

Order Number
DHC-HOB
505

API Number
30-025-40749

Operator
Quantum Resources Mgr

County
Lea

Order Date
11-9-12

Well Name
Encore M State

Number
7

D
UL

20
Sec

225
T (+Dir)

37E
R (+Dir)

Pool 1
6660

Blinebru O+G

Oil %
33%

Gas %
33%

Pool 2
19190

Drinkard

33%

33%

Pool 3
62700

Wantz - Abo

33%

33%

Pool 4

Comments:
Posted in RBDMS 11-9-12 CHM

30-025-40749
DHC-HOB-505

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Quantum Resources Management

PROPERTY NAME: Encore M State

WNULSTR: 7-D-20-225-37E

SECTION I:		ALLOWABLE AMOUNT	
POOL NO. 1	<u>Blinebry</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</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>	<u>33% x 436 = 143.88</u>	<u>33%</u>
POOL NO. 4	_____	<u><144></u>	

	<u>OIL</u>	<u>GAS</u>
SECTION III:	<u>33% ÷ 187 = 567</u>	_____
SECTION IV:	<u>33% x 567 = 187.11</u>	<u><187></u>
	<u>33% x 567 = 187.11</u>	<u><187></u>
	<u>33% x 567 = 187.11</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

Form C-103
 October 13, 2009

HOBBS OGD
NOV 08 2012
RECEIVED
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

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. 30-025-40749
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>D</u> <u>468</u> feet from the <u>North</u> line and <u>300</u> feet from the <u>West</u> line Section <u>20</u> Township <u>22S</u> Range <u>37E</u> NMPM County <u>Lea</u>		8. Well Number <u>007</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3404'		9. OGRID Number <u>243874</u>
10. Pool name or Wildcat Blinebry Oil & Gas (Oil) & Drinkard & Wantz. Abo		

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"/>		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"/>		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.

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 - 5489-5612' & Drinkard perfs - 6466-6690' & Abo perfs - 6752-6800'. 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: 10/7/12 Rig Release Date: 10/25/12

DHC-HOB-505

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 11/07/12

Type or print name Yolanda Perez E-mail address: yperez@qracq.com PHONE: 713-634-4696

For State Use Only

APPROVED BY: Maley Brown TITLE Compliance Officer DATE 11/9/2012
 Conditions of Approval (if any):

NOV 14 2012

District I
1625 N. French Dr., Hobbs NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Artesia, 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		² Pool Code 62700		³ Pool Name Wantz; Abo	
⁴ Property Code 307932		⁵ Property Name ENCORE M STATE			⁶ Well Number 009
⁷ OGHD No. 243874		⁸ Operator Name Quantum Resources Management, LLC			⁹ Elevation 3404'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot km	Feet from the	North/South line	Feet from the	East/West line	County
D	20	22 S	37 E		488	North	300	West	Lea

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot km	Feet from the	North/South line	Feet from the	East/West line	County

¹²Dedicated Acres ¹³Joint or Infill ¹⁴Consolidation Code ¹⁵Order No.
DHC-HOB 505

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. 9 Elev. 3404' NAD 83 NM East N= 505053 E= 893467 NAD 83 Lat. = 32° 22' 59.87" Long.= 103° 11' 33.54"</p>	16		<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@qracq.com Title and E-mail Address</p> <p>08/29/12 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>8-08-2012 Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p><i>Michael L. Stanford</i> Signature</p> <p>10324 Certificate Number</p>

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1626 N. French Dr., Hobbs NM 88240
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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
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Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code	³ Pool Name
		19190	Drinkard
⁴ Property Code	⁵ Property Name		⁶ Well Number
307932	ENCORE M STATE		009
⁷ QHSD No.	⁸ Operator Name		⁹ Elevation
243874	Quantum Resources Management, LLC		3404'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot kin	Feet from the	North/South line	Feet from the	East/West line	County
D	20	22 S	37 E		488	North	300	West	Lea

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						DHC-HOB-505			

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Santa Fe, NM 87505

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 6660		³ Pool Name Blinebry Oil & Gas (Oil)	
⁴ Property Code 307932		⁵ Property Name ENCORE M STATE			⁶ Well Number 009
⁷ OGHD No. 243874		⁸ Operator Name Quantum Resources Management, LLC			⁹ Elevation 3404'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Ltn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	22 S	37 E		468	North	300	West	Lea

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ltn	Feet from the	North/South line	Feet from the	East/West line	County

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DHC-HOB-505

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