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	09/22/2011	ND	2.31	116	2.00	0.947		
Toluene*	<0.050	0.050	09/22/2011	ND	2.17	109	2.00	0.462		
Ethylbenzene*	<0.050	0.050	09/22/2011	ND	2.17	109	2.00	2.77		
Total Xylenes*	<0.150	0.150	09/22/2011	ND	6.49	108	6.00	3.30		

Surrogate: 4-Bromofluorobenzene (PIL) 111 % 64.4-134

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	576	16.0	09/21/2011	ND	416	104	400	3.77		

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	09/24/2011	ND	175	87.6	200	0.715		
DRO >C10-C28	<10.0	10.0	09/24/2011	ND	173	86.5	200	0.789		

Surrogate: 1-Chlorooctane 129 % 55.5-154

Surrogate: 1-Chlorooctadecane 123 % 57.6-158

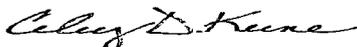
Sample ID: S-2 EASTSIDE WALL (H102000-02)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1140	16.0	09/21/2011	ND	416	104	400	3.77		

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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	Sampling Date:	09/20/2011
Reported:	10/13/2011	Sampling Type:	Soil
Project Name:	CONOCO 7 STATE #12	Sampling Condition:	Cool & Intact
Project Number:	701407.002.01	Sample Received By:	Jodi Henson
Project Location:	SEC. 7- T19S- R29E		

Sample ID: S-3 SOUTHSIDE WALL (H102000-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	6560	16.0	09/21/2011	ND	416	104	400	3.77		

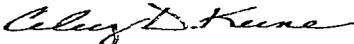
Sample ID: S-4 WESTSIDE WALL (H102000-04)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	960	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

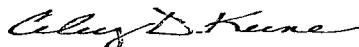
Notes and Definitions

- 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>Talon/LPE</u>		BILL TO		ANALYSIS REQUEST																									
Project Manager: <u>Mike Stubblefield</u>		P.O. #:																											
Address: <u>408 W. Texas Ave.</u>		Company: <u>Talon/LPE</u>																											
City: <u>Alamosa</u> State: <u>NM</u> Zip: <u>88210</u>		Attn:																											
Phone #: <u>505-441-7254</u> Fax #:		Address:																											
Project #: <u>201407002.01</u> Project Owner: <u>Quantum Res. Pgm.</u>		City:																											
Project Name: <u>Coopco D State No 12</u>		State: Zip:																											
Project Location: <u>SCC 2-T195-R29F</u>		Phone #:																											
Sampler Name: <u>Mike Stubblefield</u>		Fax #:																											
FOR LAB USE ONLY				MATRIX			PRESERV.		SAMPLING																				
Lab I.D.		Sample I.D.		# CONTAINERS		GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE	ICE/COOL	OTHER:	DATE	TIME	Total Chlorides	8015M TPH	80215TEK										
<u>H102000</u>																													
<u>01</u>		<u>S-1 North side wall</u>		<u>5</u>				<u>✓</u>				<u>✓</u>	<u>✓</u>	<u>9/20/2011</u>	<u>8:35 AM</u>	<u>✓</u>	<u>✓</u>	<u>✓</u>											
<u>02</u>		<u>S-2 East side wall</u>		<u>5</u>				<u>✓</u>				<u>✓</u>	<u>✓</u>	<u>9/20/2011</u>	<u>8:41 AM</u>	<u>✓</u>													
<u>03</u>		<u>S-3 South side wall</u>		<u>5</u>				<u>✓</u>				<u>✓</u>	<u>✓</u>	<u>9/20/2011</u>	<u>8:54 AM</u>	<u>✓</u>													
<u>04</u>		<u>S-4 West side wall</u>		<u>5</u>				<u>✓</u>				<u>✓</u>	<u>✓</u>	<u>9/20/2011</u>	<u>9:01 AM</u>	<u>✓</u>													

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Relinquished By: <u>Mike Stubblefield</u>		Date: <u>9/20/2011</u>		Received By: <u>Alfonse</u>		Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No		Add'l Phone #:	
Time: <u>3:12 PM</u>		Time:		Signature: <u>Alfonse</u>		Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No		Add'l Fax #:	
Relinquished By:		Date:		Received By:		REMARKS:			
Time:		Time:		Time:					
Delivered By: (Circle One)		Sample Condition		CHECKED BY: (Initials)					
Sampler - UPS - Bus - <u>Other</u>		<u>35C</u>		<u>cpk</u>					
		Cool <input type="checkbox"/> Intact <input checked="" type="checkbox"/>							
		Yes <input type="checkbox"/> No <input type="checkbox"/>							

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

#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 : Conoco 7 State #12		Facility Type: WIW
Surface Owner : State	Mineral Owner State	Lease No. : API #30-015-25160 2RP-601

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 N Longitude -104.11502 W

NATURE OF RELEASE

Type of Release : Produced Water	Volume of Release : 20 bbls	Volume Recovered: -0- bbls
Source of Release : Water Injection Line	Date and Hour of Occurrence: 1/21/2011 9:00 am	Date and Hour of Discovery: 1/21/2011 9:00 am
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, voicemail	
By Whom? Mike Stubblefield	Date and Hour : 1/21/2011 1:55 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 filter located on the injection line leaked. The impacted area was excavated to 1-foot deep, analytical testing was completed and the impacted soil was transported to Lea Land, LLC for disposal.

Describe Area Affected and Cleanup Action Taken.* Talon/LPE was contracted for the correction of this release. The impacted area from this release was excavated to a depth of 4-feet deep and a 20 mil liner was installed. The excavated area was 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:	
Date: 1/3/12 Phone: 575-513-0230		Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary