

**District I**

1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6181 Fax:(575) 393-0720

**District II**

811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**

1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**

1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural**  
**Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**  
**Change of Operator**

219025

**Previous Operator Information**

OGRID: 258350  
Name: VANGUARD OPERATING, LLC  
Address: 5847 San Felipe, Suite 3000  
City, State, Zip: Houston, TX 77057

**New Operator Information**

Effective Date: Effective on the date of approval by the OCD  
OGRID: 371115  
Name: ROCKCLIFF OPERATING NEW MEXICO LLC  
Address: 1301 McKinney  
Suite 1300  
City, State, Zip: Houston, TX 77010

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, ROCKCLIFF OPERATING NEW MEXICO LLC certifies that it has read and understands the following applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(i) NMAC.

ROCKCLIFF OPERATING NEW MEXICO LLC understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferor, the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

**NM OIL CONSERVATION**  
ARTESIA DISTRICT

MAR 18 2016

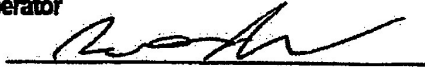
RECEIVED

As the operator of record of wells in New Mexico, ROCKCLIFF OPERATING NEW MEXICO LLC agrees to the following statement:

1. I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for regulatory filings with the OCD. I have familiarized myself with all applicable statutes and rules, not just the rules referenced in the OCD's rules (19.15.2-19.15.112 NMAC) and the Water Quality Control Commission's rules (20.6.2-20.6.2.1) available at the New Mexico State Records Center and Archives website ([www.nmcpr.state.nm.us](http://www.nmcpr.state.nm.us)).
2. I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operations on those wells, see 19.15.9.9(B) NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See 19.15.9.9(C)(2) NMAC.
3. I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that I cannot cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See 19.15.7.24(C) NMAC.
4. I UNDERSTAND THAT New Mexico requires wells that have been inactive for certain time periods to be plugged or placed in temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment. See 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Well List" on OCD's website.
5. I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance blanket plugging financial assurance for wells in temporarily abandoned status, even if the well is also covered by a blanket assurance and even if the well is on approved temporary abandonment status. See 19.15.8.9(C) NMAC. I understand that I must comply with the single-well financial assurance requirement by using the "Inactive Well Additional Financial Assurance" on OCD's website.
6. I am responsible for reporting releases as defined by 19.15.29 NMAC. I understand the OCD will look to me as the operator to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator.
7. I have read 19.15.5.9 NMAC, commonly known as "Rule 5.9" and understand that to be in compliance with its requirements, I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the OCD, and not have too many wells out of compliance with the inactive well rule (19.15.5.9 NMAC). If I am in violation of 19.15.5.9 NMAC, I may not be allowed to drill, acquire or produce any additional wells, and I may not obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. I understand that if I am in violation of 19.15.5.9 NMAC the OCD may, after notice and hearing, revoke my existing injection permits. See 19.15.26.8 NMAC.
8. For injection (or disposal) wells, I acknowledge that I have read and agree to operate my wells in compliance with 19.15.26.11 NMAC. I understand that I have read and agree to the terms of my injection permit. I understand that I must report injection volume on my monthly C-115 report. I understand that I must conduct mechanical integrity tests on my injection wells every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of any injection well to another operator, the OCD must approve the transfer or authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to that transfer. See 19.15.26.15 NMAC.
9. I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See 19.15.9.8.C NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations on those wells, see 19.15.9.9(B) NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission while I operated the wells and related facilities.

**Previous Operator**

Signature:



Printed Name:

BRITT PENCE

Title:

EXECUTIVE VP OPERATIONS

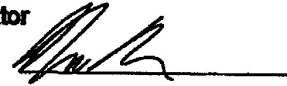
Date:

3.18.2016

Phone:

832-327-2252**New Operator**

Signature:



Printed Name:

Nicholas Koch

Title:

Vice President - Operations

Date:

3-18-2016

Phone:

713-351-0549**NMOCD Approval**Electronic Signature: Karen Sharp, District 2Date: April 29, 2016

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**Santa Fe, NM 87505**

Comments  
Permit 218025

**CHANGEOP COMMENTS**

Operator: VANGUARD OPERATING, LLC 5847 San Felipe, Suite 3000 Houston, TX 77057	OGRID: 258350
	Permit Number: 218025
	Permit Type: ChangeOp

**Comments**

Created By	Comment	Comment Date
ksharp	This permit is being rejected based on NMOC Rule 5.9 Inactive Wells. There are three wells on the change list which are currently out of compliance: acquisition of these wells will immediately put Rockcliff Operating New Mexico LLC out of compliance with 5.9 based on the total number of wells. Rockcliff Operating will need to contact Daniel Sanchez in our Santa Fe office to discuss and resolve this issue prior to the operator change being approved.	4/19/2016