

Order Number

DHC-HOB
518

API Number

30-025-41061

Operator

Quantum Resources Manmt

County

Lea

Order Date

6-26-13

Well Name

Encore M State

Number

10

Location

M

UL

17

Sec

22S

T (+Dir)

37E

R (+Dir)

Oil %

50%

Gas %

50%

Pool 1

19190

Drinkard

Pool 2

62700

Wantz Abo

50%

50%

Pool 3

Pool 4

Comments:

Posted in RBDMs 06-26-2013 CHM

JUN 26 2013

DHC-HOB-518
30-02541061

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Quantum Resources Management

PROPERTY NAME: Encore M State #10

WNULSTR: M-17-225-37E

SECTION I:	ALLOWABLE AMOUNT
POOL NO. 1 <u>Drinkard</u>	<u>142</u> <u>852</u> MCF
POOL NO. 2 <u>Wantz Abo</u>	<u>187</u> <u>1122</u> MCF
POOL NO. 3 _____	_____ MCF
POOL NO. 4 _____	_____ MCF
POOL TOTALS <u>329</u> <u>1974</u>	

SECTION II:	<u>Oil</u>	<u>Gas</u>
POOL NO. 1 <u>Drinkard</u>	<u>50%</u>	<u>50%</u>
POOL NO. 2 <u>Wantz Abo</u>	$50\% \times 329 = 164.5$	<u>50%</u>
POOL NO. 3 _____	<u><165></u>	
POOL NO. 4 _____		

<u>OIL</u>	<u>GAS</u>
SECTION III: $50\% \div 187 = 374$	_____
SECTION IV: $50\% \times 374 = 187$ $50\% \times 374 = 187$	<u><187></u> <u><187></u>
_____	_____
_____	_____

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
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
Revised August 1, 2011

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.)		WELL API NO. 30-025-41061
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Quantum Resources Management, LLC		6. State Oil & Gas Lease No.
3. Address of Operator 1401 McKinney St., Suite #2400, Houston, TX 77010		7. Lease Name or Unit Agreement Name Encore M State
4. Well Location Unit Letter <u>M</u> : <u>770</u> feet from the <u>South</u> line and <u>770</u> feet from the <u>West</u> line Section <u>17</u> Township <u>22-S</u> Range <u>37-E</u> NMPM County <u>Lea</u>		8. Well Number <u>010</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3396' GR		9. OGRID Number 243874
		10. Pool name or Wildcat Drinkard / Wantz; Abo

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

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

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Quantum Resources Management, LLC requests authority to Downhole Commingle production pursuant to Rule 303C(4)(b).

(i) Ref. Division Order No. R-11363

(ii) Drinkard (#19190) & Wantz; Abo (#62700)

(iii) Drinkard Perfs: 6490'-6648', Abo Perfs: 6710'-6757'

(iv) Allocation Method: Identical for each Pool; 50% Oil, 50% Gas, 50% Water

(v) Commingling production from each of these pools will not reduce the value of the total remaining production

(vi) All Working, Royalty, and Overriding Royalty Interests are identical between the two commingled zones

(vii) A copy of this Form C-103 has been sent to the Commissioner of Public Lands for the State of New Mexico

Spud Date:

05/17/13

Rig Release Date:

06/04/13

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Celeste G. Dale

TITLE

Sr. Regulatory Analyst

DATE

06/24/13

Type or print name Celeste G. Dale

E-mail address: cdale@qracq.com

PHONE: 432-683-1500

For State Use Only

APPROVED BY:

[Signature]

TITLE

Petroleum Engineer

DATE

JUN 26 2013

Conditions of Approval (if any):

JUN 26 2013

District I
1625 N. French Dr., Hobbs NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 86210
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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-41061	² Pool Code 19190	³ Pool Name Drinkard
⁴ Property Code 307932	⁵ Property Name ENCORE M STATE	⁶ Well Number 10
⁷ OGRID No. 243874	⁸ Operator Name Quantum Resources Management, LLC	⁹ Elevation 3396'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	22 S	37 E		770	South	770	West	Lea

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. DHC-HOB-518						

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

<p>ENCORE M STATE No. 10 Elev. 3396' NAD 83 NM East N= 506296 E= 893921 NAD 83 Lat. = 32° 23' 12.13" Long.= 103° 11' 28.09"</p>	16	<p>¹⁷OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Celeste G. Dale</i> Signature</p> <p>Celeste G. Dale Printed Name Sr. Regulatory Analyst cdale@qracq.com Title and E-mail Address</p> <p>06/26/13 Date</p>
		<p>¹⁸SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>03-09-2013 Date of Survey</p> <p>Signature and Seal of Professional Land Surveyor</p> <p><i>Michael L. Stanford</i> Signature</p> <p>10324 Certificate Number</p>

4.1 Miles SW of Eunice, New Mexico.

File No. A-7069

District I
1625 N. French Dr., Hobbs NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-41061	² Pool Code 62700	³ Pool Name Wantz; Abo
⁴ Property Code 307932	⁵ Property Name ENCORE M STATE	⁶ Well Number 10
⁷ GRID No. 243874	⁸ Operator Name Quantum Resources Management, LLC	⁹ Elevation 3396'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	22 S	37 E		770	South	770	West	Lea

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					¹⁶	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Celeste G. Dale Printed Name Sr. Regulatory Analyst cdale@qracq.com Title and E-mail Address 06/26/13 Date
					¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> 03-09-2013 Date of Survey Signature and Seal of Professional Land Surveyor 10324 Certificate Number	

4.1 Miles SW of Eunice, New Mexico.

File No. A-7069