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

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

Form C-103
August 1, 2011

WELL API NO.
30-015-02541

5. Indicate Type of Lease
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

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.)

7. Lease Name or Unit Agreement Name
Artesia Unit

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

8. Well Number **46**

2. Name of Operator
Quantum Resources Management, LLC

9. OGRID Number
184860

3. Address of Operator
1401 McKinney, Ste. 2400, Houston, TX 77010

10. Pool name or Wildcat
Artesia, Queen-Grayburg-San Andres

4. Well Location
Unit Letter **F** : **2310** feet from the **North** line and **2267** feet from the **West** line
Section **3** Township **18-S** Range **28-E** NMPM County **Eddy Co, NM**

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
3602

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☒	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
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.

1. **MIRU plugging equipment. ND wellhead and NU BOP. Release packer and POH w/ tbg.**
2. **RIH w/ 5 1/2 CIBP and set @ 1900'. Circulate hole w/ mud laden fluid. spot 25 x cement on top of CIBP.**
3. **Perf 5 1/2 csg & Sqz. 100 sx @ 580 and displace to 480'. WOC and Tag. (Shoe and salt)**
4. **Perf 5 1/2 csg & Sqz 45 sx @ 60' and circualte to surface.**
5. **Cut off wellhead and weld on Dry Hole Marker.**

***Closed Loop system will be used.**

RECEIVED
JUL 23 2013
NMOCD ARTESIA

CONDITIONS OF APPROVAL ATTACHED

Spud Date: ~~06/10/13~~ As-P

Rig Release Date:

Approval Granted providing work is Completed by July 23 - 2014

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

SIGNATURE Ben Montgomery TITLE Agent DATE 7-23-13

Type or print name Ben Montgomery E-mail address: Ben@bcmanagementassociates.com PHONE: 432-580-7161

For State Use Only

APPROVED BY: [signature] TITLE Dist II Supervisor DATE July 25, 2013

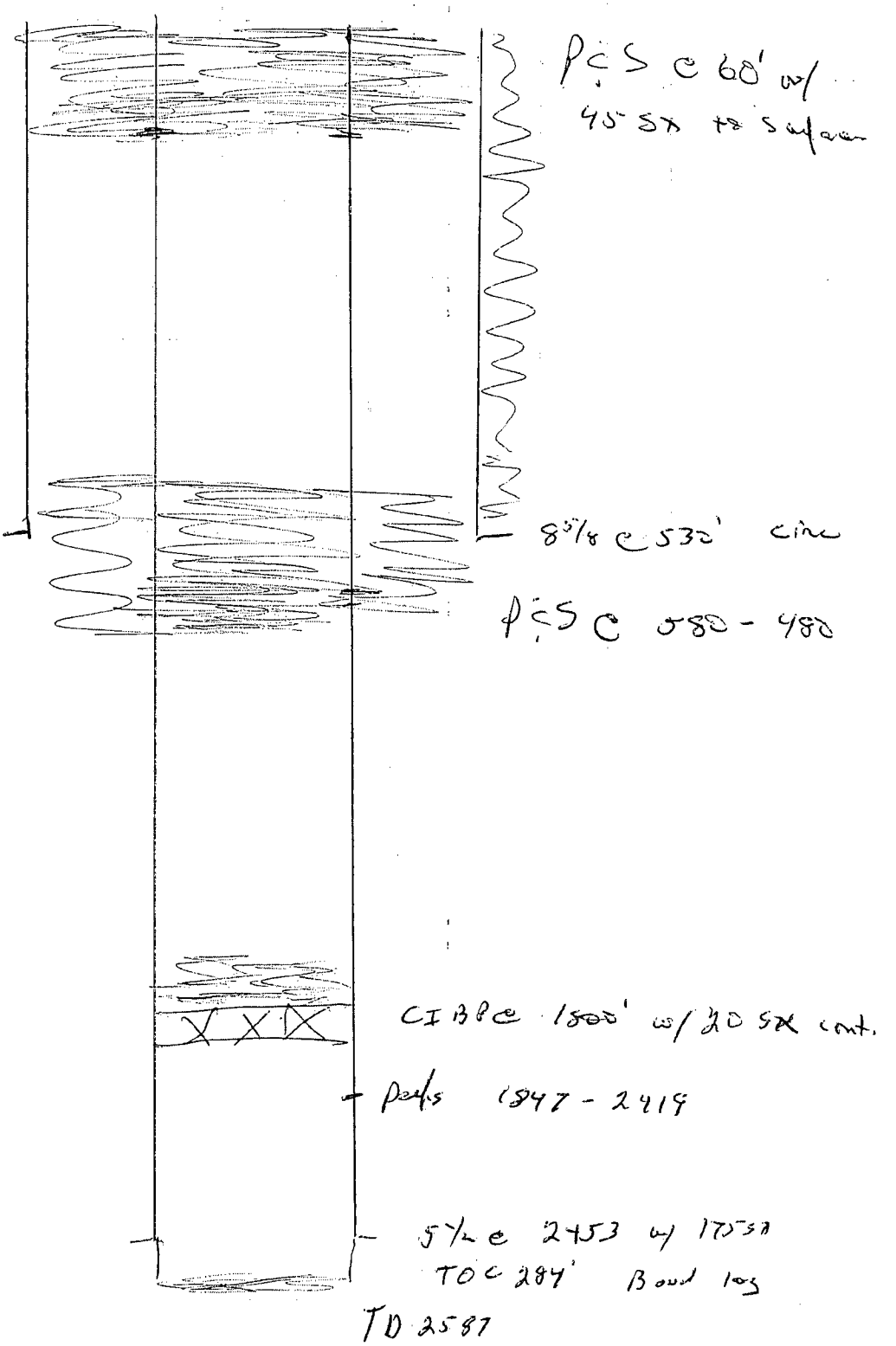
Conditions of Approval (if any):

★ SEE Attached COA's

Quanton

Artesia Unit #46

30-015-02541



Quantum Resources Management, LLC

Artesia Unit 46

Unit F Sec. 3, T-18S, R-28E

Eddy Co., NM

API #: 30-015-02541

Equipment & Design:

Quantum Resources Management LLC will use a closed loop system in the plug and abandonment of this well. The following equipment will be on location:

(1) 250 bbl steel reverse tank

Operations & Maintenance:

During each day of operation, the rig's crew will inspect and closely monitor the fluids contained within the steel tank and visually monitor any release that may occur. Should a release, spill or leak occur, the NMOCD District 1 office Hobbs (575-393-6161) will be notified, as required in NMOCD's rule 19.15.29.8.

Closure:

After plugging operations, fluids and solids will be hauled and disposed at Gandy-Marley Disposal's location, permit number NM 01-0019. Secondary site will be Sundance Disposal, permit number NM 01-0003.

NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
811 S. FIRST STREET
ARTESIA, NM 88210
(575)748-1283

CONDITIONS OF APPROVAL FOR PLUGGING & ABANDONMENT

Operator: Quantum Resources Mgt. LLC

Well Name & Number: Artesia Unit #46

API #: 30-015-02541

1. Produced water **will not** be used during any part of the plugging & abandonment operation.

2. Notify NMOCD Dist. 2 office at least 24 hrs before beginning work.

3. Closed Loop System is to be used for entire plugging operation. Upon completion, contents of steel pit are to be hauled to a permitted disposal location.

4. Trucking companies being used to haul oilfield waste fluids to a disposal – commercial or private – shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator, as well as the contractor, to verify that this permit is place prior to performing work. Drivers shall produce a copy upon request of NMOCD Field Inspectors.

5. A subsequent C-103 will serve as notification that the well bore has been plugged ONLY. A C-103 FINAL shall be filed before any bonding can be released on the well. Upon receipt of the Final, an inspection will be performed to verify that the location has been satisfactorily cleaned to NMOCD standards.

6. If work has not begun within 90 days of the approval of this procedure, an extension request must be filed, stating reason that well has not been plugged.

7. Every attempt must be made to clean the well bore out to below the perfs, before any plugs can be set, by whatever means possible.

8. **Cement Retainers may not be used.**

9. **Squeeze pressures are not to exceed 500 PSI, unless approval is given by NMOCD.**

10. **Plugs may be combined after consulting with and getting approval from NMOCD.**

11. **Minimum WOC time for tag plugs will be 4 Hrs.**

DATE: July 23, 2013

APPROVED BY:

GUIDELINES FOR PLUGGING AND ABANDONMENT

DISTRICT II / ARTESIA

- All cement plugs will be a minimum of 100' in length or a minimum of 25 sacks of cement, whichever is greater.
- Mud laden fluids must be placed between all cement plugs.
- Mud laden fluids must be mixed at 25 sacks of gel per 100 bbls of water.
- A cement plug is required to be set 50' below and 50' above all casing shoes and casing stub plugs. These plugs must be tagged.
- A CIBP with 35' of cement on top may be set in lieu of 100' cement plug.
- A plug as indicated above must be placed within 100' of top perforation. This plug must be tagged.
- Plugs set below and above salt zones must be tagged.
- No more than 2000' is to be allowed between cement plugs in open hole and no more than 3000' in cased hole.
- DV tools are required to have a 100' cement plug set 50' above and below the tool and must be tagged.

- Formations to be isolated with plugs placed at the top of each formation are:
  - Fusselman
  - Devonian
  - Morrow
  - Wolfcamp
  - Bone Spring
  - Delaware
  - Any Salt Section (Plug at top and bottom)
  - Abo
  - Glorieta
  - Yates (this plus is usually at base of salt section)

- If cement does not exist behind casing strings at recommended formation depths, the casing must be cut and pulled with plugs set at these depths or casing must be perforated and cement squeezed behind casing at the formation depths.
- In the R-111-P area (Potash Mine area) a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts common to the section penetrated and in suitable proportions, but not more than a 3% calcium chloride by weight of cement will be considered the desired mixture whenever possible (50' below and 50' above).