

HOBBS OCD

MAY 03 2012

RECEIVED

Order Number	API Number	Operator	County			
DHC-493	30-025-410399	Quantum Resources Mgmt	Lea			
Order Date	Well Name	Number	Location			
5-3-2012	Encore m State	7	B UL	19 Sec	225 T (+Dir)	37E R (+Dir)
		Oil %	Gas %			
Pool 1	10660 Blinberry D+G	33%	33%			
Pool 2	19190 Drinkard	33%	33%			
Pool 3	62700 Wantz-Abo	33%	33%			
Pool 4						

Comments: Posted in RBOMS 5-3-2012 C&M

MAY 08 2012

30-025-40399  
DHC-HOB-493

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Quantum Resources Management

PROPERTY NAME: Encore m. State

WNULSTR: 7-B-19-225-37E

SECTION I:	ALLOWABLE AMOUNT
POOL NO. 1 <u>Blinebry O+G</u>	<u>107</u> <u>428</u> MCF
POOL NO. 2 <u>Drinkard</u>	<u>142</u> <u>852</u> MCF
POOL NO. 3 <u>Wantz Abo</u>	<u>187</u> <u>1122</u> MCF
POOL NO. 4 _____	_____ MCF
POOL TOTALS <u>436</u> <u>2402</u>	

SECTION II:	<u>Oil</u>	<u>Gas</u>
POOL NO. 1 <u>Blinebry O+G</u>	<u>33%</u>	<u>33%</u>
POOL NO. 2 <u>Drinkard</u>	<u>33%</u>	<u>33%</u>
POOL NO. 3 <u>Wantz - Abo</u>	<u>33% x 436 = 143.88</u>	<u>33%</u>
POOL NO. 4 _____	<u>&lt;144&gt;</u>	

<u>OIL</u>	<u>GAS</u>
SECTION III:	
<u>33% x 187 = 566.66</u>	<u>&lt;567&gt;</u>

SECTION IV:	
<u>33% x 567 = 187.11</u>	<u>&lt;187&gt;</u>
<u>33% x 567 = 187.11</u>	<u>&lt;187&gt;</u>
<u>33% x 567 = 187.11</u>	<u>&lt;187&gt;</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

HOBBS OGD

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
October 13, 2009

MAY 03 2012

OIL CONSERVATION DIVISION

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

WELL API NO.  
30-025-40399

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 007

9. OGRID Number 243874

10. Pool name or Wildcat  
Blinbry Oil & Gas (Oil) & Drinkard & Wantz. Abo

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 B 749 feet from the North line and 1610 feet from the East line  
Section 19 Township 22S Range 37E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3143'

## 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 Blinbry Oil & Gas (Oil) (06660), Drinkard (19190), and Wantz;Abo (62700) pools as allowed by Order R-11363.

Blinbry perfs - 5490-5842' & Drinkard perfs - 6484-6713' & Abo perfs - 6784-6828'. It will be a fixed allocation 33 1/3% 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 the three commingled zones.

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

Spud Date:

3/11/12

Rig Release Date:

3/29/12

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 5/2/12

Type or print name Yolanda Perez E-mail address: yperez@qracq.com PHONE: 713-634-4696

For State Use Only

APPROVED BY: [Signature] TITLE REGULATORY SUPERVISOR DATE MAY 03 2012

Conditions of Approval (if any):

MAY 03 2012

HOBBS OGD

MAY 03 2012

District I  
1825 N French Dr., Hobbs NM 88240  
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1220 S. St. Francis Dr., Santa Fe, NM 87505

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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-40399	<sup>2</sup> Pool Code 62700	<sup>3</sup> Pool Name Wantz; Abo
<sup>4</sup> Property Code 307932	<sup>5</sup> Property Name Encore M State	<sup>6</sup> Well Number 007
<sup>7</sup> OGRD No. 243874	<sup>8</sup> Operator Name Quantum Resources Management, LLC	<sup>9</sup> Elevation 3413'

<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	19	22 S	37 E		749	North	1610	East	Lea

<sup>11</sup>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
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

	<sup>16</sup> 	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Yolanda Perez Printed Name Regulatory Supervisor yperez@qracq.com Title and E-mail Address 02/03/2012 Date
		<sup>18</sup> 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. 9-15-2011 Date of Survey  Signature and Seal of Professional Surveyor  10324 Certificate Number

6.5 Miles SW of Eunice, New Mexico.

File No. A-6050

MAY 03 2012

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1825 N. French Dr., Hobbs NM 88240  
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1220 S St. Francis Dr., Santa Fe, NM 87506

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Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

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☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-40399	<sup>2</sup> Pool Code 19190	<sup>3</sup> Pool Name Drinkard
<sup>4</sup> Property Code 307932	<sup>5</sup> Property Name Encore M State	
<sup>7</sup> OGRID No. 243874	<sup>6</sup> Operator Name Quantum Resources Management, LLC	<sup>8</sup> Well Number 007
		<sup>9</sup> Elevation 3413'

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	Elev. 3413' NAD 83 NM East N= 504755 E= 891560 NAD 83 Lat. = 32° 22' 57.13" Long.= 103° 11' 55.81"	<sup>16</sup>	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Yolanda Perez Printed Name Regulatory Supervisor yperez@gracq.com Title and E-mail Address 02/03/2012 Date
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State of New Mexico  
Energy, Minerals & Natural Resources Department

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

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☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-40399	<sup>2</sup> Pool Code 6660	<sup>3</sup> Pool Name Blinebry Oil and Gas (Oil)
<sup>4</sup> Property Code 307932	<sup>5</sup> Property Name Encore M State	<sup>6</sup> Well Number 007
<sup>7</sup> OGRIID No 243874	<sup>8</sup> Operator Name Quantum Resources Management, LLC	<sup>9</sup> Elevation 3413'

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