

Order Number

452

API Number

30-025-39751

Operator

Quantum Resources Management

County

Lea

Order Date

4-6-11

Well Name

Encore M State

Number

3

Location

C

UL

19

Sec

225

T (+Dir)

37E

R (+Dir)

Oil %

43%

Gas %

43%

Pool 1

6660

Blinebry Oil + Gas

Pool 2

19190

Drinkard

49%

49%

Pool 3

62700

Wantz- Abo

8%

8%

Pool 4

Comments:

Posted in RBOMS 4-6-11 COH

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-39751

OPERATOR: Quantum Resources Management

DHC-HOB-452

PROPERTY NAME: Encore M State

WNULSTR: #3-C-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 <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 Oil + Gas</u>	<u>43%</u>	<u>43</u>
POOL NO. 2 <u>Drinkard</u>	<u>43%</u>	<u>49</u>
POOL NO. 3 <u>Wantz - Abo</u>	<u>8% x 426 =</u> <u>34.08</u>	<u>8%</u>
POOL NO. 4 _____	<u>&lt; 34 &gt;</u>	

<u>OIL</u>	<u>GAS</u>
SECTION III: <u>8% ÷ 187 = 233.7</u>	

SECTION IV: <u>43% x 2337 = 1004.9</u>	<u>&lt; 1005 &gt;</u>
<u>43% x 2337 = 1004.9</u>	<u>&lt; 1005 &gt;</u>
<u>8% x 2337 = 187</u>	<u>&lt; 187 &gt;</u>

Submit 1 Copy To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., 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

Form C-103  
 October 13, 2009

RECEIVED

OIL CONSERVATION DIVISION

APR 06 2011 South St. Francis Dr.

HOBBSON 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. 30-025-39751
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		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., Ste 2400, Houston, TX 77010		7. Lease Name or Unit Agreement Name Encore M State
4. Well Location Unit Letter <u>C</u> : <u>660</u> feet from the <u>North</u> line and <u>2140</u> feet from the <u>West</u> line Section <u>19</u> Township <u>22S</u> Range <u>37E</u> NMPM County <u>Lea</u>		8. Well Number <u>003</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3421' GL		9. OGRID Number 243874
		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  PLUG AND ABANDON   
 TEMPORARILY ABANDON  CHANGE PLANS   
 PULL OR ALTER CASING  MULTIPLE COMPL   
 DOWNHOLE COMMINGLE

SUBSEQUENT REPORT OF:

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

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.

Per pre-approved pools & area R-11363.

See Attached

Spud Date:

Rig Release Date:

DHC-HOB-452

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

SIGNATURE Erick A. Rodriguez TITLE Regulatory Analyst DATE 4/6/11

Type or print name Erick A. Rodriguez E-mail address: erodriguez@qracq.com PHONE: (713) 634-4612

For State Use Only

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

Conditions of Approval (if any):

District I  
1625 N. French Drive, Hobbs, NM 88240

RECEIVED

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

District II  
1301 W. Grand Avenue, Artesia, NM 88210

NOV 15 2010

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

District III  
1000 Rio Brazos Road, Aztec, NM 87410

HOBBSUCD

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Quantum Resources Management, LLC  
Operator

1401 McKinney St., Ste 2400, Houston, TX 77010  
Address

Encore M State  
Lease

3  
Well No.

C-19-22S-37E  
Unit Letter-Section-Township-Range

Lea  
County

OGRID No. 243874 Property Code 37138 API No. 30-025-39751 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blinebry Oil & Gas (Oil)	Drinkard	Wantz-Abo
Pool Code	06660	19190	62700
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,518 – 5,668	6,355 – 6,746	6,828 – 6,846
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	2200 psig	2520 psig	2640 psig
Oil Gravity or Gas BTU (Degree API or Gas BTU)	Oil – 38 API Gas – 13.42 BTU	Oil – 38 API Gas – 13.42 BTU	Oil – 38 API Gas – 13.42 BTU
Producing, Shut-In or New Zone	New Zone	New Zone	New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Estimated rates based on net pay: 31.82 MCFD 20.64 BOPD 83.85 BWPD	Estimated rates based on net pay: 36.26 MCFD 23.52 BOPD 95.55 BWPD	Estimated rates based on net pay: 5.92 MCFD 3.84 BOPD 15.6 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil                  Gas 43%                  43%	Oil                  Gas 49%                  49%	Oil                  Gas 8%                  8%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No

Are all produced fluids from all commingled zones compatible with each other? Yes  No

Will commingling decrease the value of production? Yes  No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes  No

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_ Case No. 12346

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.) New completion
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Erick A. Rodriguez TITLE Regulatory Analyst DATE 11/9/10

TYPE OR PRINT NAME Erick A. Rodriguez TELEPHONE NO. (713) 634-4612

E-MAIL ADDRESS erodriguez@qracq.com

**District I**  
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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 July 16, 2010  
Submit one copy to appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-39751	<sup>2</sup> Pool Code 06660	<sup>3</sup> Pool Name Blinebry Oil and Gas (Oil)
<sup>4</sup> Property Code 37138	<sup>5</sup> Property Name Encore M State	
<sup>7</sup> OGRID No. 243874	<sup>8</sup> Operator Name Quantum Resources Management, LLC	<sup>6</sup> Well Number 003
		<sup>9</sup> Elevation 3421

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	19	22S	37E		660	N	2140	W	Lea

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 40.00	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. DHC-HOB-452						

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.

16				
	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b> 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 style="text-align: right;"><i>Erick A. Rodriguez</i> 4/6/10 Signature Date</p> <p>Erick A. Rodriguez Printed Name</p> <p>erodriguez@qracq.com E-mail Address</p>			
	<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b> 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>4/13/2010 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Gary Jones</p> <p>7977 Certificate Number</p>			

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

Form C-102  
 Revised July 16, 2010  
 Submit one copy to appropriate  
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AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-39751	<sup>2</sup> Pool Code 19190	<sup>3</sup> Pool Name Drinkard
<sup>4</sup> Property Code 37138	<sup>5</sup> Property Name Encore M State	
<sup>7</sup> OGRID No. 243874	<sup>8</sup> Operator Name Quantum Resources Management, LLC	<sup>6</sup> Well Number 003
		<sup>9</sup> Elevation 3421

<sup>10</sup> Surface Location

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				Erick A. Rodriguez Printed Name
				erodriguez@araco.com E-mail Address
				<b>18 SURVEYOR CERTIFICATION</b> <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> 4/13/2010 Date of Survey Signature and Seal of Professional Surveyor: Gary Jones
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Form C-102  
Revised July 16, 2010  
Submit one copy to appropriate  
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AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-39751	<sup>2</sup> Pool Code 62700	<sup>3</sup> Pool Name Wantz Abo
<sup>4</sup> Property Code 37138	<sup>5</sup> Property Name Encore M State	<sup>6</sup> Well Number 003
<sup>7</sup> OGRID No. 243874	<sup>8</sup> Operator Name Quantum Resources Management, LLC	<sup>9</sup> Elevation 3421

<sup>10</sup> Surface Location

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		Signature: <i>Erick Rodriguez</i> Date: 4/6/10
		Printed Name: Erick A. Rodriguez E-mail Address: erodriguez@gracq.com
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