

DENIED

SEE ATTACHED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources

Form C-104
Revised Feb. 26, 2007

RECEIVED

SEP 09 2009

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
5 Copies

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address VANGUARD PERMIAN, LLC. ✓ 7700 SAN FELEPE SUITE 485 HOUSTON, TEXAS 77063		² OGRID Number 258350 ✓
		³ Reason for Filing Code/ Effective Date Re-completion
⁴ API Number 30 - 0 25-03784 ✓	⁵ Pool Name LOVINGTON QUEEN-GAS ✓	⁶ Pool Code 80720 ✓
⁷ Property Code 306133 ✓	⁸ Property Name SKELLY"Q" STATE ✓	⁹ Well Number # 4 ✓

II. ¹⁰ Surface Location

Ul or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
0	36	16S	36E		330'	SOUTH	1650'	EAST	LEA

¹¹ Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
"	"	"	"		330'	SOUTH	1650'	EAST	LEA

¹² Lse Code	¹³ Producing Method Code	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date
S	P	08/16/09	NA	NA	NA

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ O/G/W
36785	DCP MIDSTREAM, LP 6120 SOUTH YALE SUITE 1100 TULSA, OKLAHOMA 74136	G/W

IV. Well Completion Data

²¹ Spud Date	²² Ready Date	²³ TD	²⁴ PBSD	²⁵ Perforations	²⁶ DHC, MC
07/28/09	08/16/09	8435'	4350'	QUEEN 3884-3900	NA
²⁷ Hole Size	²⁸ Casing & Tubing Size	²⁹ Depth Set	³⁰ Sacks Cement		
	NO CHANGE IN CASING				
	TUBING 2 7/8"	4148'			

V. Well Test Data

³¹ Date New Oil	³² Gas Delivery Date	³³ Test Date	³⁴ Test Length	³⁵ Tbg. Pressure	³⁶ Csg. Pressure
NA	08/16/08	08/19/09	24Hr.		40#
³⁷ Choke Size	³⁸ Oil	³⁹ Water	⁴⁰ Gas	⁴¹ Test Method	
NA	0	14 BBLs	69 MCF	P	

⁴² I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Joe T. Janica*
Printed name: Joe T. Janica
Title: Permit Eng.
E-mail Address: joejanica@valornet.com
Date: 09/04/09 Phone: 575-391-8503

OIL CONSERVATION DIVISION

Approved by:

Denied

Title:

SEE ATTACHED CHECK OFF FORM

Approval Date:

9/17/09 AND ATTACHED LETTER OF VIOLATION

CONDITION OF APPROVAL

To get C-104 approval -- OCD requires Non-Standard Location approval from OCD Santa Fe. After receiving approval of NSL, please resubmit the C-104 form to the Hobbs OCD office.

API # 30 - 025 -- 03784

Operator Vanguard Permian OGRID # 258350

Well name & # Skelly & State #4 Lease Type (F) (S) (P) S

Date C104 rec'd 9/9/09

Inactive Well List 25 // 1 Review Date 9/16/09

Additional Bonding / Review Date 9/16/09

Pit Permit approved / / /

C103: Spud date / / / **Plugback date 7/28/09**

Surface casing PT CMT Top AMENDED

Intermediate PT CMT Top AMENDED

Production PT CMT Top AMENDED

TD Reached / / / TD Footage Rig Rel'd / / /

Deviation Survey @

Directional Survey TO PK / / / FROM PK / / /

MD TVD

Subsequent Plat BH Location

Completion Sundry ✓

Completion Report ✓

LOGS

COMPLIANCE: NSL Need NSP

DHC DHC HOBBS

CONDITION OF APPROVAL

To get C-104 approval -- OCD requires Non-Standard Location approval from OCD Santa Fe. After receiving approval of NSL, please resubmit the C-104 form to the Hobbs OCD office

OTHER REQUIREMENTS: PAPERWORK DEADLINE / /

 Pending Status noted in RBDMS / Coments

Date C104 APPROVED / / /

Denied

Denied
9/17/09

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Response Required – Deadline Enclosed

17-Sep-09

VANGUARD PERMIAN, LLC
7700 SAN FELIPE, SUITE 485
HOUSTON, TX 77063-

LETTER OF VIOLATION Delinquent Regulatory Filings

Dear Operator:

Oil Conservation Division ("OCD") records indicate that you failed to file the required reports identified below, or that your filings were incomplete or inaccurate.

NON-COMPLIANT WELL DETAIL SECTION

SKELLY Q STATE No.004

Location: 36-16S-36E

30-025-03784-00-00

Original Well Type: Oil (Producing)

Well Status: Active

Determination or Violation Date: 9/17/2009

Delinquent Report or Filing(s): - Other Monitoring and Reporting Violation

Comments: OCD has to deny approval of your form C-104 "Request for Allowable & Authorization to Transport" at this time. This well is located at 330/S & 1650/E and to produce this well from the Lovington Queen Gas requires 160 acres. A gas well with 160 acres has to be located at 660' from any of the quarter section lines per Rule 19.15.15.101C. Before you can produce this well from the Queen, you need to get a Non-Standard Location approved per Rule 19.15.15.13.C. from the OCD Santa Fe office. After approval of the Non-Standard Location, you can resubmit the C-104 form to the OCD Hobbs office for approval for allowable. If you have questions on this matter, please call Donna Mull (575) 393-6161 ext. 115.

CORRECTIVE ACTION ON THIS WELL DUE BY: 10/17/2009

Please file or correct the reports identified above by the corrective action due date indicated. If you fail to file or correct the reports by that date, the OCD will take enforcement action that may include but is not limited to applying for an order assessing civil penalties and/or requiring you to plug and abandon the wells associated with those reports.

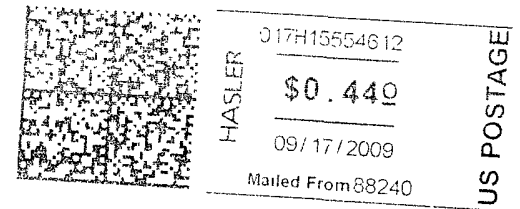
Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



Hobbs OCD District Office

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



Vanguard Permian LLC
ATT: Douglas B Pense
7700 San Felipe, Suite 485
Houston, TX 77063