

Order Number

DHC-H08  
518

API Number

30-025-41061

Operator

Quantum Resources Manm

County

Lea

Order Date

6-26-13

Well Name

Encore M State

Number

10

Location

M

UL

17

Sec

22S

T (+Dir)

37E

R (+Dir)

Oil %

50%

Gas %

50%

Pool 1

19190

Drinkard

Pool 2

62700

Wantz Abo

Pool 3

Pool 4

Comments:

Posted in RBOMS 06-26-2013 CHM

DHC-HOB-518  
30-02541061

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Quantum Resources Management

PROPERTY NAME: Encore M State #10

WNULSTR: M-17-225-37E

SECTION I:		ALLOWABLE AMOUNT	
POOL NO. 1	<u>Drinkard</u>	<u>142</u>	<u>852</u> MCF
POOL NO. 2	<u>Wantz Abo</u>	<u>187</u>	<u>1122</u> MCF
POOL NO. 3	_____	_____	_____ MCF
POOL NO. 4	_____	_____	_____ MCF
		POOL TOTALS	<u>329</u> <u>1974</u>

SECTION II:		<u>Oil</u>	<u>Gas</u>
POOL NO. 1	<u>Drinkard</u>	<u>50%</u>	<u>50%</u>
POOL NO. 2	<u>Wantz Abo</u>	$50\% \times 329 = 164.5$	<u>50%</u>
POOL NO. 3	_____	<u>&lt;165&gt;</u>	
POOL NO. 4	_____		

	<u>OIL</u>	<u>GAS</u>
SECTION III:	$50\% \div 187 = 374$	_____
SECTION IV:	$50\% \times 374 = 187$	<u>&lt;187&gt;</u>
	$50\% \times 374 = 187$	<u>&lt;187&gt;</u>
	_____	_____
	_____	_____

Submit 1 Copy To Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources

Form C-103 Revised August 1, 2011

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

HOBBBS OGD JUN 25 2013

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

WELL API NO. 30-025-41061
5. Indicate Type of Lease STATE [X] FEE [ ]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Encore M State
8. Well Number 010
9. OGRID Number 243874
10. Pool name or Wildcat 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 [X] 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 M : 770 feet from the South line and 770 feet from the West line Section 17 Township 22-S Range 37-E NMPM County Lea
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3396' GR

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 [X]
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.

Quantum Resources Management, LLC requests authority to Downhole Commingle production pursuant to Rule 303C(4)(b).

- (i) Ref. Division Order No. R-11363
(ii) Drinkard (#19190) & Wantz; Abo (#62700)
(iii) Drinkard Perfs: 6490'-6648', Abo Perfs: 6710'-6757'
(iv) Allocation Method: Identical for each Pool; 50% Oil, 50% Gas, 50% Water
(v) Commingling production from each of these pools will not reduce the value of the total remaining production
(vi) All Working, Royalty, and Overriding Royalty Interests are identical between the two commingled zones
(vii) A copy of this Form C-103 has been sent to the Commissioner of Public Lands for the State of New Mexico

Spud Date: 05/17/13 Rig Release Date: 06/04/13

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

SIGNATURE Celeste G. Dale TITLE Sr. Regulatory Analyst DATE 06/24/13

Type or print name Celeste G. Dale E-mail address: cdale@qraccq.com PHONE: 432-683-1500

For State Use Only APPROVED BY: [Signature] TITLE Petroleum Engineer DATE JUN 26 2013

JUN 26 2013

District I  
1625 N. French Dr., Hobbs NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 86210  
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 & 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 30-025-41061		<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>6</sup> Well Number 10
<sup>7</sup> OGRID No. 243874		<sup>8</sup> Operator Name Quantum Resources Management, LLC			<sup>9</sup> Elevation 3396'

<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
M	17	22 S	37 E		770	South	770	West	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 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. DHC-HOB-518
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNITL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>ENCORE M STATE No. 10 Elev. 3396' NAD 83 NM East N= 506296 E= 893921 NAD 83 Lat. = 32° 23' 12.13" Long.= 103° 11' 28.09"</p>	16	<p><sup>17</sup>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Celeste G. Dale</i> Signature</p> <p>Celeste G. Dale Printed Name Sr. Regulatory Analyst cdale@gracq.com Title and E-mail Address</p> <p>06/26/13 Date</p>
		<p><sup>18</sup>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>03-09-2013 Date of Survey</p> <p><i>Michael L. Stanford</i> Signature and Seal of Professional Surveyor</p> <p>10324 Certificate Number</p>

District I  
1825 N. French Dr., Hobbs NM 88240  
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Revised June 10, 2003  
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AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-41061		<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 10
<sup>7</sup> GRID No. 243874		<sup>8</sup> Operator Name Quantum Resources Management, LLC			<sup>9</sup> Elevation 3396'

<sup>10</sup>Surface Location

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