

HOBBS OCD

MAY 03 2012

RECEIVED

Order Number	API Number	Operator	County			
DHC-493	30-025-410399	Quantum Resources Mgmt	Lea			
Order Date	Well Name	Number	Location			
5-3-2012	Encore m State	7	B UL	19 Sec	225 T (+Dir)	37E R (+Dir)
		Oil %	Gas %			
Pool 1	10660	Blinberry D+G	33%			
Pool 2	19190	Drinkard ^{33°}	33%			
Pool 3	62700	Wantz-Abo	33%			
Pool 4						

Comments: Posted in RBOMS 5-3-2012 CMM

MAY 08 2012

30-025-40399
DHC-HOB-493

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Quantum Resources Management

PROPERTY NAME: Encore in State

WNULSTR: 7-B-19-225-37E

SECTION I:		ALLOWABLE AMOUNT	
POOL NO. 1	<u>Blinebry O+G</u>	<u>107</u>	<u>428</u> MCF
POOL NO. 2	<u>Drinkard</u>	<u>142</u>	<u>852</u> MCF
POOL NO. 3	<u>Wantz Abo</u>	<u>187</u>	<u>1122</u> MCF
POOL NO. 4	_____		MCF
POOL TOTALS		<u>436</u>	<u>2402</u>

SECTION II:		<u>Oil</u>	<u>Gas</u>
POOL NO. 1	<u>Blinebry O+G</u>	<u>33%</u>	<u>33%</u>
POOL NO. 2	<u>Drinkard</u>	<u>33%</u>	<u>33%</u>
POOL NO. 3	<u>Wantz - Abo</u>	$33\% \times 436 = 143.88$	<u>33%</u>
POOL NO. 4	_____	<u><144></u>	

SECTION III:	<u>OIL</u>	<u>GAS</u>
	$33\% \times 187 = 566.66$	<u><567></u>

SECTION IV:	$33\% \times 567 = 187.11$	<u><187></u>
	$33\% \times 567 = 187.11$	<u><187></u>
	$33\% \times 567 = 187.11$	<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

HOBBS OCD State of New Mexico
 Energy, Minerals and Natural Resources
MAY 03 2012
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OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 October 13, 2009

WELL API NO. 30-025-40399
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 007
9. OGRID Number 243874
10. Pool name or Wildcat Blinebry Oil & Gas (Oil) & Drinkard & Wantz. Abo

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 B 749 feet from the North line and 1610 feet from the East line
 Section 19 Township 22S Range 37E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3143'

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

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input checked="" type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
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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), Drinkard (19190), and Wantz;Abo (62700) pools as allowed by Order R-11363.

Blinebry perfs - 5490-5842'' & Drinkard perfs - 6484-6713'' & Abo perfs - 6784-6828'. It will be a fixed allocation 33 1/3% 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 the three commingled zones.

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

Spud Date: 3/11/12 Rig Release Date: 3/29/12

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 5/2/12
 Type or print name Yolanda Perez E-mail address: yperez@qraccq.com PHONE: 713-634-4696

For State Use Only
 APPROVED BY: [Signature] TITLE REGULATORY SUPERVISOR DATE MAY 03 2012
 Conditions of Approval (if any): **MAY 03 2012**

MAY 03 2012

District I
1825 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

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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 30-025-40399	² Pool Code 62700	³ Pool Name Wantz; Abo
⁴ Property Code 307932	⁵ Property Name Encore M State	
⁷ OGRID No. 243874	⁸ Operator Name Quantum Resources Management, LLC	⁶ Well Number 007 ⁹ Elevation 3413'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	19	22 S	37 E		749	North	1610	East	Lea

¹¹Bottom 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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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>¹⁶</p>	<p>¹⁷OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Yolanda Perez</i> Signature</p> <p>Yolanda Perez Printed Name Regulatory Supervisor yperez@qraccq.com Title and E-mail Address</p> <p>02/03/2012 Date</p>
		<p>¹⁸SURVEYOR CERTIFICATION</p> <p><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></p> <p>9-15-2011 Date of Survey</p> <p><i>Michael L. Stanford</i> Signature and Seal of Professional Surveyor</p> <p>10324 Certificate Number</p>

MAY 03 2012

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Form C-102
Revised June 10, 2003
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40399	² Pool Code 19190	³ Pool Name Drinkard
⁴ Property Code 307932	⁵ Property Name Encore M State	
⁷ OGRID No. 243874	⁶ Operator Name Quantum Resources Management, LLC	⁸ Well Number 007 ⁹ Elevation 3413'

¹⁰Surface Location

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	Elev. 3413' NAD 83 NM East N= 504755 E= 891560 NAD 83 Lat. = 32° 22' 57.13" Long. = 103° 11' 55.81"	¹⁶	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Yolanda Perez Printed Name Regulatory Supervisor yperez@gracq.com Title and E-mail Address 02/03/2012 Date
		¹⁸ SURVEYOR CERTIFICATION 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.	
		9-15-2011 Date of Survey Signature and Seal of Professional Surveyor 	
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40399	² Pool Code 6660	³ Pool Name Blinebry Oil and Gas (Oil)
⁴ Property Code 307932	⁵ Property Name Encore M State	
⁷ OGRID No 243874	⁶ Operator Name Quantum Resources Management, LLC	⁸ Well Number 007 ⁹ Elevation 3413'

¹⁰Surface Location

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