District I 1625 N. French Dr., Hobbs, NM 88240 Phone:(505) 393-6161 Fax:(505) 393-0720

State of New Mexico

Form C-101 Permit 128063

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

QUANTUM RESOURCE	ame and Address ES MANAGEMENT, LLC	2. OGRID Number 243874	
	cKinney St , TX 77010	3. API Number 30-025-40091	
4. Property Code	5. Property Name	6. Well No. 004	
307932	ENCORE M STATE	18	

7. Surface Location

3	UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
	H	19	228	37E	H	1962	N	603	E	LEA

8. Pool Information

BLINEBRY OIL AND GAS (OIL)	6660
DRINKARD	19190

Additional Well Information

9. Work Type	10. Weii 7	'ell Type 11. Cable/Rotary 12.		12. Lease Type	13. Ground Level Elevation	
New Well	OIL			State	3403	
14. Multiple 15. Proposed Depth Y 7000			16. Formation 17. Contractor Abo		18. Spud Date 3/25/2011	
Depth to Ground	water		Distance from nearest fresh water	r well	Distance to nearest surface water	
Liner: Synthetic Closed Loop Syste		nils thick Cla	y Pit Volume: bbl	s Drilling Method: Fresh Water X Brine I	Diesel/Oil-based Gas/Air	

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	1175	1065	0
Int1	11	8.625	32	4000	1205	0
Prod	7.875	5.5	17	7000	480	3800

Casing/Cement Program: Additional Comments

<u></u>				

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1500	
DoubleRam	3000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to	OIL CONSERVATION DIVISION			
NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .	Approved By: Paul Kautz			
Printed Name: Electronically filed by Scott Crump	Title: Geologist			
Title: Manager E&P Services	Approved Date: 3/22/2011 Expiration Date: 3/22/2013			
Email Address: scrump@qracq.com				
Date: 3/1/2011 Phone: 713-452-2966	Conditions of Approval Attached			

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102 Revised July 16, 2010

Submit one copy to appropriate District Office

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe. NM 87505

OIL CONSERVATION DIVISION

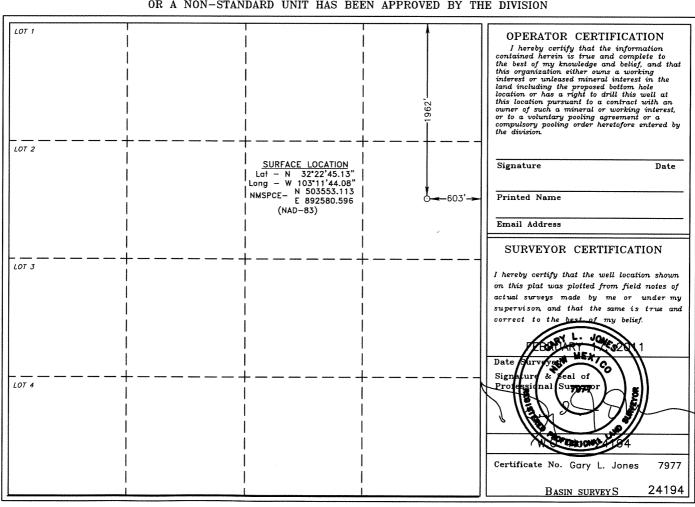
1220 South St. Francis Dr. Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API	Number			Pool Code		Pool Name				
Property (Code		Property Name M STATE 19						ımber	
OGRID N	o.		QUAN	Operator Name Ele QUANTUM RESOURCES MANAGEMENT, LLC 34						
					Surface Loca	tion				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
Н	19	22 S	37 E		1962	NORTH	603	EAST	LEA	
			Bottom	Hole Loc	ation If Diffe	rent From Sur	face			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
Dedicated Acre	s Joint o	r Infill Co	nsolidation (Code Or	der No.		<u> </u>			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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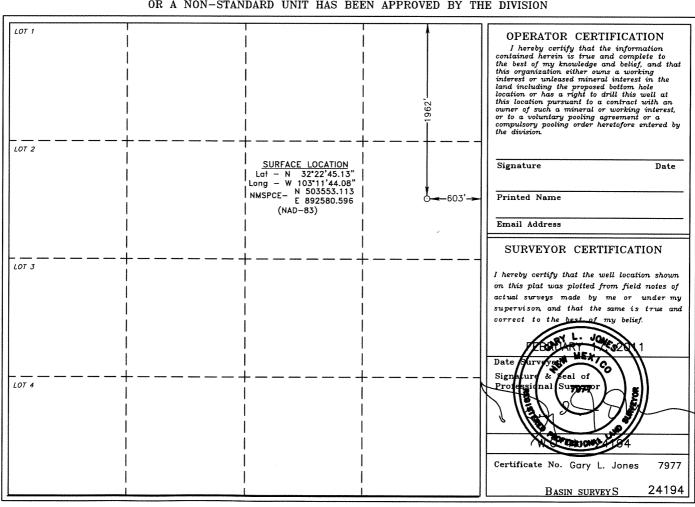
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Permit Comments

Operator: QUANTUM RESOURCES MANAGEMENT, LLC , 243874 Well: ENCORE M STATE #004

API: 30-025-40091

Created By	Comment	Comment Date
pkautz	Land S/S	3/2/2011
DMULL	OCD Hobbs office has received form C-144CLEZ. OCD Permit number P1-03017.	3/22/2011

Permit Conditions of Approval

Operator: QUANTUM RESOURCES MANAGEMENT, LLC , 243874

Well: ENCORE M STATE #004

API: 30-025-40091

OCD Reviewer	Condition
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
DMULL	For multiple completion will require DHC approval submitted on C-103 in accordance with Rule 19.15.12.11.