

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-103
August 1, 2011

Permit 148164

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| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVIOR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | | WELL API NUMBER 30-025-40399 |
| 1. Type of Well: O | | 5. Indicate Type of Lease S |
| 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>B</u> : <u>749</u> feet from the <u>N</u> line and <u>1610</u> feet from the <u>E</u> line Section <u>19</u> Township <u>22S</u> Range <u>37E</u> NMPM Lea County | | 8. Well Number 007 |
| 11. Elevation (Show whether DR, KB, BT, GR, etc.) 3143 GR. | | 9. OGRID Number 243874 |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> Pit Type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____ | | 10. Pool name or Wildcat |

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 OF PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> Other: _____ | | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTER CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> Other: Drilling/Cement <input checked="" 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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.
 See Attached daily drilling summary and WBD.
 See Attached
 3/11/2012 Spudded well.

Casing and Cement Program

| Date | String | Fluid Type | Hole Size | Csg Size | Weight lb/ft | Grade | Est TOC | Dpth Set | Sacks | Yield | Class | 1" Dpth | Pres Held | Pres Drop | Open Hole |
|------|--------|------------|-----------|----------|--------------|-------|---------|----------|-------|-------|-------|---------|-----------|-----------|-----------|
| | Surf | | 17.5 | 13.375 | 54.5 | J-55 | 0 | 1190 | 800 | | C | | | | |
| | Int1 | | 11 | 8.625 | 32 | J-55 | 0 | 4029 | 960 | | C | | | | N |
| | Prod | | 7.875 | 5.5 | 17 | L-80 | 1350 | 6888 | 450 | | C | | | | |

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Electronically Signed TITLE Regulatory Supervisor DATE 5/2/2012
 Type or print name Yolanda Perez E-mail address yperez@qracq.com Telephone No. 713-634-4696

For State Use Only:

APPROVED BY: Paul Kautz TITLE Geologist DATE 5/3/2012 1:09:26 PM

Encore M State Well No. 007
API No. 30-025-40399
Daily Drilling Summary

3/11/12

RU, WO NEW PUMP, CGHG LINERS, WO ELEC. Move & STRAP BHA, PU BIT & MOTOR

3/12/12

DRLG AHEAD @ 730'

3/13/12

DRLG TO SURFACE CSG TD 1107'

3/14/14

DRLG TO TD 1194' CIRC. TOOH

3/15/12

RAN 13-3/8" CSG & LANDED AT 1190' & CMT'D

3/16/12

TEST PIPE RAMS & BLIND RAMS, 250# LOW 2500# HIGH, GOOD TEST

3/17/12

DRLG AHEAD @ 2206'

3/18/12

DRLG AHEAD @ 2966'

3/19/12

DRLG AHEAD @ 3735'

3/20/12

DRLG AHEAD @4030'. RU CSG CREW

3/21/12

RAN 8-5/8" CSG & LANDED AT 4029' & CMT'D

3/22/12

TAG CMT @3960'. DRLG AHEAD @4170'

3/23/12

DRLG AHEAD @4558'

3/24/12

DRILL AHEAD @ 4787'

3/25/12

DRILL AHEAD @ 5371'

3/26/12

DRILL AHEAD @ 5961'

3/27/12

DRILL AHEAD @ 6890'

3/28/12

PU LOGGING TOOLS GIH, RAN COMP. DENSIOLOG, COMP NETURON, GAMMARAY, INDUCTION & CALIPER LOG

3/29/12

RAN 5-1/2" CSG, LANDED AT 6888' & CMT'D. RELEASE RIG