

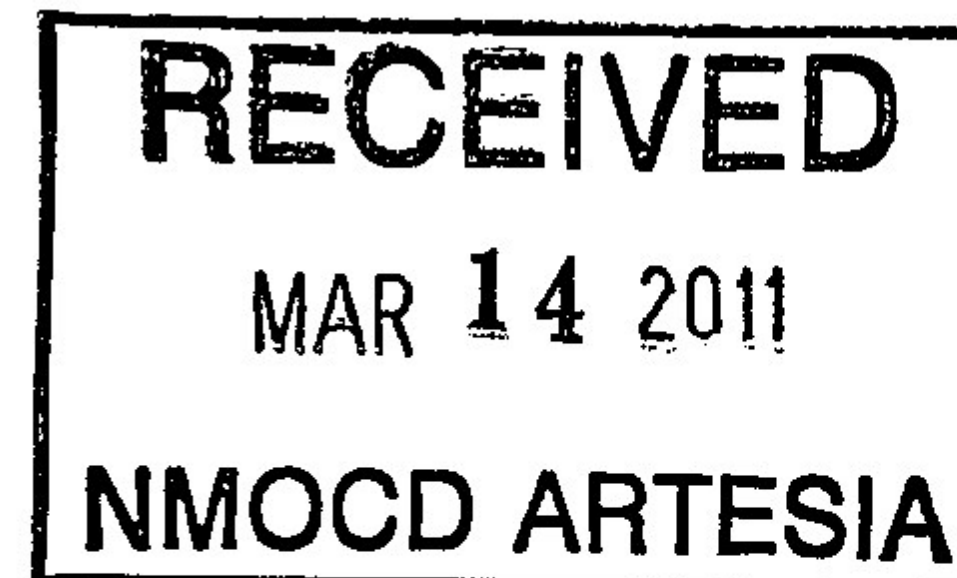
C-145

District II
1301 W. Grand Ave., Artesia, NM 8210
Phone: (575) 748-1283 Fax: (575) 748-9720

State of New Mexico
Energy, Minerals and Natural
Resources =/TD>

Form C-145
Permit 126277

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



Change of Operator

Previous =perator Information

OGRID: 20595
Name: SHACKELFORD OIL CO
Address: =/TD> PO BOX 10665
City, State, Zip: MIDLAND, TX 79702
=/TD>

New Operator Information =/TD>

Effective Date: || Effective on the date of =approval by the OCD ||
OGRID: 258350
Name: =/TD> VANGUARD PERMIAN, LLC
Address: 5847 =an Felipe, Suite 3000
=/TD>
City, State, =ip: Houston, TX 77057

I hereby certify that the rules of the Oil Conservation Division have been =omplied with and that the information on this form and the certified list of wells is =rue to the best of my knowledge and belief.

Additionally, by =igning below, VANGUARD PERMIAN, LLC certifies that it has read and understands =he following synopsis of applicable rules.

Previous Operator

Signature:
=/TD>
Printed Name: DON SHACKELFORD
=/TD>
Title: President

New Operator

Signature:
=/TD>
Printed Name: Britt Pence
=/TD>
Title: SVP

Date: 2/1/11 Phone: 432-682-9784 Date: 2/7/11 Phone: 832-327-2255

VANGUARD PERMIAN, LLC certifies that all below-grade tanks =onstructed and installed prior to June 16, 2008 associated with the selected =ells, and in compliance with 19.15.17 NMAC, have been closed pursuant to 19.15.17.13 =MAC, or have been re-opened to comply with Paragraphs (1) through (4) of =ubsection I of 19.15.17.11 NMAC.

NMOCD Approval
Electronic Signature: Randy Dade, District 2
Date: March 18, 2011

VANGUARD PERMIAN, LLC understands that the OCD's approval of =his operator change:

1. constitutes approval of the transfer of the permit for any =ermitted pit, below-grade tank or closed-loop system associated with the selected =ells; and
2. constitutes approval of the transfer of any below-grade tanks =onstructed and installed prior to June 16, 2008 associated with the selected =ells, regardless of whether the transferor has disclosed the existence

of =hose below-grade tanks to the transferee or to the OCD, and regardless of =hether the below-grade tanks are in compliance with 19.15.17 NMAC.

As the operator of record of wells in New Mexico, VANGUARD PERMIAN, =LC agrees to the following statements:

1. I am responsible for ensuring that the wells and related =acilities comply with applicable statutes and rules, and am responsible for all =egulatory filings with the OCD. I am responsible for knowing all applicable =tatutes and rules, not just the rules referenced in this list. I understand that =he OCD's rules are available on the OCD website under "Rules," =nd that the Water Quality Control Commission rules are available on the OCD website on =he "Publications" page.
2. I understand that if I acquire wells from another operator, the =CD must approve the operator change before I begin operating those wells. See 19.15.9.9.B NMAC. I understand that if I acquire wells or facilities =ubject to a compliance order addressing inactive wells or environmental =leanup, before the OCD will approve the operator change it may require me to =nter into an enforceable agreement to return those wells to compliance. See = 19.15.9.9.C(2) NMAC.
3. I must file a monthly C-115 report showing production for each =on-plugged well completion for which the OCD has approved an allowable and =uthorization to transport, and injection for each injection well. See 19.15.7.24 =MAC. I understand that the OCD may cancel my authority to transport from or =nject into all the wells I operate if I fail to file C-115 reports. See =9.15.7.24.C NMAC.
4. I understand that New Mexico requires wells that have been =nactive for certain time periods to be plugged or placed on approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for =lugging and approved temporary abandonment in 19.15.25 NMAC. I understand that = can check my compliance with the basic requirements of 19.15.25.8 NMAC by =sing the "Inactive Well List" on OCD's website.
5. I must keep current with financial assurances for well plugging. I = understand that New Mexico requires each state or fee well that has =een inactive for more than two years and has not been plugged and released =o be covered by a single-well financial assurance, even if the well is also =overed by a blanket financial assurance and even if the well is on approved =emporary abandonment status. See 19.15.8.9.C NMAC. I understand that I can =heck my compliance with the single-well financial assurance requirement by =sing the "Inactive Well Additional Financial Assurance Report" =n the OCD's website.
6. I am responsible for reporting releases as defined by 19.15.29 =MAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, =ncluding releases that occurred before I became operator of record.
7. I have read 19.15.5.9 NMAC, commonly known as "Part =,9," and understand that to be in compliance with its requirements I must have the =ppropriate financial assurances in place, comply with orders requiring corrective =ction, pay penalties assessed by the courts or agreed to by me in a =ettlement agreement, and not have too many wells out of compliance with the =nactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or =roduce any additional wells, and will not be able to obtain any new injection = permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and =9.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and =earing, revoke my existing injection permits. See 19.15.26.8 NMAC.
8. For injection wells, I understand that I must report injection on =y monthly C-115 report and must operate my wells in compliance with =9.15.26 NMAC and the terms of my injection permit. I understand that I must =onduct mechanical integrity tests on my injection wells at least once every =ive years. See 19.15.26.11 NMAC. I understand that when there is a =ontinuous one-year period of non-injection into all wells in an injection or =torage project or into a saltwater disposal well or special purpose injection =ell, authority for that injection automatically terminates. See 19.15.26.12 =MAC. I understand that if I transfer operation of an injection well to =nother operator, the OCD must approve the transfer of authority to inject, =nd the OCD may require me to demonstrate the well's mechanical =ntegrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. I am responsible for providing the OCD with my current address of =ecord and emergency contact information, and I am responsible for updating =hat information when it changes. See 19.15.9.8.C NMAC. I understand that I =an update that information on the OCD's website under =E2□□Electronic Permitting."
10. If I transfer well operations to another operator, the OCD must =pprove the change before the new

operator can begin operations. See =9.15.9.9.B NMAC. I remain responsible for the wells and related facilities and all =elated regulatory filings until the OCD approves the operator change. I =nderstand that the transfer will not relieve me of responsibility or liability =or any act or omission which occurred while I operated the wells and related facilities.