

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 1 to Artesia Battery 3 Water Transfer Line | Facility Type: Water Transfer Line | |
| Surface Owner : State | Mineral Owner | Lease No. : API #30-015-31488 2RP-839 <i>ART UT 88</i> |

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|---------------|------------------|---------------|----------------|-------------|
| Unit Letter K | Section 35 | Township 17S | Range 28E | Feet from the | North/South Line | Feet from the | East/West Line | County Eddy |
|------------------|---------------|-----------------|--------------|---------------|------------------|---------------|----------------|-------------|

Latitude 32.78850 Longitude -104.14735

NATURE OF RELEASE


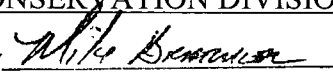
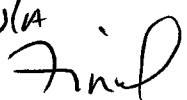
| | | |
|--|---|---|
| Type of Release : Produced Water | Volume of Release : 19-22 bbls | Volume Recovered: -0- |
| Source of Release : Pipeline | Date and Hour of Occurrence: 7/12/11 9:30 am | Date and Hour of Discovery: 7/12/11 9:30am |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Voicemail NMOCD/Mike Bratcher | |
| By Whom? Mike Stubblefield | Date and Hour : 7/12/11 2:30 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 hammer union on the pipeline parted causing release. 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. A 20 mil liner was installed into the bottom of the excavation. The excavation was backfilled using new material from Lea Land, LLC 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 | Signed By  | |
| Title: Field Supervisor | Approved by District Supervisor: | |
| E-mail Address: gnewton@pvtnetworks.net | Approval Date: MAR 06 2012 | Expiration Date: <i>N/A</i> |
| Date: 2/20/2012 Phone: 575-513-0230 | Conditions of Approval: <i>N/A</i>  | Attached <input type="checkbox"/> <i>2RP-839</i> |

* Attach Additional Sheets If Necessary

NMLB 1122445702