

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.
API #30-025-37828

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.
BO-3480

7. Lease Name or Unit Agreement Name

COLE STATE

8. Well Number 23

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 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
VA NGUARD PER MAIN LLC

3. Address of Operator
5847 San Felipe, Suite 3000, Houston, Texas 77057

4. Well Location

Unit Letter E : 1650 feet from the North line and 990 feet from the West line

Section 16 Township 22S Range 37E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3391 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: DHC- 3780A ☐

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
Eumont Yates Seven Rivers Queen

Set CIBP @ 3600 and commingle the well as per DHC-3780-A

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 10/28/14

Conditions of Approval (if any):

OCT 28 2014



Cole State #23
P. Skelly/Graygurg/San Andres - 30-025-37828
Lea County, New Mexico
 COMINGLED COMPLETION - 10/2014

KB: 3401'
 GL: 3391'

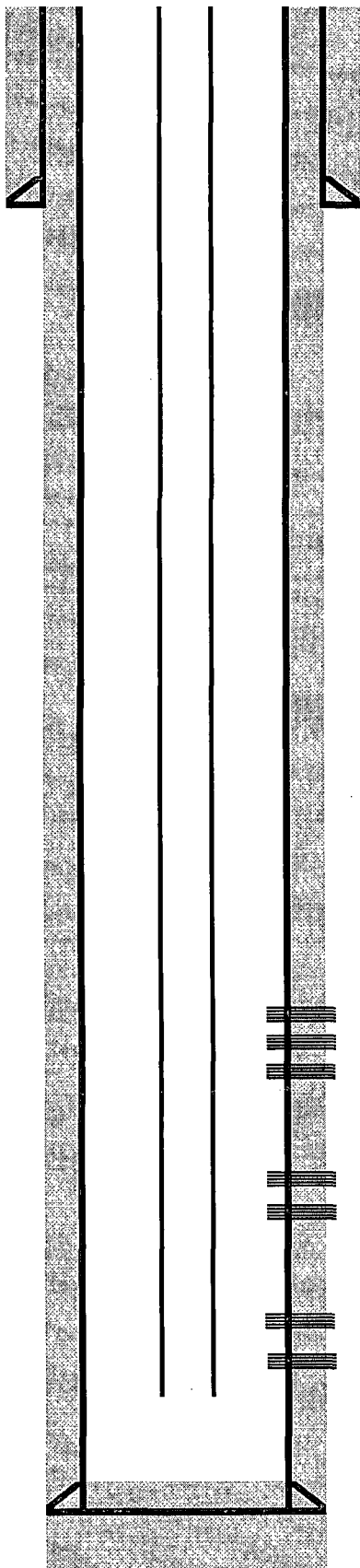
TOC @ surf
 330 sxs

8 5/8" csg @ 862

TOC @ surface
 680 sxs

Marker Jt
 3444.6' - 3465.6'

5 1/2" csg @ 4148



CASING PROGRAM

<u>Depth</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>I.D.</u>	<u>Collapse</u>	<u>Burst</u>
862	8 5/8"	24#	K-55	8.097	1,370	2,950
4148	5 1/2"	17#	K-55	4.892	4,910	5,320

PRODUCTION TUBING

<u>Depth</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Threads</u>
4000	2 7/8"	6.5#	J-55	EUE

DHC-3780A

Eumont; Y,7R,Qu Perforations 45 holes:

3,470' - 3,474' (4', 12 holes)
 3,520' - 3,528' (8', 24 holes)
 3,551' - 3,554' (3', 9 holes)

Grayburg Perforations 16 holes:

3,678' - 3,682' (8 holes)
 3,812' - 3,816' (8 holes)

San Andres Perforations 98 holes:

3,838' - 3,842' (8 holes)
 3,870' - 3,920' (50 holes)
 3,960' - 4,000' (40 holes)

PBTD = 4,107' 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-3780-A
Order Date: August 6, 2014
Application Reference Number: pMAM1419752654

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

Attention: Randall Hicks

Cole State Well No. 23
API No. 30-025-37828
Unit E, Section 16, Township 22 South, Range 37 East, NMPM
Lea County, New Mexico

Pool	PENROSE SKELLY; GRAYBURG	Oil	50350
Names:	EUNICE; SAN ANDRES, SOUTHWEST	Oil	24180
	EUMONT; YATES-7 RVRS-QUEEN	Oil	22800

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 percentage of oil and gas production in the commingled Penrose Skelly; Grayburg and Eunice; San Andres is based on Division Order 3780. The oil and gas production from the three pools after testing will be divided by the combined tests to get a percentage for each pool.

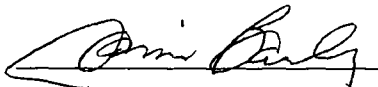
Assignment of allowable and allocation of production from the well shall be as follows:

PENROSE SKELLY; GRAYBURG	Pct. Gas: 68	Pct. Oil: 80
EUNICE; SAN ANDRES, SOUTHWEST	Pct. Gas: 32	Pct. Oil: 20

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.



JAMTBAILEY
Director

JB/mam

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