

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 88201
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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 August 1, 2011

HOBBS OGD

OCT 24 2012

RECEIVED

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-39047
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 37268
7. Lease Name or Unit Agreement Name State Sec 12
8. Well Number 1
9. OGRID Number 2583050
10. Pool name or Wildcat Lovington Paddock

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 Vanguard Permian LLC

3. Address of Operator 2626 JBS Parkway Ste 205B Odessa Tx 79761

4. Well Location
Unit Letter E: 1,650 feet from the North line and 330 feet from the East line
Section 12 Township 17S Range 36E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3,825' GR

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 ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

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.

Completed well in Lovington Paddock interval. Details of the work are attached.

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 [Signature] TITLE SR. Operations Engineer DATE 10-15-12

Type or print name C.M. Bloodworth, P.E. E-mail address: mbloodworth@vnrlc.com PHONE: 432-362-2209

For State Use Only

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE JAN 30 2013

Conditions of Approval (if any):

PA Lovington Grayburg - San Andres

Feb 16 2012- Feb 25 2012

MIRU. Pickup 4 3/4" bit, 6-3 1/2" DC's on 2 7/8" tbg. Tagged CIBP @ 5737'. Started drilling on CIBP. Jarred and drilled on CIBP. Plug came loose. RIH with tbg dn to 6300'. Could not circulate hole. Lower Paddock perms taking fluid. MIRU Jarrel Wirline. Set RBP @ 6250'. Jarrel WLU. Perforated upper Paddock with 2 spf from 6138-40', 6156-60', 6168-6172', 6182-86', 6206-08', & 6236-38', RD WL. TIH with PPI. Tagged RBP @ 6250'. MIRU Crain Acid. Drop FCV. Establish rate thru FCV. Spot 30 bbls 20 % NEFE acid to tool. Break down perms @ 6236-38 with 100#. pump 2 bbls acid @ 2 bpm with 100#. Move to 6206-08 break down at 400# surface #. ; pumped 3 bbls acid at 2 bpm 400#. Move to 6168-72'. Break dn @ 360#. Pump 3 bbls acid @ 2bpm 1000#. Move to 6156-60'. Break dn @ 1000# pumped 4 bbls acid @ 800#. Move to 6156-60'. Break dn @ 800#. POH with PPI packer. RIH with packer and set @ 6120'. Started swabbing.

Feb 28-Mar 1 2012

Swab test well.

Mar 2 2012 - Mar 14 2012

Release packer and POH with pkr and RBP. TIH with cmt ret and set @ 6190'. MIRU Par Five cementers. Mix and pump 250 sxs class H-neat. Max press 1450#. Displaced to ret. Sting out of ret. ; Reverse out. POH with tbg. TIH with packer and set @ 6100'. MIRU Crain Acid. Tried to pump into perms from 6138-6186' with water and could not. Spotted 2 bbls acid to packer. Pumped into perms @ 1/4 bpm with 3500#. Formation broke with acid. ; Pumped 1500 gals 20% NEFE acid dn 2 7/8 tbg @ 2.5 bpm with 2800# ave inj pres. Dropped 1 salt block and got 800# increase. Max press 3600#. SI 1 hr. TP 1300#. Blew well dn. Well flowed 30 bbls water. Swab well. Last oil cut 18% oil swabbing from SN. Release packer and POH. Ran RBP and packer. Set RBP @ 5460' and packer @ 5320'. ; Test swab San Andres perms from 5384-5436'. MIRU Crain Acid and pumped 1000 gals zylene into perms @ 5384-5436' @ 1 BPM with 2500#. MIRU Crain Acid. Pumped 1500 gals 15% NEFE acid dn 2 7/8" tbg @ ave 2.5 bpm with ave press 2600#. Made 1 swab run. Fluid level @ 2700' with oil cut on first run 7%. Released packer and POH. Laid dn 2 7/8 ws. MI 2 3/8 production string. MI and set 320 pumping unit. Install electrical generator with panel. MIRU pulling unit and space well out. Wait on tank battery installation.

Mar 27 2012 - Apr 3 2012

POH with pmp and rods. NUBOP. POH with tbg. RIH with packer to 5080'. Circulate water on backside. Set Packer. Dump 2 saxes sand on RBP. Pumped into San Andres perms @ 5384-5420' @ 1.5 bbls per min with 800#. MIRU Par Five cementers. Pump into perms @ 1.5 bpm @ 800#. Mix and pump 150 sxs Class H with 1% calcaim chloride. Achieved 3000# squeeze. Released packer and POH. TIH with bit, DC's, and tbg. Tagged cmt @ 5080'. Drilled dn to 5420' and fell out. Pressure tested squeeze to 1000#. Held ok. Circulated sd off RBP. POH with tbg and RBP. RIH with 2 3/8" 4.7 # 8rd EUE production tubing to 6,079'. Upper Paddock perms 6138-6186'. NU WH. RIH with 2 x 1 1/2" x 16' pmp on 7/8" rods. HWO. Ppg w/generator.

Apr 5 2012

Ppg 4 BOPD, 20 BWPD

June 21 2012

Ppg 4 BOPD, 29 BWPD. SD generator; WO elec line.

Sep 19 2012

Ppg 4 BOPD, 39 BWPD. Elec line installed well on full time.