

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**John Bemis**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Jami Bailey**  
Division Director  
Oil Conservation Division



September 10, 2012

Quantum Resources Management, LLC  
Attn: Ms. Yolanda Perez

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

**Administrative Order NSL-6675**  
**Administrative Application Reference No. pDKB12-24257638**

**Quantum Resources Management, LLC**  
OGRID 243874  
**Encore M State Well No. 9**  
**API No. 30-025**

**Proposed Location:**

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
468 FNL & 300 FWL	D	20	22S	37E	Lea

**Proposed Unit:**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
NW/4 NW/4 of Section 20	40	Blinebry Oil & Gas (Oil)	6660
		Drinkard	19190
		Wantz; Abo	62700

Reference is made to your application received on August 29, 2012.

You have requested to drill or re-complete this well at an unorthodox oil well location described above, in the referenced pool or formation. This location is governed, as to the Blinebry, by the Special Rules and Regulations for the Blinebry Oil and Gas Pool, and as to the Drinkard and Abo, by statewide Rule 15.9.A [19.15.15.9.A NMAC]. All applicable rules provide for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from a unit boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location to avoid interference with existing surface installations.

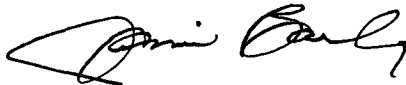
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is stylized with a large, sweeping initial "J" and a cursive "Bailey".

Jami Bailey  
Director

JB/db

cc: New Mexico Oil Conservation Division – Hobbs  
New Mexico State Land Office