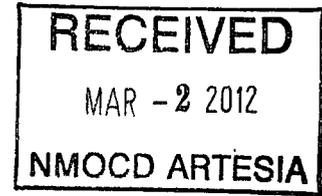




February 29, 2012

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



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

ARTESIA
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

Subject: **Remediation and Closure Report**
Quantum Resources Management, LLC
Artesia Battery Transfer Line Release
Artesia Unit No. 34
API # 30-015-01783 – 2RP-768

Dear Mr. Bratcher,

Quantum Resources Management, LLC has contracted Talon/LPE (Talon) to perform soil assessment and remediation services at the referenced Artesia Battery Transfer Line release. The results of our soil assessment, completed remediation activities and closure request are submitted herein.

Incident Date

April 20, 2011

Background Information

The Artesia Battery Transfer Line is located approximately sixteen (16) miles southeast of Artesia, New Mexico. The legal location for the site is Section 2, Township 18 South and Range 28 East in Eddy County, New Mexico. More Specifically the latitude and longitude for the release are 32.7814 North and -104.14802 West.

This site lies on undulating plains and low hills consisting of wind worked sandy deposits. Drainage courses in this area are normally dry. The local surface and shallow geology consists of Quaternary Age sedimentary deposits comprised of alluvium and eolian sands underlain by sand stone and hard caliches. The New Mexico State Engineer web site indicates the nearest ground water data to be in S35-T18S-R28E. The ground water in Section 35 is reported to be 65' below ground surface (bgs). The referenced groundwater data is presented in Appendix I.

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

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

ENVIRONMENTAL CONSULTING
ENGINEERING
DRILLING
CONSTRUCTION
SPILL MANAGEMENT
GENERAL CONTRACTING

Toll Free: 866.742.0742
www.talonlpe.com

Incident Description

On April 20, 2011 the water transfer line was found to be leaking. The line was shut-in, repaired and placed back into service. Fifteen (15) barrels of produced water was released with no fluids recovered. The release is located on the transfer line west of the Artesia Unit No. 34 well location. The impacted area was measured to be approximately 32-feet long by 21-feet wide. The visually impacted soil was immediately excavated to a depth of 4-feet and placed on a liner. The excavated area along the water transfer line measured approximately 32-feet long by 8-feet wide.

Remedial Actions

On January 19, 2012 Talon personnel mobilized to the site to begin excavation of the chloride impacted area. The impacted soil within the area of the release was removed to an average depth of 10-feet deep and transported to a NMOCD approved solid waste disposal facility, Lea Land, LLC pursuant to the work plan. The excavated area was left open until approval for installation of a 20 Mil liner was obtained from NMOCD.

On January 26, 2012 Talon personnel mobilized to the site to begin closure soil sampling activities on the bottom and sidewalls of the excavation per NMOCD requirements. Grab soil samples were collected and submitted for laboratory analysis.

All soil samples were collected by Talon personnel wearing clean nitrile gloves. The soil samples were placed in laboratory provided sample containers, iced and transported to Cardinal Laboratories in Hobbs, New Mexico for analysis. The samples were tested for Chlorides using method SM4500Cl-B, TPH (Total Petroleum Hydrocarbons) using EPA Method 8015M, and volatile organics (BTEX) using EPA Method 8021B. The complete laboratory report is attached as Appendix II.

Analytical Results

Analytical results received from Cardinal Laboratories are summarized below:

January 31, 2012

<u>Sample</u>	<u>Chlorides</u>	<u>BTEX</u>	<u>TPH</u>
S-1, North side wall - 1	48 mg/kg	<0.150 mg/kg	<10 mg/kg
S-2, East side wall - 1	96	<0.150	<10
S-3, West side wall -1	32	<0.150	<10
S-4, South side wall -1	<16	<0.150	<10
S-5, East side wall - 2	<16	<0.150	<10
S-6, West side wall -2	<16	<0.150	<10
S-7, Bottom excavation 10'	11,600	<0.150	<10

For this site's ranking, New Mexico Oil Conservation District action level criterion for BTEX is 50 mg/kg, Benzene is 10 mg/kg and TPH is 100 mg/kg.

On February 7, 2012 the NMOCD granted approval for backfilling the excavated area to 4-feet deep using new material backhauled from Lea Land, LLC then install a 20 Mil liner into the bottom of the excavation. The excavated area was subsequently backfilled to grade and contoured to match the surrounding location.

Summary and Conclusion

- Groundwater in the project vicinity is greater than 50-feet below land surface per the New Mexico State Engineer Database.
- The impacted soil was excavated to approximately 10-feet deep. The excavated soil was transported to an NMOCD approved solid waste disposal facility.
- The excavated area was backfilled to 4-feet deep, a 20 Mil liner was installed into the bottom of the excavated area at 4-feet and backfilled to grade using new material from Lea Land, LLC.
- Based on the depth to groundwater and the remedial actions carried out, it is unlikely that the impacts identified from this release will pose a threat to groundwater.

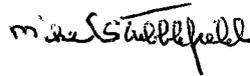
Closure

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

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

Respectfully submitted,

TALON/LPE



Mike Stubblefield
Project Manager



David J. Adkins
District Manager

APPENDIX I
GROUNDWATER DATA



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

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

(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

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

Record Count: 1

PLSS Search:

Township: 17S Range: 28E

*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



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

January 31, 2012

MIKE STUBBLEFIELD

TALON LPE

408 W. TEXAS AVE.

ARTESIA, NM 88210

RE: ARTESIA UNIT NO. 34 RELEASE 2RP-768

Enclosed are the results of analyses for samples received by the laboratory on 01/26/12 15:05.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-11-3. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

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 (V1, 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". The signature is written in a cursive style.

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:	01/26/2012	Sampling Date:	01/26/2012
Reported:	01/31/2012	Sampling Type:	Soil
Project Name:	ARTESIA UNIT NO. 34 RELEASE 2RP-768	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	SEC. 2 - T18S - R28E		

Sample ID: S-1 NORTHSIDE WALL (H200198-01)

BTEX 8021B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	01/30/2012	ND	1.94	96.9	2.00	6.70		
Toluene*	<0.050	0.050	01/30/2012	ND	2.07	104	2.00	6.87		
Ethylbenzene*	<0.050	0.050	01/30/2012	ND	2.07	103	2.00	6.68		
Total Xylenes*	<0.150	0.150	01/30/2012	ND	6.46	108	6.00	6.43		

Surrogate: 4-Bromofluorobenzene (PIL) 109 % 64.4-134

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	48.0	16.0	01/27/2012	ND	416	104	400	8.00		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	01/28/2012	ND	180	90.1	200	2.81		
DRO >C10-C28	<10.0	10.0	01/28/2012	ND	210	105	200	2.67		

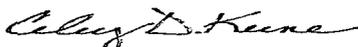
Surrogate: 1-Chlorooctane 95.0 % 55.5-154

Surrogate: 1-Chlorooctadecane 123 % 57.6-158

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:	01/26/2012	Sampling Date:	01/26/2012
Reported:	01/31/2012	Sampling Type:	Soil
Project Name:	ARTESIA UNIT NO. 34 RELEASE 2RP-76E	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	SEC. 2 - T18S - R28E		

Sample ID: S-2 EASTSIDE WALL - 1 (H200198-02)

BTEX 8021B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	01/30/2012	ND	1.94	96.9	2.00	6.70	
Toluene*	<0.050	0.050	01/30/2012	ND	2.07	104	2.00	6.87	
Ethylbenzene*	<0.050	0.050	01/30/2012	ND	2.07	103	2.00	6.68	
Total Xylenes*	<0.150	0.150	01/30/2012	ND	6.46	108	6.00	6.43	

Surrogate: 4-Bromofluorobenzene (PIL) 107 % '64 4-134

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	96.0	16.0	01/27/2012	ND	416	104	400	8.00	

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/28/2012	ND	180	90.1	200	2.81	
DRO >C10-C28	<10.0	10.0	01/28/2012	ND	210	105	200	2.67	

Surrogate: 1-Chlorooctane 92.6 % 55.5-154

Surrogate: 1-Chlorooctadecane 121 % 57.6-158

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:	01/26/2012	Sampling Date:	01/26/2012
Reported:	01/31/2012	Sampling Type:	Soil
Project Name:	ARTESIA UNIT NO. 34 RELEASE ZRP-76E	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	SEC. 2 - T18S - R28E		

Sample ID: S-3 WESTSIDE WALL - 1 (H200198-03)

BTEX 8021B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	01/30/2012	ND	1.94	96.9	2.00	6.70	
Toluene*	<0.050	0.050	01/30/2012	ND	2.07	104	2.00	6.87	
Ethylbenzene*	<0.050	0.050	01/30/2012	ND	2.07	103	2.00	6.68	
Total Xylenes*	<0.150	0.150	01/30/2012	ND	6.46	108	6.00	6.43	

Surrogate: 4-Bromofluorobenzene (PIL) 107 % 64.4-134

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	32.0	16.0	01/27/2012	ND	416	104	400	8.00	

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/28/2012	ND	180	90.1	200	2.81	
DRO >C10-C28	<10.0	10.0	01/28/2012	ND	210	105	200	2.67	

Surrogate: 1-Chlorooctane 93.7 % 55.5-154
Surrogate: 1-Chlorooctadecane 123 % 57.6-158

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:	01/26/2012	Sampling Date:	01/26/2012
Reported:	01/31/2012	Sampling Type:	Soil
Project Name:	ARTESIA UNIT NO. 34 RELEASE 2RP-76E	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	SEC. 2 - T18S - R28E		

Sample ID: S-4 SOUTHSIDE WALL (H200198-04)

BTEX 8021B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	01/30/2012	ND	1.94	96.9	2.00	6.70	
Toluene*	<0.050	0.050	01/30/2012	ND	2.07	104	2.00	6.87	
Ethylbenzene*	<0.050	0.050	01/30/2012	ND	2.07	103	2.00	6.68	
Total Xylenes*	<0.150	0.150	01/30/2012	ND	6.46	108	6.00	6.43	

Surrogate: 4-Bromofluorobenzene (PIL) 107 % 64 4-134

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	01/27/2012	ND	416	104	400	8.00	

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/28/2012	ND	180	90.1	200	2.81	
DRO >C10-C28	<10.0	10.0	01/28/2012	ND	210	105	200	2.67	

Surrogate: 1-Chlorooctane 103 % 55 5-154
Surrogate: 1-Chlorooctadecane 139 % 57.6-158

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:	01/26/2012	Sampling Date:	01/26/2012
Reported:	01/31/2012	Sampling Type:	Soil
Project Name:	ARTESIA UNIT NO. 34 RELEASE 2RP-76E	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	SEC. 2 - T18S - R28E		

Sample ID: S-5 EASTSIDE WALL - 2 (H200198-05)

BTEX 8021B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	01/30/2012	ND	1.94	96.9	2.00	6.70	
Toluene*	<0.050	0.050	01/30/2012	ND	2.07	104	2.00	6.87	
Ethylbenzene*	<0.050	0.050	01/30/2012	ND	2.07	103	2.00	6.68	
Total Xylenes*	<0.150	0.150	01/30/2012	ND	6.46	108	6.00	6.43	

Surrogate: 4-Bromofluorobenzene (PIL) 108 % 64.4-134

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	01/27/2012	ND	416	104	400	8.00	

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/28/2012	ND	180	90.1	200	2.81	
DRO >C10-C28	<10.0	10.0	01/28/2012	ND	210	105	200	2.67	

Surrogate: 1-Chlorooctane 105 % 55.5-154
Surrogate: 1-Chlorooctadecane 141 % 57.6-158

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.



Celest 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:	01/26/2012	Sampling Date:	01/26/2012
Reported:	01/31/2012	Sampling Type:	Soil
Project Name:	ARTESIA UNIT NO. 34 RELEASE 2RP-76E	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	SEC. 2 - T18S - R28E		

Sample ID: S-6 WESTSIDE WALL - 2 (H200198-06)

BTEX 8021B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	01/30/2012	ND	1.94	96.9	2.00	6.70		
Toluene*	<0.050	0.050	01/30/2012	ND	2.07	104	2.00	6.87		
Ethylbenzene*	<0.050	0.050	01/30/2012	ND	2.07	103	2.00	6.68		
Total Xylenes*	<0.150	0.150	01/30/2012	ND	6.46	108	6.00	6.43		

Surrogate: 4-Bromofluorobenzene (PII) 107 % 64 4-134

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	01/27/2012	ND	416	104	400	8.00		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	01/28/2012	ND	180	90.1	200	2.81		
DRO >C10-C28	<10.0	10.0	01/28/2012	ND	210	105	200	2.67		

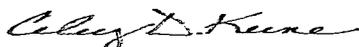
Surrogate: 1-Chlorooctane 95.7 % 55.5-154

Surrogate: 1-Chlorooctadecane 128 % 57.6-158

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:	01/26/2012	Sampling Date:	01/26/2012
Reported:	01/31/2012	Sampling Type:	Soil
Project Name:	ARTESIA UNIT NO. 34 RELEASE 2RP-76E	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	SEC. 2 - T18S - R28E		

Sample ID: S-7 BOTTOM 10' BGS (H200198-07)

BTEX 8021B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	01/30/2012	ND	1.94	96.9	2.00	6.70	
Toluene*	<0.050	0.050	01/30/2012	ND	2.07	104	2.00	6.87	
Ethylbenzene*	<0.050	0.050	01/30/2012	ND	2.07	103	2.00	6.68	
Total Xylenes*	<0.150	0.150	01/30/2012	ND	6.46	108	6.00	6.43	

Surrogate: 4-Bromofluorobenzene (PIL) 108 % 64.4-134

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	11600	16.0	01/27/2012	ND	416	104	400	8.00	

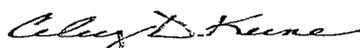
TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/28/2012	ND	180	90.1	200	2.81	
DRO >C10-C28	<10.0	10.0	01/28/2012	ND	210	105	200	2.67	

Surrogate: 1-Chlorooctane 79.4 % 55.5-154
Surrogate: 1-Chlorooctadecane 108 % 57.6-158

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

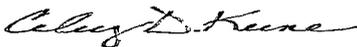
Notes and Definitions

- S-MS Surrogate recovery outside of acceptance window confirmed as matrix effect by analysis of MS/MSD on this sample.
- 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

FINAL C-141

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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



Form C-141
Revised October 10, 2003
Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company : Quantum Resources Management, LLC	Contact : Garrett Newton
Address : 1905 West Sears Ave., Artesia, New Mexico 88210	Telephone No. : 575-513-0230
Facility Name : Artesia Battery Transfer Line	Facility Type: Water Transfer Line
Surface Owner : State	Mineral Owner State
Lease No. : API #30-015-01783 2RP-768	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
B	27	18S	28E	330'	North	2310'	East	Eddy

Latitude 32.78140 N Longitude -104.14802 W

NATURE OF RELEASE

Type of Release : Produced Water	Volume of Release : 15 bbls	Volume Recovered: -0- bbls
Source of Release : Water Transfer Line	Date and Hour of Occurrence: 4/20/2011 9:00 am	Date and Hour of Discovery: 4/20/2011 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? Garrett Newton	Date and Hour : 4/20/2011 11:45 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 water transfer line was found to be leaking. The line was shut in, repaired, 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 10-feet deep. The excavated area was backfilled using new material from Lea Land, LLC and a 20 mil liner was installed at a depth of 4-feet deep. The excavation was backfilled to grade and contoured to match the surrounding location.

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

Signature:	OIL CONSERVATION DIVISION	
Printed Name: Garrett Newton	Approved by District Supervisor:	
Title: Field Supervisor	Approval Date:	Expiration Date:
E-mail Address: gnewton@pvtnetworks.net	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 2/16/12 Phone: 575-513-0230		

* Attach Additional Sheets If Necessary