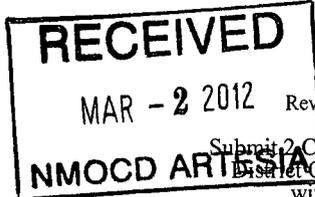


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 <i>ART UT #34</i> | |

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: <i>Signed By Mike Bratcher</i> | |
| Title: Field Supervisor | Approval Date: MAR 06 2012 | Expiration Date: <i>N/A</i> |
| E-mail Address: gnewton@pvtnetworks.net | Conditions of Approval: <i>N/A</i> | Attached <input type="checkbox"/> |
| Date: 2/16/12 Phone: 575-513-0230 | <i>Final</i> | <i>2RP-768</i> |

* Attach Additional Sheets If Necessary

NMLB 111850987