

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 14271
ORDER NO. R-13113**

**APPLICATION OF VANGUARD PERMIAN,
LLC FOR A NON-STANDARD GAS SPACING
AND PRORATION UNIT AND AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION
(Interim Shut-In Order)**

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 16, 2009, at Santa Fe, New Mexico, before Examiners David K. Brooks and Terry Warnell.

NOW, on this 17th day of April, 2009, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.
- (2) Vanguard Permian, LLC (Applicant) filed this case as an administrative application for approval of a non-standard unit. The application was set for hearing due to a protest filed by Techsys Resources, LLC.
- (3) At the hearing, Applicant conceded that it is currently producing gas from the Byers Queen Gas Pool through its State A Well No. 7 (API No. 30-025-35820), located 760 feet from the North line and 500 feet from the East line (Unit A) of Section 32, Township 18 South, Range 38 East, NMPM, in Lea County, New Mexico (the subject well), although it has not dedicated a standard unit to this well, and the Division has not acted on its request for a non-standard unit.

(4) Division Rule 15.B provides:

An operator shall not produce a well that does not have the required amount of acreage dedicated to it for the pool or formation in which it is completed until the Division has formed and dedicated a standard spacing unit for the well or approved a non-standard spacing unit.

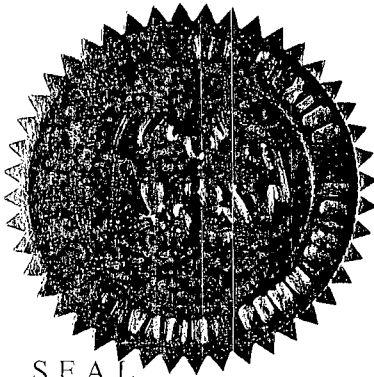
(5) Accordingly, Applicant should be ordered to immediately shut in the subject well until the Division enters a final order in this case.

IT IS THEREFORE ORDERED THAT:

(1) Vanguard Permian, LLC (OGRID 258350) is hereby ordered to immediately shut in its State A Well No. 7 (API No. 30-025-35820), and not to produce the same unless and until the Division issues an order approving a spacing unit for this well.

(2) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", written over a horizontal line.

MARK E. FESMIRE, P.E.
Director