

Order Number

469

API Number

30-025-40091

Operator

Quantum Resources Mgmt

County

Lea

Order Date

7-6-11

Well Name

Encore M state

Number

4

Location

H

UL

19

Sec

22S

T (+Dir)

37E

R (+Dir)

Oil %

50%

Gas %

50%

Pool 1

6660

Blindery Oil + Gas

Pool 2

19190

Drinkard

50%

50%

Pool 3

Pool 4

Comments.

Posted in RBDMs

7-6-2011

Cott

DOWNHOLE COMMINGLE CALCULATIONS:

30-02540091
DHC-HOB 4/69

OPERATOR: Quantum Resources Management

PROPERTY NAME: Encore M State

WNULSTR: 4-H-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 _____	_____ MCF
POOL NO. 4 _____	_____ MCF
POOL TOTALS	<u>249</u> <u>1280</u>

SECTION II:	<u>Oil</u>	<u>Gas</u>
POOL NO. 1 <u>Blinebry Oil + Gas</u>	<u>50%</u>	<u>50%</u>
POOL NO. 2 <u>Drinkard</u>	<u>50% X 249 = 124.50</u>	<u>50%</u>
POOL NO. 3 _____	<u>< 125 ></u>	
POOL NO. 4 _____		

<u>OIL</u>	<u>GAS</u>
SECTION III: <u>50% ÷ 142 = 284</u>	

SECTION IV: <u>50 X 284 = 142</u>	<u>< 142 ></u>
<u>50% X 284 = 142</u>	<u>< 142 ></u>
_____	_____
_____	_____

Submit 1 Copy to Appropriate District Office

District I (575) 393-6161

1625 N. French Dr., Hobbs, NM 88240

District II - (575) 748-1283

811 S. First St., Artesia, NM 88210

District III (505) 334-6178

1000 Rio Brazos Rd., Aztec, NM 87410

District IV - (505) 476-3460

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

State of New Mexico

Energy, Minerals and Natural Resources

Form C-103

October 13, 2009

HOBBS OGD

JUL 05 2010

RECEIVED

PIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-40091

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Encore M State

8. Well Number 004

9. OGRID Number 243874

10. Pool name or Wildcat
Blinebry Oil & Gas (Oil) & Drinkard

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)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

Quantum Resources Management, LLC

3. Address of Operator

1401 McKinney St., Suite 2400 Houston, TX 77010

4. Well Location

Unit Letter H 1962 feet from the North line and 603 feet from the East line

Section 19 Township 22S Range 37E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3403'

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 ☒

OTHER ☐

SUBSEQUENT REPORT OF:

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

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.

The above-mentioned well will be DHC'd in the Blinebry Oil & Gas (Oil) (06660) and Drinkard (19190) pools as allowed by Order R-11363.

Blinebry perfs - 5465-5989 & Drinkard perfs - 6448-6798. It will be a fixed allocation 50% oil & gas per pool.

Commingling the above-mentioned pools will not reduce the total remaining production value.

All working, royalty and overriding royalty interests are identical in both commingled zones.

A copy of this C-103 has been sent to the State Land Office.

Spud Date: 04/16/2011

Rig Release Date: 04/28/2011

DHC-HOB-469

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

SIGNATURE Yolanda Perez TITLE Regulatory Supervisor DATE 06/14/11

Type or print name Yolanda Perez E-mail address: yperez@gracq.com PHONE: 713-634-4694

For State Use Only

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

Conditions of Approval (if any).

DISTRICT I
1026 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W Grand Avenue, 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 Department

Form C-102
Revised July 16, 2010
Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40091	Pool Code 06660/19190	Pool Name Blinebry Oil & Gas (Oil) & Drinkard
Property Code 307932	Property Name Encore M STATE 19	Well Number 4
OGRID No. 243874	Operator Name QUANTUM RESOURCES MANAGEMENT, LLC	Elevation 3403'

Surface Location

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	19	22 S	37 E		1962	NORTH	603	EAST	LEA

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
Dedicated Acres 40	Joint or Infill	Consolidation Code	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

<p>LOT 1</p> <p>LOT 2</p> <p>LOT 3</p> <p>LOT 4</p>	<p>SURFACE LOCATION Lot - N 32°22'45.13" Long - W 103°11'44.08" NMSPCE- N 503553.113 E 892580.596 (NAD-83)</p>				<p>1962'</p> <p>603'</p>
	<p>OPERATOR CERTIFICATION 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><i>Yolanda Perez</i> 7/5/11 Signature Date Yolanda Perez Printed Name yperez@qracq.com Email Address</p>				
	<p>SURVEYOR CERTIFICATION 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><i>Gary L. Jones</i> 7/5/11 Date Signature & Seal of Professional Surveyor</p>				
	<p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 24194</p>				