

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720  
**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-101  
August 1, 2011  
Permit 137007

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1. Operator Name and Address QUANTUM RESOURCES MANAGEMENT, LLC 1401 McKinney St Houston, TX 77010		2. OGRID Number 243874
		3. API Number 30-025-40299
4. Property Code 307932	5. Property Name ENCORE M STATE	6. Well No. 005

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	19	22S	37E	A	639	N	531	E	LEA

**8. Pool Information**

BLINEBRY OIL AND GAS (OIL)	6660
DRINKARD	19190

**Additional Well Information**

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3411
14. Multiple Y	15. Proposed Depth 6900	16. Formation Drinkard	17. Contractor	18. Spud Date 10/20/2011
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

**19. Proposed Casing and Cement Program**

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	1175	1025	0
Int1	11	8.625	32	4000	1105	0
Prod	7.875	5.5	17	6900	460	3800

**Casing/Cement Program: Additional Comments**

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**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1500	
DoubleRam	3000	2500	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Scott Crump Title: Manager E&P Services Email Address: scrump@qracq.com Date: 9/20/2011      Phone: 713-452-2966	<b>OIL CONSERVATION DIVISION</b>	
	Approved By: Paul Kautz	
	Title: Geologist	
	Approved Date: 9/20/2011	Expiration Date: 9/20/2013
	Conditions of Approval Attached	

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**Santa Fe, NM 87505**

Form C-102  
August 1, 2011  
Permit 137007

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-40299	2. Pool Code 6660	3. Pool Name BLINEBRY OIL AND GAS (OIL)
4. Property Code 307932	5. Property Name ENCORE M STATE	6. Well No. 005
7. OGRID No. 243874	8. Operator Name QUANTUM RESOURCES MANAGEMENT, LLC	9. Elevation 3411

**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	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**

<table border="1" style="width: 100%; border-collapse: collapse; height: 150px;"> <tr> <td style="width: 25%; height: 40px;"></td> <td style="width: 25%; height: 40px;"></td> <td style="width: 25%; height: 40px;"></td> <td style="width: 25%; height: 40px; background-color: #cccccc; text-align: center;">■</td> </tr> <tr> <td style="height: 40px;"></td> <td style="height: 40px;"></td> <td style="height: 40px;"></td> <td style="height: 40px;"></td> </tr> <tr> <td style="height: 40px;"></td> <td style="height: 40px;"></td> <td style="height: 40px;"></td> <td style="height: 40px;"></td> </tr> <tr> <td style="height: 40px;"></td> <td style="height: 40px;"></td> <td style="height: 40px;"></td> <td style="height: 40px;"></td> </tr> </table>				■													<p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></p> <p><i>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(s) 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.</i></p> <p>E-Signed By: Scott Crump Title: Manager E&amp;P Services Date: 9/20/2011</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></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>Surveyed By: Michael Stanford Date of Survey: 8/16/2011 Certificate Number: 10324</p>
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Form C-102  
August 1, 2011  
Permit 137007

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-40299	2. Pool Code 19190	3. Pool Name DRINKARD
4. Property Code 307932	5. Property Name ENCORE M STATE	6. Well No. 005
7. OGRID No. 243874	8. Operator Name QUANTUM RESOURCES MANAGEMENT, LLC	9. Elevation 3411

**10. Surface Location**

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## Permit Comments

Operator: QUANTUM RESOURCES MANAGEMENT, LLC , 243874

Well: ENCORE M STATE #005

API: 30-025-40299

Created By	Comment	Comment Date
DMULL	On 09/07/11 OCD has denied your intent to drill this well, because Quantum is out of compliance with the Financial Assurance. Take care of the Financial Assurance and then you can re-submit intent to drill.	9/8/2011
pkautz	Land S/S	9/20/2011

# Permit Conditions of Approval

Operator: QUANTUM RESOURCES MANAGEMENT, LLC , 243874

Well: ENCORE M STATE #005

API: 30-025-40299

OCD Reviewer	Condition
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string