

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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Cabinet Secretary

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Quantum Resources Management, LLC
5 Houston Center
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Houston, TX 77010

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30-015-02020
30-015-02654
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30-015-25292
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Dear Operator:

Rule 19.15.5.9 NMAC provides that the listing of a well on the Oil Conservation Division's (OCD's) inactive well list as a well inactive for more than one year plus 90 days creates a rebuttable presumption that the well is out of compliance with 19.15.25.8 NMAC (the inactive well rule).

An operator may rebut that presumption by providing evidence that the well is in compliance with 19.15.25.8 NMAC.

Quantum Resources Management, LLC (Quantum) currently has multiple wells appearing on the OCD's inactive well list as wells inactive for more than one year plus 90 days. However, Quantum provided the OCD with information indicating that the following wells have been put back on production:

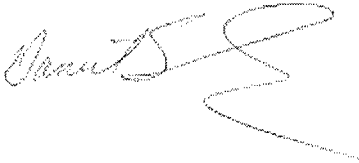
Artesia Unit #011, Artesia Unit #019, Artesia Unit #052, Guajalote State #004, State 14 C #010, State 647 AC 731 #206 & State E 1288 #081 showing that these wells have been put back on production.

OCD is awaiting the filing of Quantum's C-115's for the current month so that these wells will no longer appear on the inactive well list for purposes of Rule 19.15.5.9 NMAC.

Quantum has rebutted the presumption created by Rule 19.15.5.9 as to the wells.

Although these wells still appear on the inactive well list, the OCD should not consider them as out of compliance with 19.15.25.8 NMAC or include them in calculating Quantum's compliance with Rule 19.15.5.9 until the approved extension expires.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", with a stylized flourish extending from the bottom right.

Daniel Sanchez
OCD Compliance and Enforcement Manager

Ec: Scott Dawson, OCD Deputy Director
Maxey Brown, OCD District 1 Supervisor
Randy Dade, OCD District 2 Supervisor
Charlie Perrin, OCD District 3 Supervisor
Keith Herrmann, Assistant General Counsel
Theresa Duran-Saenz, OFS