

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720  
**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural**  
**Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-103  
August 1, 2011

Permit 168802

|   |  |  |
|---|--|--|
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br>(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 NUMBER<br>30-025-41061                        |
| 1. Type of Well: O  |  | 5. Indicate Type of Lease<br>S                         |
| 2. Name of Operator<br>QUANTUM RESOURCES MANAGEMENT, LLC  |  | 6. State Oil & Gas Lease No.                           |
| 3. Address of Operator<br>1401 McKinney St, Suite 2400, Houston, TX 77010   |  | 7. Lease Name or Unit Agreement Name<br>ENCORE M STATE |
| 4. Well Location<br>Unit Letter <u>M</u> : <u>770</u> feet from the <u>S</u> line and <u>770</u> feet from the <u>W</u> line<br>Section <u>17</u> Township <u>22S</u> Range <u>37E</u> NMPM Lea County  |  | 8. Well Number<br>010                                  |
| 11. Elevation (Show whether DR, KB, BT, GR, etc.)<br>3396 GR  |  | 9. OGRID Number<br>243874                              |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/><br>Pit Type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____<br>Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____ |  |  |

|  |   |
|--|---|
| <b>12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data</b>  |   |
| <b>NOTICE OF INTENTION TO:</b><br>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/><br>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE OF PLANS <input type="checkbox"/><br>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/><br>Other: _____ | <b>SUBSEQUENT REPORT OF:</b><br>REMEDIAL WORK <input type="checkbox"/> ALTER CASING <input type="checkbox"/><br>COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/><br>CASING/CEMENT JOB <input type="checkbox"/><br>Other: <b>Drilling/Cement</b> <input checked="" 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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

05/15/13-MIRU Felderhoff #10  
05/17-19/13-Drill 17.5" hole Surf-1215'. Run 13-3/8" csg.  
05/20/13-Notified NMOCD. Cement csg., WOC @ 0230 hrs - 05/21/13@1530 hrs (37 hrs)  
05/21-28/13-Drill 11" hole 1215'-4011'. Run 8-5/8" csg.  
05/29/13-Cement csg., WOC @ 0200 hrs - 0000 hrs. 05/30/13 (22 hrs)  
05/30/13-06/03/13-Drill 7-7/8" hole 4008'-6874'.  
06/04/13-Run & cement 5-1/2" csg. @ 6865'. Released rig @ 2200 hrs.

(\*Drilling Inclination report attached)

See Attached

5/17/2013 Spudded well.

**Casing and Cement Program**

| Date     | String | Fluid Type | Hole Size | Csg Size | Weight lb/ft | Grade | Est TOC | Dpth Set | Sacks | Yield | Class | 1" Dpth | Pres Held | Pres Drop | Open Hole |
|----------|--------|------------|-----------|----------|--------------|-------|---------|----------|-------|-------|-------|---------|-----------|-----------|-----------|
| 05/19/13 | Surf   | FreshWater | 17.5      | 13.375   | 54.5         | J-55  | 0       | 1215     | 660   | 1.9   | C     |         | 1000      | 0         | Y         |
| 05/19/13 | Surf   | FreshWater | 17.5      | 13.375   | 54.5         | J-55  |         | 1215     | 250   | 1.65  | C     |         | 1000      | 0         | Y         |
| 05/28/13 | Int1   | Mud        | 11        | 8.625    | 32           | J-55  | 500     | 4011     | 575   | 2.4   | C     |         | 1500      |           | Y         |
| 05/28/13 | Int1   | Mud        | 11        | 8.625    | 32           | J-55  |         | 4011     | 200   | 1.32  | C     |         | 1500      |           | Y         |
| 06/04/13 | Prod   | Mud        | 7.875     | 5.5      | 20           | N-80  | 2420    | 6874     | 100   | 2.42  | H     |         | 3500      |           | Y         |
| 06/04/13 | Prod   | Mud        | 7.875     | 5.5      | 20           | N-80  |         | 6874     | 625   | 1.32  | H     |         | 3500      |           | Y         |

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 NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Electronically Signed TITLE Regulatory Supervisor DATE 6/24/2013  
Type or print name Yolanda Perez E-mail address yperez@gracq.com Telephone No. 713-634-4696

For State Use Only:

APPROVED BY: Paul Kautz TITLE Geologist DATE 6/25/2013 9:44:40 AM

RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION

Form W-12  
(1-1-71)  
FOD1296

|  |  |  |
|--|--|--|
| <b>INCLINATION REPORT</b><br>(One Copy Must Be Filed With Each Completion Report)                |  | 6. RRC District  |
| 1. FIELD NAME (as per RRC Records or Wildcat)<br><i>Blinberry Oil And Gas (oil) / Wantz; Abo</i> |  | 7. RRC Lease Number.<br>(Oil completions only)         |
| 2. LEASE NAME<br><b>Encore M State</b>   |  | 8. Well Number<br><b>10</b>                            |
| 3. OPERATOR<br><b>Quantum Resources Management LLC</b>   |  | 9. RRC Identification Number<br>(Gas completions only) |
| 4. ADDRESS<br><i>1401 McKinney St., Suite 2400<br/>Houston, TX 77010</i>                         |  | 10. County<br><i>Lea Co., NM</i>                       |
| 5. LOCATION (Section, Block, and Survey)<br><i>Sec. 17, T-22-S, R-37-E</i>                       |  |  |

**RECORD OF INCLINATION**

| *11. Measured Depth<br>(feet) | 12. Course Length<br>(Hundreds of feet) | *13. Angle of<br>Inclination<br>(Degrees) | 14. Displacement per<br>Hundred Feet<br>(Sine of Angle x100) | 15. Course<br>Displacement (feet) | 16. Accumulative<br>Displacement (feet) |
|-------------------------------|---|---|--|-----------------------------------|---|
| 460                           | 460                                     | 0.50                                      | 0.87   | 4.01                              | 4.01                                    |
| 540                           | 80                                      | 0.50                                      | 0.87   | 0.70                              | 4.71                                    |
| 971                           | 431                                     | 0.50                                      | 0.87   | 3.76                              | 8.47                                    |
| 1400                          | 429                                     | 0.50                                      | 0.87   | 3.74                              | 12.22                                   |
| 1913                          | 513                                     | 1.25                                      | 2.18   | 11.19                             | 23.41                                   |
| 2308                          | 395                                     | 1.50                                      | 2.62   | 10.34                             | 33.75                                   |
| 2527                          | 219                                     | 1.50                                      | 2.62   | 5.73                              | 39.48                                   |
| 2850                          | 323                                     | 1.25                                      | 2.18   | 7.05                              | 46.53                                   |
| 3126                          | 276                                     | 0.00                                      | 0.00   | 0.00                              | 46.53                                   |
| 3300                          | 174                                     | 1.00                                      | 1.75   | 3.04                              | 49.56                                   |
| 3714                          | 414                                     | 1.00                                      | 1.75   | 7.23                              | 56.79                                   |
| 4200                          | 486                                     | 0.75                                      | 1.31   | 6.36                              | 63.15                                   |
| 4711                          | 511                                     | 1.25                                      | 2.18   | 11.15                             | 74.30                                   |
| 4897                          | 186                                     | 1.00                                      | 1.75   | 3.25                              | 77.54                                   |
| 5454                          | 557                                     | 1.25                                      | 2.18   | 12.15                             | 89.70                                   |

If additional space is needed, use the reverse side of this form.

17. Is any information shown on the reverse side of this form? ☒ yes ☐ no
18. Accumulative total displacement of well bore at total depth of **6463** feet = **107.90** feet.
- \*19. Inclination measurements were made in - ☐ Tubing ☐ Casing ☐ Open hole ☒ Drill Pipe
20. Distance from surface location of well to the nearest lease line..... feet.
21. Minimum distance to lease line as prescribed by field rules ..... feet.
22. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? No

(If the answer to the above question is "yes," attach written explanation of the circumstances.)

|   |   |
|---|---|
| <p><b>INCLINATION DATA CERTIFICATION</b></p> <p>I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on both sides of this form and that such data and facts are true, correct, and complete to the best of my knowledge. This certification covers all data as indicated by asterisks (*) by the item numbers on this form.</p> <p><i>[Signature]</i><br/>Signature of Authorized Representative<br/><b>Danny Crow, VP of Operations</b><br/>Name of Person and Title (type or print)<br/><b>Felderhoff Drilling</b><br/>Name of Company<br/>Telephone: <b>940-668-8344</b><br/>Area Code</p> | <p><b>OPERATOR CERTIFICATION</b></p> <p>I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (*) by the item numbers on this form.</p> <p><i>[Signature]</i><br/>Signature of Authorized Representative<br/><b>Celeste G. Dale, Sr. Regulatory Analyst</b><br/>Name of Person and Title (type or print)<br/><b>Quantum Resources Management, LLC</b><br/>Operator<br/>Telephone: <b>432-683-1500</b><br/>Area Code</p> |
|---|---|

Railroad Commission Use Only:

Approved By: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

\* Designates items certified by company that conducted the inclination surveys.

## RECORD OF INCLINATION (Continued from reverse side)

[illegible]

If additional space is needed, attach separate sheet and check here. ☐

REMARKS: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

- INSTRUCTIONS -

An inclination survey made by persons or concerns approved by the Commission shall be filed on a form prescribed by the Commission for each well drilled or deepened with rotary tools or when, as a result of any operation, the course of the well is changed. No inclination survey is required on wells that are drilled and completed as dry holes that are plugged and abandoned. (Inclination surveys are required on re-entry of abandoned wells.) Inclination surveys must be made in accordance with the provisions of Statewide Rule 11.

This report shall be filed in the District Office of the Commission for the district in which the well is drilled, by attaching one copy to each appropriate completion for the well. (except Plugging Report)

The Commission may require the submittal of the original charts, graphs, or discs, resulting from the surveys.