

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 169457

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 NUMBER 30-025-40721
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>J</u> : <u>2340</u> feet from the <u>S</u> line and <u>1650</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 008
11. Elevation (Show whether DR, KB, BT, GR, etc.) 3408 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 _____		

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.

06/05/13-MIRU Felderhoff #10
06/07/13-Spud well@1700hrs.
06/07-09/13-Drill 17.5" hole to 1210', Run 13-3/8" csg.
06/09/13-Cement Surf. Csg., WOC@0900hrs-06/10/13@1300hrs (28hrs.)
06/10/13-Drill 11" hole 1210'-4020'. Run 8-5/8" csg.
06/14/13-Cement Int. Csg., WOC@0230hrs-06/15/13@0230hrs (24hrs.)
06/15-19/13-Drill 7-7/8" hole 4020'-6940'.
06/19/13-Run & cement 5-1/2" csg@6936'.
06/20/13-Released rig@1400hrs.
(*Drilling Inclination Report Attached*)

See Attached
6/7/2013 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
08/09/13	Surf	FreshWater	17.5	13.375	54.5	J-55	0	1200	660	1.9	C		1000	0	Y
08/09/13	Surf	FreshWater	17.5	13.375	54.5	J-55		1200	250	1.65	C		1000	0	Y
08/14/13	Int1	Mud	11	8.625	32	J-55	400	4017	575	11.9	C		1500	0	Y
08/14/13	Int1	Mud	11	8.625	32	J-55		4017	200	14.8	C		1500	0	Y
08/20/13	Prod	Mud	7.875	5.5	20	L-80	3800	6936	100	11.8	H		1800		Y
08/20/13	Prod	Mud	7.875	5.5	20	L-80		6936	625	14.2	H		1800		Y

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 7/9/2013
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 7/9/2013 3:58:22 PM

**RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION**

Form W-12
(1-1-71)
FOD1296

INCLINATION REPORT (One Copy Must Be Filed With Each Completion Report)		6. RRC District
1. FIELD NAME (as per RRC Records or Wildcat)	2. LEASE NAME Encore M State	7. RRC Lease Number. (Oil completions only)
3. OPERATOR Quantum Resources Management, LLC		8. Well Number 008
4. ADDRESS 1401 McKinney St. Suite 2400, Houston, TX 77010		9. RRC Identification Number (Gas completions only)
5. LOCATION (Section, Block, and Survey) Sec. 19, T-22-S, R-37-E		10. County Lea Co., NM

RECORD OF INCLINATION

*11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle x100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
235		1			
720		.75			
1210		.5			
1617		.25			
2120		1			
2630		2			
2720		2.25			
2800		2.25			
2970		2			
3127		1.25			
3470		1			
4128		1.25			
4314		1			
4898		1			
5316		1			

If additional space is needed, use the reverse side of this form.

17. Is any information shown on the reverse side of this form? ☒ yes ☐ no
18. Accumulative total displacement of well bore at total depth of 6940 feet = _____ feet.
- *19. Inclination measurements were made in - ☐ Tubing ☐ Casing ☐ Open hole ☒ Drill Pipe
20. Distance from surface location of well to the nearest lease line _____ feet.
21. Minimum distance to lease line as prescribed by field rules _____ feet.
22. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? No

(If the answer to the above question is "yes," attach written explanation of the circumstances.)

<p>INCLINATION DATA CERTIFICATION</p> <p>I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on both sides of this form and that such data and facts are true, correct, and complete to the best of my knowledge. This certification covers all data as indicated by asterisks (*) by the item numbers on this form.</p> <p> _____ Signature of Authorized Representative Danny Crow v.p. of operations Name of Person and Title (type or print) Elderhoff Drilling Name of Company Telephone: <u>940-668-8344</u> Area Code</p>	<p>OPERATOR CERTIFICATION</p> <p>I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (*) by the item numbers on this form.</p> <p> _____ Signature of Authorized Representative Celeste G. Dale, Sr. Regulatory Analyst Name of Person and Title (type or print) Quantum Resources Management, LLC Operator Telephone: <u>432-683-1500</u> Area Code</p>
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Railroad Commission Use Only:

Approved By: _____ Title: _____ Date: _____

* Designates items certified by company that conducted the inclination surveys.

RECORD OF INCLINATION (Continued from reverse side)

[illegible]

If additional space is needed, attach separate sheet and check here. ☐

REMARKS:

- INSTRUCTIONS -

An inclination survey made by persons or concerns approved by the Commission shall be filed on a form prescribed by the Commission for each well drilled or deepened with rotary tools or when, as a result of any operation, the course of the well is changed. No inclination survey is required on wells that are drilled and completed as dry holes that are plugged and abandoned. (Inclination surveys are required on re-entry of abandoned wells.) Inclination surveys must be made in accordance with the provisions of Statewide Rule 11.

This report shall be filed in the District Office of the Commission for the district in which the well is drilled, by attaching one copy to each appropriate completion for the well. (except Plugging Report)

The Commission may require the submittal of the original charts, graphs, or discs, resulting from the surveys.