

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

David Martin  
Cabinet Secretary

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Deputy Cabinet Secretary

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Oil Conservation Division



June 13, 2014

Quantum Resources Management, LLC  
5 Houston Center  
1401 McKinney Street, Suite 2400  
Houston, TX 77010

30-015-29076  
30-015-02020  
30-015-02654  
30-015-01760  
30-015-01787  
30-015-25292  
30-015-02049

Dear Operator:

Rule 19.15.5.9 NMAC provides that the listing of a well on the Oil Conservation Division's (OCD's) inactive well list as a well inactive for more than one year plus 90 days creates a rebuttable presumption that the well is out of compliance with 19.15.25.8 NMAC (the inactive well rule).

An operator may rebut that presumption by providing evidence that the well is in compliance with 19.15.25.8 NMAC.

Quantum Resources Management, LLC (Quantum) currently has multiple wells appearing on the OCD's inactive well list as wells inactive for more than one year plus 90 days. However, Quantum provided the OCD with information indicating that the following wells have been put back on production:

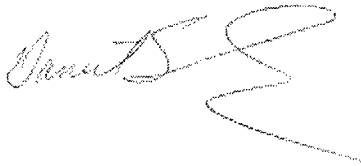
Artesia Unit #011, Artesia Unit #019, Artesia Unit #052, Guajalote State #004, State 14 C #010, State 647 AC 731 #206 & State E 1288 #081 showing that these wells have been put back on production.

OCD is awaiting the filing of Quantum's C-115's for the current month so that these wells will no longer appear on the inactive well list for purposes of Rule 19.15.5.9 NMAC.

Quantum has rebutted the presumption created by Rule 19.15.5.9 as to the wells.

Although these wells still appear on the inactive well list, the OCD should not consider them as out of compliance with 19.15.25.8 NMAC or include them in calculating Quantum's compliance with Rule 19.15.5.9 until the approved extension expires.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Daniel Sanchez", with a large, stylized flourish extending from the end of the signature.

Daniel Sanchez  
OCD Compliance and Enforcement Manager

Ec: Scott Dawson, OCD Deputy Director  
Maxey Brown, OCD District 1 Supervisor  
Randy Dade, OCD District 2 Supervisor  
Charlie Perrin, OCD District 3 Supervisor  
Keith Herrmann, Assistant General Counsel  
Theresa Duran-Saenz, OFS