

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., 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-103

May 27, 2004

WELL API NO. 30-015-02007
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E-1821
7. Lease Name or Unit Agreement Name: Mershon State
8. Well No. 2
9. OGRID Number
10. Pool name or Wildcat Artesia; Queen-Grayburg-San Andres
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3600 GL
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other _____

2. Name of Operator
Quantum Resources Management, LLC

3. Address of Operator
1401 McKinney St. Ste. 2400, Houston, TX 77010

4. Well Location
Unit Letter **D** : **990** feet from the **North** line and **990** feet from the **West** line
Section **21** Township **18-S** Range **28-E** NMPM County **Eddy**

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
<input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> MULTIPLE COMPLETION	<input type="checkbox"/> ALTERING CASING <input type="checkbox"/> P AND A

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

1. MIRU plugging equipment. ND wellhead, NU BOP.

2. RIH open ended and spot 60 sx plug @ 2000-1800. WOC & Tag

3. Circulate hole w/ mud laden fluid.

4. Spot 25 sx plug @ 873-753. WOC & Tag

5. Perf csg @ 410'. Sqz 45 sx plug and displace to 310'. WOC & Tag

6. Perf csg @ 60'. Sqz. cmt to surface and circulate. (+/- 100 sx).

7. Cut off wellhead and weld on Dry Hole Marker.

Notify OCD 24 hrs. prior
To any work done.



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC D guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Roger D. Brooks TITLE Agent DATE 01/29/13

Type or print name **Roger Brooks**
For State Use Only

E-mail address:

Telephone No. **432-580-7161**

APPROVED BY [Signature] TITLE _____ DATE 1/31/2013
Conditions of Approval (if any):

Approval Granted providing work
is complete by 5/1/2013

MERSHON STATE 2
ARTESIA Field
QUEEN / GRAYBURG / SAN ANDRES Zone

API: 30-015-02007
18S 28E 21D
Eddy County, NM

Current Wellbore Configuration

KB: '
GL: 3618'

10" 35# @ 360' w/ 25 sxs

Tubing Detail

jts	Component	Top @
	unknown	

8" 24# @ 833' w/ 50 sxs

Pay Intervals

Zone	Top	Btm
Seven Rivers	1,095	1,110
Penrose	1,850	1,875
Loco Hills	2,050	2,072

110 qts nitro

PBTD:
TD: 2548'

MERSHON STATE 2
 ARTESIA Field
 QUEEN / GRAYBURG / SAN ANDRES Zone

API: 30-015-02007
 18S 28E 21D
 Eddy County, NM

Proposed Wellbore Configuration

KB: '
 GL: 3618'

Perf @ 60'. Circ cmt to sfc.

10" 35# @ 360' w/ 25 sxs

Perf @ 410', circ 45 sk
 in/out plug 410' – 310'

25 sk cmt plug 853' – 753'

8" 24# @ 833' w/ 50 sxs

60 sk cmt plug 2000' – 1800'

Pay Intervals

<u>Zone</u>	<u>Top</u>	<u>Btm</u>
Seven Rivers	1,095	1,110
Penrose	1,850	1,875
Loco Hills	2,050	2,072

110 qts nitro

PBTD:
 TD: 2548'

Quantum Resources Management, LLC

Mershon State #2

Unit D Sec. 21, T-18S, R-28E

Eddy Co., NM

API #: 30-015-02007

Equipment & Design:

Quantum Resources Management LLC will use a closed loop system in the plug and abandonment of this well. The following equipment will be on location:

- (1) 250 bbl steel reverse tank

Operations & Maintenance:

During each day of operation, the rig's crew will inspect and closely monitor the fluids contained within the steel tank and visually monitor any release that may occur. Should a release, spill or leak occur, the NMOCD District 1 office Hobbs (575-393-6161) will be notified, as required in NMOCD's rule 19.15.29.8.

Closure:

After plugging operations, fluids and solids will be hauled and disposed at Gandy-Marley Disposal's location, permit number NM 01-0019. Secondary site will be Sundance Disposal, permit number NM 01-0003.

NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
811 S. FIRST STREET
ARTESIA, NM 88210
(575)748-1283

CONDITIONS OF APPROVAL FOR PLUGGING & ABANDONMENT

Operator: Quantum Resources Management, LLC

Well Name & Number: Mershon State #2

API #: 30-015-02007

1. Produced water will not be used during any part of the plugging & abandonment operation.
2. Notify NMOCD Dist. 2 office at least 24 hrs before beginning work.
3. Closed Loop System is to be used for entire plugging operation. Upon completion, contents of steel pit are to be hauled to a permitted disposal location.
4. Trucking companies being used to haul oilfield waste fluids to a disposal – commercial or private – shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator, as well as the contractor, to verify that this permit is place prior to performing work. Drivers shall produce a copy upon request of NMOCD Field Inspectors.
5. A subsequent C-103 will serve as notification that the well bore has been plugged ONLY. A C-103 FINAL shall be filed before any bonding can be released on the well. Upon receipt of the Final, an inspection will be performed to verify that the location has been satisfactorily cleaned to NMOCD standards.
6. If work has not begun within 90 days of the approval of this procedure, an extension request must be filed, stating reason that well has not been plugged.
7. Every attempt must be made to clean the well bore out to below the perfs, before any plugs can be set, by whatever means possible.

8. Cement Retainers may not be used.
9. Squeeze pressures not to exceed 500 psi., unless approval is given by NMOCD Plugging Supervisor.
10. Plugs may be combined after consulting with NMOCD P & A Supervisor.
11. Minimum WOC time for tag plugs will be 4 hrs.

DG

Date: 1/30/2013