

Submit 1 Copy To Appropriate District Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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 and Natural Resources

Form C-103

October 13, 2009

RECEIVED

OIL CONSERVATION DIVISION

APR 06 2010 South St. Francis Dr.

Santa Fe, NM 87505

HOBBS

WELL API NO.

30-025-39751

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
Encore M State

8. Well Number 003

9. OGRID Number

243874

10. Pool name or Wildcat: Blinebry Oil & Gas (Oil); 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 ☐ Gas Well ☒ Other

2. Name of Operator

Quantum Resources Management, LLC

3. Address of Operator

1401 McKinney St., Ste 2400, Houston, TX 77010

4. Well Location

Unit Letter C : 660 feet from the North line and 2140 feet from the West line

Section 19

Township 22S

Range 37E

NMPM

County Lea

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

3421' GL

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 ☒

OTHER: ☐

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.

Per pre-approved pools & area R-11363.

See Attached

Spud Date:

Rig Release Date:

DHC-HOB-452

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

SIGNATURE

Erick A. Rodriguez

TITLE Regulatory Analyst

DATE 4/6/11

Type or print name Erick A. Rodriguez

E-mail address: erodriguez@qracq.com

PHONE: (713) 634-4612

For State Use Only

APPROVED BY:

[Signature]

TITLE

PETROLEUM ENGINEER

DATE

APR 06 2011

Conditions of Approval (if any):

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State of New Mexico
Energy, Minerals and Natural Resources Department
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NOV 15 2010
HOBSUCD
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505
APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107A
Revised June 10, 2003
APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☐ No

Quantum Resources Management, LLC 1401 McKinney St., Ste 2400, Houston, TX 77010
Operator Address

Encore M State 3 C-19-22S-37E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 243874 Property Code 37138 API No. 30-025-39751 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blinebry Oil & Gas (Oil)	Drinkard	Wantz-Abo
Pool Code	06660	19190	62700
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,518 – 5,668	6,355 – 6,746	6,828 – 6,846
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	2200 psig	2520 psig	2640 psig
Oil Gravity or Gas BTU (Degree API or Gas BTU)	Oil – 38 API Gas – 13.42 BTU	Oil – 38 API Gas – 13.42 BTU	Oil – 38 API Gas – 13.42 BTU
Producing, Shut-In or New Zone	New Zone	New Zone	New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Estimated rates based on net pay: 31.82 MCFD 20.64 BOPD 83.85 BWPD	Estimated rates based on net pay: 36.26 MCFD 23.52 BOPD 95.55 BWPD	Estimated rates based on net pay: 5.92 MCFD 3.84 BOPD 15.6 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 43% 43%	Oil Gas 49% 49%	Oil Gas 8% 8%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐
NMOCD Reference Case No. applicable to this well: Case No. 12346

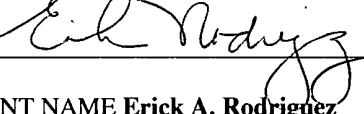
Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.) New completion
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

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

SIGNATURE  TITLE Regulatory Analyst DATE 11/9/10
TYPE OR PRINT NAME Erick A. Rodriguez TELEPHONE NO. (713) 634-4612
E-MAIL ADDRESS erodriguez@qracq.com

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State of New Mexico
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OIL CONSERVATION DIVISION
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Form C-102
Revised July 16, 2010
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39751	² Pool Code 06660	³ Pool Name Blinbry Oil and Gas (Oil)
⁴ Property Code 37138	⁵ Property Name Encore M State	⁶ Well Number 003
⁷ OGRID No. 243874	⁸ Operator Name Quantum Resources Management, LLC	⁹ Elevation 3421

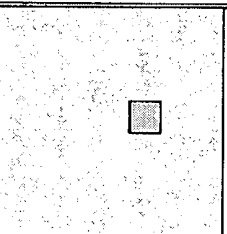
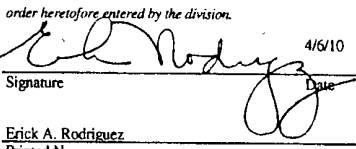
¹⁰ Surface Location

UL or lot no. C	Section 19	Township 22S	Range 37E	Lot Idn	Feet from the 660	North/South line N	Feet from the 2140	East/West line W	County Lea
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¹¹ 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
¹² Dedicated Acres 40.00	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. DHC-HOB-452						

No allowable will be assigned to this completion until 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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature _____ Date 4/6/10 Erick A. Rodriguez Printed Name erodriguez@qracq.com E-mail Address			
	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. 4/13/2010 Date of Survey Signature and Seal of Professional Surveyor: Gary Jones			
	7977 Certificate Number			

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39751	² Pool Code 19190	³ Pool Name Drinkard
⁴ Property Code 37138	⁵ Property Name Encore M State	
⁷ OGRID No. 243874	⁸ Operator Name Quantum Resources Management, LLC	⁶ Well Number 003 ⁹ Elevation 3421


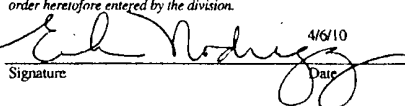
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Revised July 16, 2010

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☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

¹ API Number 30-025-39751	² Pool Code 62700	³ Pool Name Wantz Abo
⁴ Property Code 37138	⁵ Property Name Encore M State	⁶ Well Number 003
⁷ OGRID No. 243874	⁸ Operator Name Quantum Resources Management, LLC	⁹ Elevation 3421


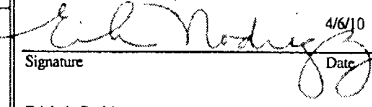
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<div style="text-align: center;">  </div>	¹⁷ OPERATOR CERTIFICATION						
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	<div style="text-align: right;">  </div>						
	<div style="text-align: right;"> <div>4/6/10</div> <div>Date</div> </div>						
<div>Signature</div>				<div>Erick A. Rodriguez</div> <div>Printed Name</div>			
<div>erodriguez@qracq.com</div> <div>E-mail Address</div>				¹⁸ SURVEYOR CERTIFICATION			
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<div>Date of Survey</div>				<div>Signature and Seal of Professional Surveyor:</div>			
<div>Gary Jones</div>				<div>7977</div>			
<div>Certificate Number</div>							