

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUL 03 2012

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE-** Other instructions on reverse side.1 Type of Well
☐ Oil Well ☐ Gas Well ☒ Other2 Name of Operator
Quantum Resources Management, LLC3a Address
1401 McKinney St., Suite 2400 Houston, TX 770103b Phone No. (include area code)
713-634-46964 Location of Well (Footage, Sec., T., R., M., or Survey Description)
See Attached

5 Lease Serial No.

NMLC030132B

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No

8 Well Name and No.

Closson B Federal Wells- See Attached

9 API Well No

See Attached

10 Field and Pool, or Exploratory Area

11 County or Parish, State

Eddy County

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Change of Operator |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

- 13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

As required by 43 CFR 3100.0-5 (a) and 43 CFR 3162.3, we are notifying you of Change of Operator on the wells listed on the attached document.

Quantum Resources Management, LLC as new operator accepts all applicable terms, conditions, stipulations and restriction concerning operations conducted on this lease or portion of lease described.

Bond Coverage: Statewide Bond - State of New Mexico
BLM Bond File No.: NMB000798

Former Operator: Melrose Operating Co.

Change of Operator Effective Date: January 1, 2011

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVEDJUL 2 2012
/s/ JD Whitlock JrBUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE14 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Yolanda Perez

Title Regulatory Supervisor

Signature

Yolanda Perez

Date

12/15/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

JUL 05 2012

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

Closson B Federal - BLM Lease No. NMLC030132B

| Lease No. | API No. | Well Name | Well No. | Location | State | County |
|-------------|----------------|-------------------|----------|--|-------|--------|
| NMLC030132B | 300250896200S1 | Closson B Federal | 3 ✓ | NWNW; Sec. 20, T22S, R36E; 660 FNL & 330 FWL | NM | Lea |
| NMLC030132B | 300250895800S1 | Closson B Federal | 8 ✓ | NWSW; Sec. 19, T22S, R36E; 660 FNL & 330 FWL | NM | Lea |
| NMLC030132B | 300250895700S1 | Closson B Federal | 9 ✓ | NWSE; Sec. 19, T22S, R36E; 1980 FSL & 1980 FEL | NM | Lea |
| NMLC030132B | 300250909700S1 | Closson B Federal | 10 ✓ | NWSW; Sec. 30, T22S, R36E; 1980 FSL & 611 FWL | NM | Lea |
| NMLC030132B | 300250909800S1 | Closson B Federal | 11 ✓ | SENE; Sec. 30, T22S, R36E; 1980 FNL & 660 FEL | NM | Lea |
| NMLC030132B | 300250909900S1 | Closson B Federal | 12 ✓ | SWSW; Sec. 30, T22S, R36E; 660 FSL & 660 FWL | NM | Lea |
| NMLC030132B | 300250910000S1 | Closson B Federal | 13 ✓ | SWNW; Sec. 30, T22S, R36E; 1980 FNL & 660 FWL | NM | Lea |
| NMLC030132B | 300250895900S1 | Closson B Federal | 14 ✓ | NWNW; Sec. 19, T22S, R36E; 660 FNL & 330 FWL | NM | Lea |
| NMLC030132B | 300250896000S1 | Closson B Federal | 15 ✓ | SWNW; Sec. 19, T22S, R36E; 1980 FNL & 330 FWL | NM | Lea |
| NMLC030132B | 300250895200S1 | Closson B Federal | 16 ✓ | SWSW; Sec. 18, T22S, R36E; 660 FSL & 660 FWL | NM | Lea |
| NMLC030132B | 300250895400S1 | Closson B Federal | 17 ✓ | NWSW; Sec. 18, T22S, R36E; 1980 FSL & 660 FWL | NM | Lea |
| NMLC030132B | 300250896100S1 | Closson B Federal | 18 ✓ | SWSW; Sec. 19, T22S, R36E; 660 FSL & 660 FWL | NM | Lea |
| NMLC030132B | 300252604100S1 | Closson B Federal | 22 ✓ | NWSE; Sec. 30, T22S, R36E; 1980 FSL & 1980 FEL | NM | Lea |
| NMLC030132B | 300252604200S1 | Closson B Federal | 23 ✓ | SESE; Sec. 30, T22S, R36E; 330 FSL & 660 FEL | NM | Lea |
| NMLC030132B | 300252614300S1 | Closson B Federal | 24 ✓ | NESE; Sec. 30, T22S, R36E; 1980 FSL & 660 FEL | NM | Lea |
| NMLC030132B | 300252614400S1 | Closson B Federal | 25 ✓ | SENE; Sec. 30, T22S, R36E; 1980 FNL & 1980 FWL | NM | Lea |
| NMLC030132B | 300252646400S1 | Closson B Federal | 26 ✓ | SWSE; Sec. 19, T22S, R36E; 660 FSL & 1880 FEL | NM | Lea |
| NMLC030132B | 300252735000S1 | Closson B Federal | 30 ✓ | NENE; Sec. 30, T22S, R36E; 660 FNL & 660 FEL | NM | Lea |
| NMLC030132B | 300252974600S1 | Closson B Federal | 34 ✓ | SWNE; Sec. 19, T22S, R36E; 1880 FNL & 1980 FEL | NM | Lea |
| NMLC030132B | 300253507500S1 | Closson B Federal | 36 ✓ | NENW; Sec. 30, T22S, R36E; 330 FNL & 2310 FWL | NM | Lea |
| NMLC030132B | 300253507600S1 | Closson B Federal | 37 ✓ | NESW; Sec. 19, T22S, R36E; 2310 FSL & 2310 FWL | NM | Lea |
| NMLC030132B | 300253520800S1 | Closson B Federal | 39 ✓ | SWNE; Sec. 30, T22S, R36E; 2310 FNL & 2310 FEL | NM | Lea |
| NMLC030132B | 300253538600S1 | Closson B Federal | 40 ✓ | NENW; Sec. 19, T22S, R36E; 660 FNL & 1650 FWL | NM | Lea |
| NMLC030132B | 300252980900S1 | Closson B Federal | 32Y ✓ | NESE; Sec. 19, T22S, R36E; 1980 FSL & 701 FEL | NM | Lea |

PA
Stays
under
Melrose

PA
Stays
under
Melrose

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Conditions of Approval

**Quantum Resources MGMT, LLC
July 2, 2012**

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
 2. Submit for approval of water disposal method.
 3. Submit updated facility diagrams as per Onshore Order #3
 4. This agency shall be notified of any spill or discharge as required by NTL-3A.
 5. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
 6. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
 7. Subject to like approval by NMOCD.
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