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

Revised October 10, 2003 Submit 2 Copies to appropriate District Office in accordance

Form C-141

with Rule 116 on back side of form

Attached

2RA-601

Release Notification and Corrective Action OPERATOR Final Report Initial 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 Type: WIW Facility Name: Conoco 7 State #12 Mineral Owner State Lease No.: API #30-015-25160 Surface Owner: State 2RP-601 LOCATION OF RELEASE Unit Letter Section Township Range Feet from the North/South Line Feet from the East/West Line County Eddy 19S 29E 1880' South 1980' West **Latitude** 32.67308 N **Longitude** -104.11502 W NATURE OF RELEASE Volume Recovered: -0- bbls Type of Release: Produced Water Volume of Release: 20 bbls Source of Release: Water Injection Line Date and Hour of Occurrence: Date and Hour of Discovery: 1/21/2011 1/21/2011 9:00 am 9:00 am Was Immediate Notice Given? 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? If YES, Volume Impacting the Watercourse. ☐ Yes ☒ No 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. OIL CONSERVATION DIVISION Signature: Approved by District Supervisor Printed Name: Garrett Newton Approval Date MAR 0 6 2012 Expiration Date: NIA Title: Field Supervisor Conditions of Approval: NA E-mail Address: gnewton@pvtnetworks.net

* Attach Additional Sheets If Necessary

Phone: 575-513-0230

n KMW/104138072

Date: 1/3/12