

Order Number

469

API Number

30-025-40091

Operator

Quantum Resources Mgmt

County

Lea

Order Date

7-6-11

Well Name

Encore M state

Number

4

Location

4

UL

19

Sec

22S

T (+Dir)

37E

R (+Dir)

Pool 1

6660

Blinberry Oil + Gas

Oil %

50%

Gas %

50%

Pool 2

19190

Drinkard

50%

50%

Pool 3

Pool 4

Comments.

Posted in RBDMs

7-6-2011

COH

30-02540091  
DHC-HOB 469

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Quantum Resources Management

PROPERTY NAME: Encore M State

WNULSTR: 4-H-19-225-37E

SECTION I:		ALLOWABLE AMOUNT	
POOL NO. 1	<u>Blinebry Oil + Gas</u>	<u>107</u>	<u>428</u> MCF
POOL NO. 2	<u>Drinkard</u>	<u>142</u>	<u>852</u> MCF
POOL NO. 3	_____	_____	_____ MCF
POOL NO. 4	_____	_____	_____ MCF
	POOL TOTALS	<u>249</u>	<u>1280</u>

SECTION II:		<u>Oil</u>	<u>Gas</u>
POOL NO. 1	<u>Blinebry Oil + Gas</u>	<u>50%</u>	<u>50%</u>
POOL NO. 2	<u>Drinkard</u>	<u>50% x 249 = 124.50</u>	<u>50%</u>
POOL NO. 3	_____	<u>&lt; 125 &gt;</u>	
POOL NO. 4	_____		

	<u>OIL</u>	<u>GAS</u>
SECTION III:	<u>50% ÷ 142 = 284</u>	_____

SECTION IV:	<u>50 x 284 = 142</u>	<u>&lt; 142 &gt;</u>
	<u>50% x 284 = 142</u>	<u>&lt; 142 &gt;</u>
	_____	_____
	_____	_____

Submit 1 Copy to Appropriate District Office

State of New Mexico

Form C-103  
October 13, 2009

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

**HOBBS OGD**

Energy, Minerals and Natural Resources

**JUL 05 2011**

PIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, NM 87505

**RECEIVED**

WELL API NO. 30-025-40091
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Encore M State
8. Well Number 004
9. OGRID Number 243874
10. Pool name or Wildcat Blinebry Oil & Gas (Oil) & Drinkard

**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., Suite 2400 Houston, TX 77010

4. Well Location  
Unit Letter H 1962 feet from the North line and 603 feet from the East line  
Section 19 Township 22S Range 37E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3403'

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

**NOTICE OF INTENTION TO:**

- PERFORM REMEDIAL WORK
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- DOWNHOLE COMMINGLE
- PLUG AND ABANDON
- CHANGE PLANS
- MULTIPLE COMPL

**SUBSEQUENT REPORT OF:**

- REMEDIAL WORK
- COMMENCE DRILLING OPNS.
- CASING/CEMENT JOB
- ALTERING CASING
- P AND A

OTHER

OTHER:

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.

The above-mentioned well will be DHC'd in the Blinebry Oil & Gas (Oil) (06660) and Drinkard (19190) pools as allowed by Order R-11363.

Blinebry perms - 5465-5989 & Drinkard perms - 6448-6798. It will be a fixed allocation 50% oil & gas per pool.

Commingling the above-mentioned pools will not reduce the total remaining production value.

All working, royalty and overriding royalty interests are identical in both commingled zones.

A copy of this C-103 has been sent to the State Land Office.

Spud Date: 04/16/2011 Rig Release Date: 04/28/2011

**DHC-HOB-469**

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

SIGNATURE Yolanda Perez TITLE Regulatory Supervisor DATE 06/14/11

Type or print name Yolanda Perez E-mail address: yperez@gracq.com PHONE: 713-634-4694

**For State Use Only**

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE JUL 06 2011

Conditions of Approval (if any).

DISTRICT I  
1826 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 and Natural Resources Department

Form C-102  
Revised July 16, 2010

Submit one copy to appropriate  
District Office

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-40091	Pool Code 06660/19190	Pool Name Blinebry Oil & Gas (Oil) & Drinkard
Property Code 307932	Property Name Encore M STATE 19	Well Number 4
OGRID No. 243874	Operator Name QUANTUM RESOURCES MANAGEMENT, LLC	Elevation 3403'

Surface Location

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	19	22 S	37 E		1962	NORTH	603	EAST	LEA

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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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>LOT 1</p> <p>LOT 2</p> <p>LOT 3</p> <p>LOT 4</p>	<p><b>SURFACE LOCATION</b>          Lot - N 32°22'45.13"          Long - W 103°11'44.08"          NMSPCE - N 503553.113          E 892580.596          (NAD-83)</p>		<p>7961'</p> <p>603'</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Yolanda Perez</i> 7/5/11 Signature Date</p> <p>Yolanda Perez Printed Name yperez@qracq.com Email Address</p>
	<p><b>SURVEYOR CERTIFICATION</b></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>Date Surveyed</p> <p>Signature &amp; Seal of Professional Surveyor</p>
	<p><i>Gary L. Jones</i> Professional Surveyor</p>			<p>Certificate No. Gary L. Jones 7977</p>
	<p>HASIN SURVEYS 24194</p>			