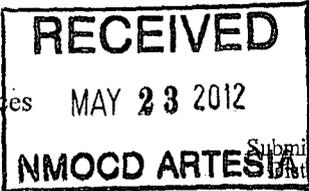


District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 August 1, 2011  
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	Martin Williams
Address	4000 N. Big Spring, Suite 305, Midland, TX 79705	Telephone No.	432-269-8667
Facility Name	Conoco 7 State #12	Facility Type	WIW

Surface Owner	State	Mineral Owner	State	API No.	30-01525160
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**LOCATION OF RELEASE**

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

Latitude 32° 40' 28.728" Longitude 104° 6' 56.492"

**NATURE OF RELEASE**

Type of Release	Produced water	Volume of Release	20 to 40 bbls	Volume Recovered	0 bbls
Source of Release	Water injection line	Date and Hour of Occurrence	1/29/2012 2:15 pm	Date and Hour of Discovery	1/29/2012 2:15 pm
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NMOCD Mike Bratcher (voicemail)			
By Whom?	Hack Conder	Date and Hour	1/30/2012 4:00 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 injection line ruptured. The line was repaired.

Describe Area Affected and Cleanup Action Taken.\*  
The total affected area spans 6,000 ft<sup>2</sup> which included 4,583 ft<sup>2</sup> of pasture and 1,417 ft<sup>2</sup> of area along a two track dirt road. Trenches and soil bores were installed at the site to determine the vertical extent of the release. The area around SB- Pt. 3 and SB- Pt. 5 was excavated to 5 ft bgs and a 20-mil reinforced poly liner was properly seated. The excavation was backfilled with clean, imported caliche to 2 ft bgs then topped with 2 ft of clean, imported top soil. The remaining release area in the pasture was excavated to 3 ft bgs and the road was excavated to 4 ft bgs. All the excavated soil was disposed of at a NMOCD approved facility. The remaining release area in the pasture was backfilled to 2 ft bgs with clean, imported caliche and topped with clean, imported top soil. The road excavation was backfilled entirely with clean caliche.

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:	<i>Martin Williams</i>	<b>OIL CONSERVATION DIVISION</b>	
Printed Name:	Martin Williams	Approved by District Supervisor:	<i>Hacker</i>
Title:	Safety and Environmental Coordinator	Approval Date:	5/8/15
E-mail Address:	Mwilliams@gracq.com	Expiration Date:	N/A
Date:	5/21/2012	Conditions of Approval:	Final
Phone:	432-269-8667	Attached	<input type="checkbox"/>

\* Attach Additional Sheets If Necessary

2PP-1056