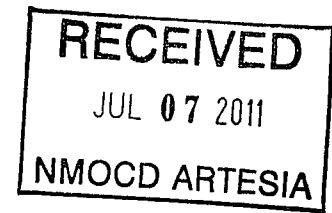




June 28, 2011



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

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

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

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

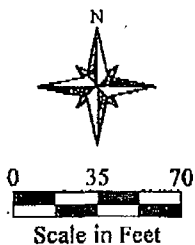
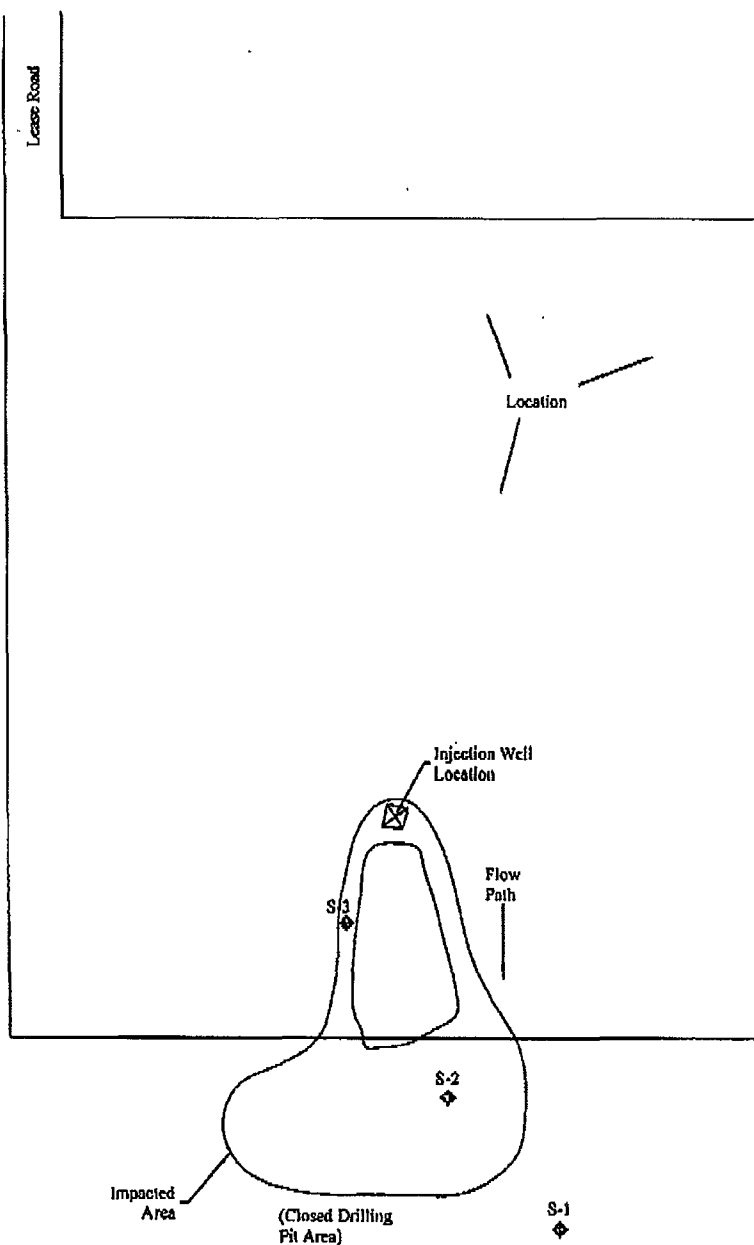


Mike Stubblefield
Project Manager



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

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.

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

30-015-25760

Kmw 1104/38072

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

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

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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
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 | |

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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 - 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

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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
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 - 2 22' (H100285-16)

| Chloride, SM4500CI-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

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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 |

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Celey D. Keene, Lab Director/Quality Manager



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

| Company Name: Talon/CPÉ | | | | BILL TO | | | | ANALYSIS REQUEST | | | | | | | | | | | | | | | | | | | | | | |
|--|-------------|----------------------------------|--------------|---|------------|------|-----|--|--|--|--|----------------|----------|--------|---|--|--|--|--|---------|--------|------------|------------|--------|----------|-------|---|--|--|--|
| Project Manager: Mike Stubbins | | | | P.O. #: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Address: 403 W. Teller Ave | | | | Company: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| City: State: NM Zip: 89200 | | | | Attn: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Phone #: 505-441-7250 Fax #: | | | | Address: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project #: 701407.002.01 Project Owner: Quantum Res. Pm, LLC | | | | City: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Name: Corral 2 State BIZ | | | | State: Zip: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Location: sec. 2 - 15s - 29e | | | | Phone #: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sampler Name: R. Stubbins | | | | Fax #: | | | | Total Chloride | | | | | | | | | | | | | | | | | | | | | | |
| FOR LAB USE ONLY | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lab I.D. | Sample I.D. | (G)RAB OR (C)OMP. | # CONTAINERS | MATRIX | | | | | | | | | | | | | | | | PRESERV | | SAMPLING | | | | | | | | |
| | | | | GROUNDWATER | WASTEWATER | SOIL | OIL | | | | | | | | | | | | | SLUDGE | OTHER: | ACID/BASE: | ICE / COOL | OTHER: | DATE | TIME | | | | |
| HDD285-1 | 5-1 0' | G | | | | ✓ | | | | | | | | | | | | | | | | | | | 2/9/2011 | 9:51a | ✓ | | | |
| 2 | 5-1 2' | G | | | | ✓ | | | | | | | | | | | | | | | | | | | 2/9/2011 | 9:54a | ✓ | | | |
| 3 | 5-1 4' | G | | | | ✓ | | | | | | | | | | | | | | | | | | | 2/9/2011 | 9:57a | ✓ | | | |
| 4 | 5-1 6' | G | | | | ✓ | | | | | | | 2/9/2011 | 10:09a | ✓ | | | | | | | | | | | | | | | |
| 5 | 5-1 8' | G | | | | ✓ | | | | | | | 2/9/2011 | 10:15a | ✓ | | | | | | | | | | | | | | | |
| 6 | 5-1 10' | G | | | | ✓ | | | | | | | 2/9/2011 | 10:20a | ✓ | | | | | | | | | | | | | | | |
| 7 | 5-1 18' | G | | | | ✓ | | | | | | | 2/9/2011 | 10:28a | ✓ | | | | | | | | | | | | | | | |
| 8 | 5-1 26' | G | | | | ✓ | | | | | | | 2/9/2011 | 11:29a | ✓ | | | | | | | | | | | | | | | |
| 9 | 5-2 0' | G | | | | ✓ | | | | | | | 2/9/2011 | 12:11p | ✓ | | | | | | | | | | | | | | | |
| 10 | 5-2 2' | G | | | | ✓ | | | | | | | 2/9/2011 | 12:49p | ✓ | | | | | | | | | | | | | | | |
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| Relinquished By: R. Stubbins | | Date: 2/11/2011 Time: 1:05 PM | | Received By: JCB | | | | Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | Add'l Phone #: | | | | | | | | | | | | | | | | | | |
| Relinquished By: JCB | | Date: 2/11/11 Time: 4:45 | | Received By: Jodi Newson | | | | Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | Add'l Fax #: | | | | | | | | | | | | | | | | | | |
| Delivered By: (Circle One) Sampler - UPS - Bus - Other: | | | | Sample Condition Cool Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | CHECKED BY: (Initials) JCN | | | | REMARKS: | | | | | | | | | | | | | | | | | | |

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

Page 7 of 8



101 East Marland, Hobbs, NM 88240

(505) 393-2326 FAX (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

102-2

[illegible]

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| | | | | | |
|---|--|---------------------------|---|--|----------------|
| Relinquished By: <i>marsha j. hall</i> | | Date: <i>2/11/2004</i> | Received By: <i>CB</i> | Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No | Add'l Phone #: |
| Time: <i>1:05 PM</i> | | | | Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No | Add'l Fax #: |
| Relinquished By: <i>CB</i> | | Date: <i>2/11/04</i> | Received By: <i>Yodi Henderson</i> | REMARKS: | |
| Time: <i>4:45</i> | | | | | |
| *Delivered By: (Circle One) Sampler - UPS - Bus - Other: | | | Sample Condition Cool Intact <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | CHECKED BY: (Initials) <i>YH</i> | |
| 1802 | | | | | |

† 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)

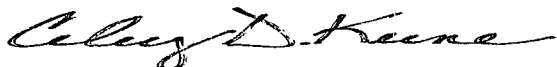
Method EPA 524.2 Total Trihalomethanes (TTHM)

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 | |

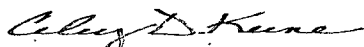
Sample ID: S - 3 4' (H100954-04)

| 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 | |

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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 | |

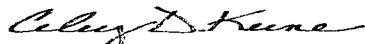
Sample ID: S - 3 10' (H100954-07)

| 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

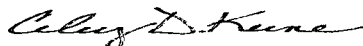
Notes and Definitions

| | |
|-----|--|
| 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 |

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[illegible]

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| | | | | | |
|------------------------------|--|---|--------------|--|----------------|
| Relinquished By: | | Date: 5/11/11 | Received By: | Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No | Add'l Phone #: |
| Time: 14:07 | | Jodi Benson | | Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No | Add'l Fax #: |
| Relinquished By: | | Date: | Received By: | REMARKS: | |
| Time: | | | | | |
| Delivered By: (Circle One) | | Sample Condition | CHECKED BY: | | |
| Sampler - UPS - Bus - Other: | | Cool Intact | (Initials) | | |
| 27°C | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | JTB | | |