

Order Number

DHC
HOB-526

API Number

30-025-41530

Operator

Quantum Resources Mont LLC

County

Lea

Order Date

4/3/2014

Well Name

Encore M State

Number

12

Location

K

UL

20

Sec

22S

T (+Dir)

37E

R (+Dir)

Oil %

33%

Gas %

33%

Pool 1

06660

Blinberry DAG (OIL)

Pool 2

19190

Drinkard

Pool 3

62700

Wantz Abd

Pool 4

Comments:

Posted RBDMs 4/3/2014 dm

APR 14 2014

DOWNHOLE COMMINGLE CALCULATIONS:

DHC-HOB-526

API # 30-025-41530

OPERATOR: Quantum Res. Mgmt LLC

PROPERTY NAME: Encore M State

WNULSTR: # 12-K-20-225-37e

SECTION I:		ALLOWABLE AMOUNT
POOL NO. 1	<u>Blinberry D&G (017)</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 Abd</u>	<u>187</u> <u>1522</u> MCF
POOL NO. 4		
POOL TOTALS		<u>436</u> <u>2402</u> MCF

SECTION II:		<u>0.1</u>	
POOL NO. 1	<u>Blinberry D&G</u>	<u>33%</u>	
POOL NO. 2	<u>Drinkard</u>	<u>33%</u>	
POOL NO. 3	<u>Wantz Abd</u>	<u>34%</u>	$34\% \times 436 = 148.24$
POOL NO. 4			<u>(148)</u>

GRS
33%
33%
34%

OIL	GAS
SECTION III:	
<u>34 % $\div$ 187 = 550</u>	

SECTION IV:	
<u>33 % $\times$ 550 = 181.5 (182)</u>	
<u>33 % $\times$ 550 = 181.5 (182)</u>	
<u>34 % $\times$ 550 = 187</u>	

APR 02 2014

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

Form C-103
 Revised August 1, 2011

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 NO. 30-025-41530
1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐		5. Indicate Type of Lease STATE ☒ FEE ☐
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 K : 2264 feet from the South line and 1702 feet from the West line Section 20 Township 22-S Range 37-E NMPM County Lea		8. Well Number 012
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3384' GR		9. OGRID Number 243874
		10. Pool name or Wildcat Blinebry Oil & Gas (Oil)/Drinkard/Wantz; Abo

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 ☒

SUBSEQUENT REPORT OF:

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

OTHER: ☐

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) Blinebry Oil & Gas (Oil) (#6660)/Drinkard (#19190) & Wantz; Abo (#62700)

(iii) Blinebry Perfs: 5808-5970', Drinkard Perfs: 6444'-6624', Abo Perfs: 6672'-6724'

(iv) Allocation Method: Identical for each Pool; 1/3 Oil, 1/3 Gas, 1/3 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 3 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:

01/29/14

Rig Release Date:

02/12/14

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 03/27/14

Type or print name Celeste G. Dale

E-mail address: cdale@gracq.com

PHONE: 432-683-1500

For State Use Only

APPROVED BY:

[Signature]

TITLE

Petroleum Engineer

DATE

04/11/14

Conditions of Approval (if any):

DHC- HOB- 526

APR 14 2014

HOBBS OGD

APR 02 2014

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District I

1625 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 & 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

¹ API Number 30-025-41530	² Well Code 6660	³ Well Name Blinebry Oil & Gas (Oil)
⁴ Property Code 307932	⁵ Property Name Encore M State	⁶ Well Number 012
⁷ OGRI# No. 243874	⁸ Operator Name Quantum Resources Management, LLC	⁹ Elevation 3384'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
K	20	22 S	37 E		2264	South	1702	West	Lea

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. DHC-HOB-526
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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

	¹⁶ ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Celeste G. Dale</i> Signature Celeste G. Dale Printed Name Sr. Regulatory Analyst, cdale@gracq.com Title and E-mail Address 03/26/14 Date
	¹⁸ 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. 11-15-2013 Date of Survey <i>Michael L. Stanford</i> Signature and Seal of Professional Land Surveyor 10324 Certificate Number
	M STATE 12 Elev. 3384' NAD 83 NM East N= 502523 E= 894897 NAD 83 Lat. = 32° 22' 34.69" Long. = 103° 11' 17.18"

4.6 Miles SW of Eunice, New Mexico.

File No. A-8433

APR 02 2014

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Form C-102

District I
1625 N. French Dr., Hobbs NM 88240
District D
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 & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

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

¹ API Number 30-025-41530	² Pool Code 19190	³ Pool Name Drinkard
⁴ Property Code 307932	⁵ Property Name Encore M State	⁶ Well Number 012
⁷ OGAID No 243874	⁸ Operator Name Quantum Resources Management, LLC	⁹ Elevation 3384'

¹⁰Surface Location

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K	20	22 S	37 E		2264	South	1702	West	Lea

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M STATE 12 Elev. 3384' NAD 83 NM East N= 502523 E= 894897 NAD 83 Lat. = 32° 22' 34.69" Long. = 103° 11' 17.18" 377' To Lease Line 1702' 383' To Lease Line 2264'	¹⁶OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Celeste G. Dale</i> Signature Celeste G. Dale Printed Name Sr. Regulatory Analyst, cdale@qracc.com Title and E-mail Address 03/26/14 Date ¹⁸SURVEYOR 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. 11-15-2013 Date of Survey Signature and Seal of Surveyor 10324 Certificate Number

4.6 Miles SW of Eunice, New Mexico.

File No. A-8433

APR 02 2014

RECEIVED

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

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1025 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 87506

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-41530	² Well Code 62700	³ Well Name Wantz, Abo
⁴ Property Code 307932	⁵ Property Name Encore M State	⁶ Well Number 012
⁷ OGRIU No 243874	⁸ Operator Name Quantum Resources Management, LLC	⁹ Elevation 3384'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
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	REGISTERED PROFESSIONAL LAND SURVEYORS NEW MEXICO 10324

4.6 Miles SW of Eunice, New Mexico.

File No. A-8433