

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-37540
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name NEW MEXICO M STATE
8. Well Number 55
9. OGRID Number 258350
10. Pool name or Wildcat SEE BELOW

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO 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
VANGUARD PERMIAN LLC

3. Address of Operator
P O BOX 1750 281 NORTH HIGHWAY 248, EUNICE, NM 88231

4. Well Location
Unit Letter E 1650 feet from the NORTH line and 990 feet from the WEST line
Section 17 Township 22S Range 37E NMPM LEA County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3411 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 ☒
CLOSED-LOOP SYSTEM ☐
OTHER: ☐ DH-4688

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.

PENROSE SKELLY GRAYBURG
EUNICE SAN ANDRES, SOUTHWEST

REMOVE THE CIBP @ 3865 & COMMINGLE THE WELL AS PER DH-4688

Spud Date:

Rig Release Date:

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

SIGNATURE Colleen Germany TITLE AGENT DATE 10-24-14

Type or print name COLLEEN GERMANY E-mail address: cgermany@oilreportsinc.com PHONE: 575-393-2727

For State Use Only

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE 10/25/14
Conditions of Approval (if any):

OCT 28 2014



NM M State #55
Eunice SA SW Field - 30-025-37540
Lea County, New Mexico
COMINGLED COMPLETION - 10/2014

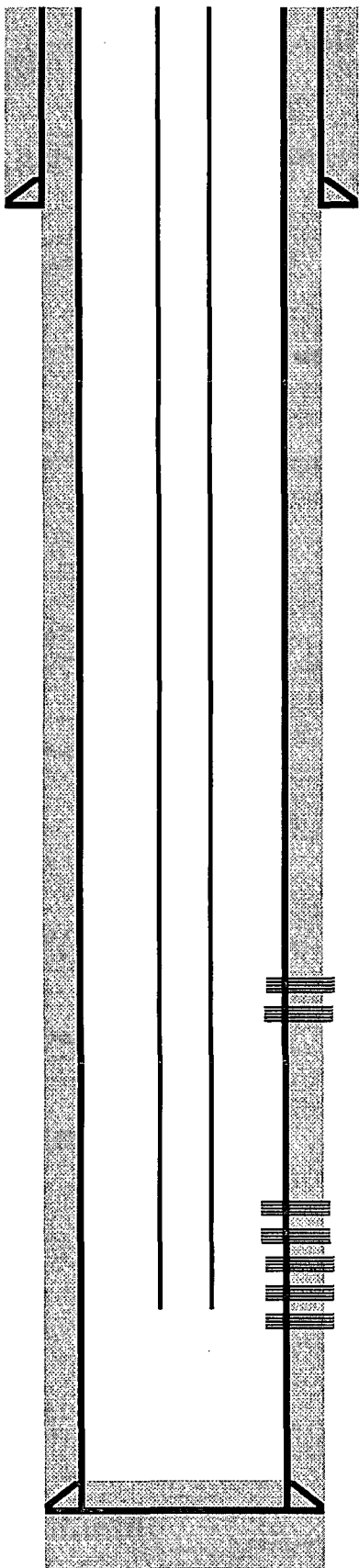
KB: 3412'
 GL: 3402'

TOC @ surf
 380 sxs

8 5/8" csg @ 1051'

TOC @ 2380'
 680 sxs
 by log

5 1/2" csg @ 4395'



CASING PROGRAM

<u>Depth</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>I.D.</u>	<u>Collapse</u>	<u>Burst</u>
1051'	8 5/8"	24#	J-55	8.097	1,370	2,950
4395'	5 1/2"	15.5#	K-55	4.950	4,040	4,810

PRODUCTION TUBING

<u>Depth</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Threads</u>
unknown	2 7/8"	6.5#	J-55	EUE

DHC-4688

Grayburg Perforations 42 holes:
 3,696' - 3,706' (3 spf, 30 holes)
 3,844' - 3,848' (3 spf, 12 holes)

San Andres Perforations 220 holes:
 3,876' - 3,886' (2 spf, 20 holes)
 3,898' - 3,930' (2 spf, 64 holes)
 3,966' - 3,972' (2 spf, 16 holes)
 3,992' - 4,018' (2 spf, 52 holes)
 4,038' - 4,072' (2 spf, 68 holes)

PBTD = 4,356' FC

Note: This schematic is not to scale. For display purposes only.

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order DHC-4688

Order Date: August 6, 2014

Application Reference Number: pMAM1419751829

Vanguard Permian, LLC
5847 San Felipe Street Suite 3000
Houston, Texas 77057

Attention: Randall Hicks

New Mexico M State Well No. 55
API No. 30-025-37540
Unit E, Section 17, Township 22 South, Range 37 East, NMPM
Lea County, New Mexico

Pool	PENROSE SKELLY; GRAYBURG	Oil	50350
Names:	EUNICE; SAN ANDRES, SOUTHWEST	Oil	24180

Reference is made to your recent application for an exception to 19.15.12.9A. NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appears that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A. NMAC, and since reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

As per the application, the assignment of allowable and allocation of production from the well shall be based on the well test method. The oil and gas production from each pool after testing will be divided by the combined tests to get a percentage for each pool.

Assignment of allowable and allocation of production from the well shall be as follows:

PENROSE SKELLY; GRAYBURG	Pct. Gas: 9	Pct. Oil: 97
EUNICE; SAN ANDRES, SOUTHWEST	Pct. Gas: 91	Pct. Oil: 3

REMARKS: The operator shall notify the Division's district I office upon implementation of commingling operations.

This Order is subject to like approval from the New Mexico State Land Office.

Pursuant to 19.15.12.11B. NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



JAMI BAILEY
Director

JB/mam

cc: New Mexico Oil Conservation Division – Artesia
New Mexico State Land Office – Oil, Gas, and Minerals