



January 3, 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
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Artesia, New Mexico 88210
Phone 575.746.8768
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AUSTIN
911 West Anderson Lane
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HOBBS
318 East Taylor Street
Hobbs, New Mexico 88240
Phone 575.393.4261
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MIDLAND
2901 State Hwy 349
Midland, Texas 79706
Phone 432.522.2133
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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 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

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.

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

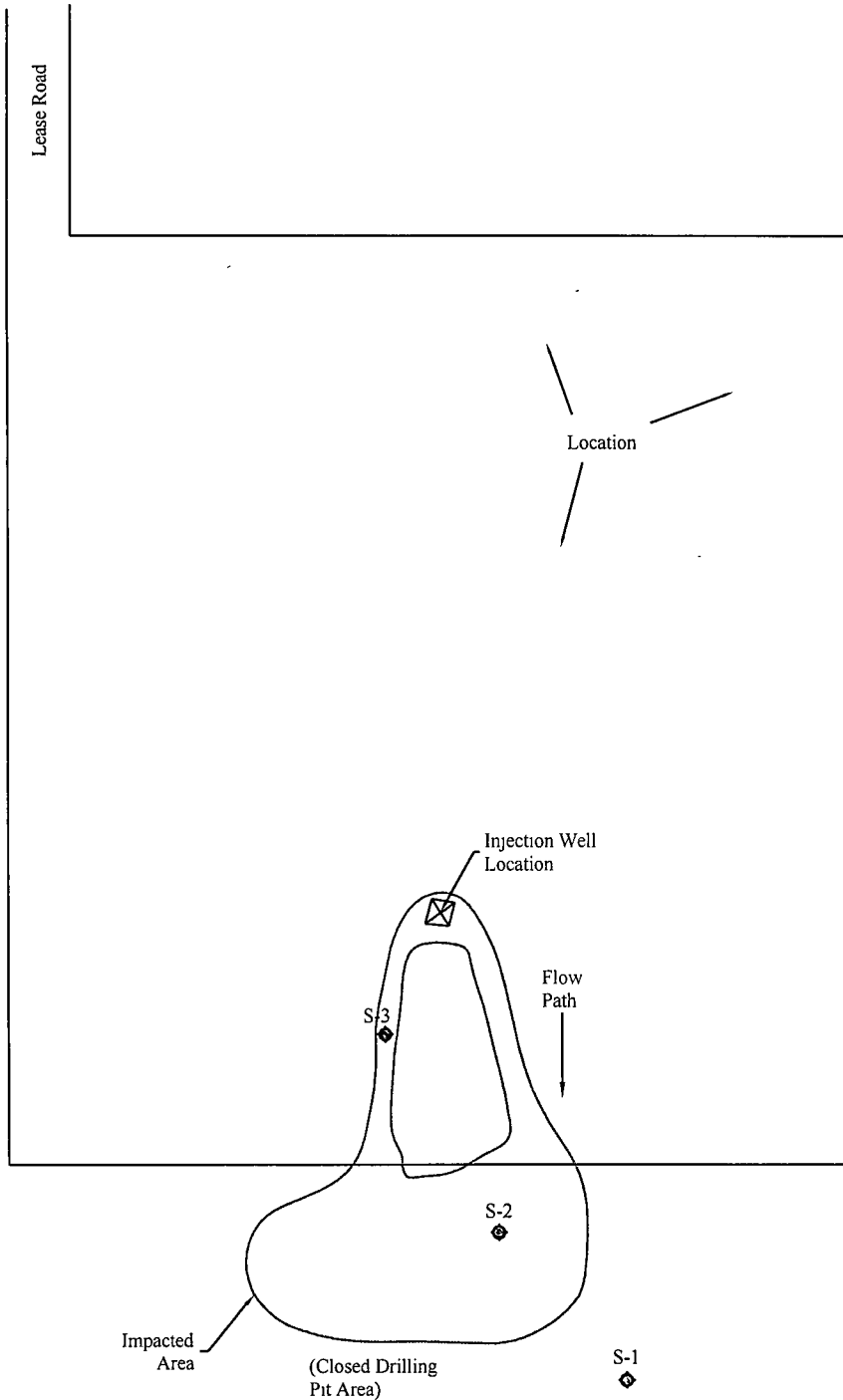
A handwritten signature in black ink, appearing to read "Mike Stubblefield".

Mike Stubblefield
Project Manager

A handwritten signature in black ink, appearing to read "David J. Adkins".

David J. Adkins
District Manager

SITE MAP



0 35 70
Scale in Feet

Legend



- Soil Sample Locations



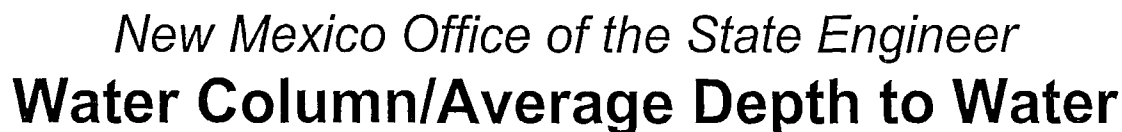
Date: 06/29/2011

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



(In feet)

Maximum Depth: 265 feet

Radius: 10000

WATER COLUMN/ AVERAGE
DEPTH TO WATER

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,

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, 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	

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* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



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

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, 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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* = 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 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
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, 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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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

• CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

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

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

5-2-2

[illegible]

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Relinquished By: <i>Mac (Schoenfeld)</i>		Date: <i>2/11/704</i>	Received By: <i>CB-7</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-7</i>		Date: <i>2/11/11</i>	Received By: <i>Gadi Benson</i>	REMARKS:	
		Time: <i>4:45</i>			
Delivered By: (Circle One)		Sample Condition		CHECKED BY:	
Sampler - UPS - Bus - Other:		Cool Intact		(Initials)	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<i>404</i>	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

† 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.

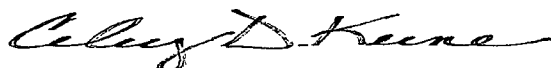
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

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
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, 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	

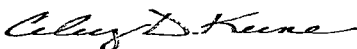
Sample ID: S - 3 4' (H100954-04)

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		

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:	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	

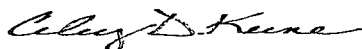
Sample ID: S - 3 10' (H100954-07)

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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Celest D. Keene, Lab Director/Quality Manager

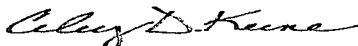
Notes and Definitions

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

101 East Marland, Hobbs, NM 88240
(575) 393-2326 FAX (575) 393-2476

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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 the client for the 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 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 services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated remedies or otherwise.

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 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	(Initials) 	

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

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						

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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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	

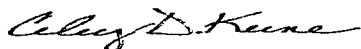
Sample ID: S-4 WESTSIDE WALL (H102000-04)

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	

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Celey D. Keene, Lab Director/Quality Manager

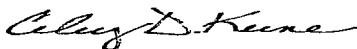
Notes and Definitions

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page 5 of 5

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#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 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 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:	Attached <input type="checkbox"/>
Date: 1/3/12 Phone: 575-513-0230		

* Attach Additional Sheets If Necessary