

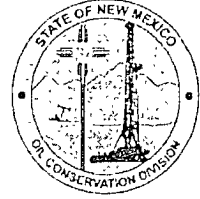
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

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

Jamii Bailey
Division Director
Oil Conservation Division



April 13, 2012

Quantum Resources Management, LLC
Attn: Yolanda Perez
1401 McKinney Street, Suite 2400
Houston, Texas 77010

Email: yperez@qracq.com

Rebuttal of Presumption of Inactivity
Expiring as to Six Wells
on May 1, 2012

Re: Quantum Resources Management, LLC (OGRID #243874)
Wells:

• ARTESIA UNIT #003	30-015-01565
• GUAJALOTE STATE #002	30-015-24930
• ROTARY STATE #005	30-015-01968
• STATE 647 AC 711 #100	30-015-02054
• STATE 647 AC 713 #120	30-015-01878
• STATE 647 AC 713 #122	30-015-02017

Dear Operator

Subsection (F)(2) of Oil Conservation Division (OCD) Rule 19.15.5.9 NMAC provides that the listing of a well on the OCD's inactive well list as a well inactive for more than one year plus 90 days creates a "rebuttable presumption" that the well is out of compliance with OCD Rule 19.15.25.8 NMAC (the inactive well rule).

An operator may rebut that presumption by providing evidence that the well is in compliance with OCD Rule 19.15.25.8 NMAC.

The wells identified above currently appear on the OCD's inactive well list as wells operated by Quantum Resources Management, LLC (Quantum) that have been inactive for more than one year plus 90 days.

Quantum has provided the OCD with documentation indicating that the wells are producing or injecting

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Quantum has satisfactorily rebutted the presumption created by OCD Rule 19.15.5.9.F.2 that the wells identified above are in violation of OCD Rule 19.15.5.9.A.4.d NMAC because the wells have been "active" as defined by OCD rules within the past year plus 90 days.

Although the above-named wells appear on Quantum's inactive well list, the OCD should not consider the wells as out of compliance with OCD Rule 19.15.5.9.A.4.d NMAC or include them in calculating Quantum's compliance with OCD Rule 19.15.5.9 NMAC.

Quantum has indicated that it will have the corrected C-115 reports for the six wells filed by April 30, 2012.

This rebuttable presumption letter shall expire on May 1, 2012.

As stated above, the OCD should not consider the wells identified above as out of compliance with OCD Rule 19.15.5.9.A.4.d NMAC or include them in calculating Quantum's compliance with OCD Rule 19.15.5.9 NMAC. However, until Quantum files C-115 reports for the wells, the wells will remain on the inactive well list.

Quantum should attach a copy of this letter to any applications for a drilling permit, requests for allowable and authorization to transport, change of operator, or injection permits that Quantum might file with the OCD so that the OCD knows that it should not count the wells identified above towards Quantum's compliance with OCD Rule 19.15.5.9 NMAC

Sincerely,



Sonny Swazo
OCD Assistant General Counsel

cc: Daniel Sanchez, OCD Compliance and Enforcement Manager
E L Gonzales, District I
Randy Dade, District II
Charlie Perrin, District III
Ed Martin, District IV
Theresa Duran-Saenz, OCD, Santa Fe
