

DATE 3/16/2014	SUSPENSE	ENGINEER	DATE 3/16/2014	DHD	PMAM149753152
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

[NSL-Non-Standard Location] [NSP-Non-Standard Production Unit] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

(1) TYPE OF APPLICATION - Check Those Which Apply for (A)

- (A) Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☒ SD

Check One Only for (B) or (C)

- (B) Commingling - Storage - Measurement  
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- (C) Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- (D) Other: Specify \_\_\_\_\_

(2) NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- (A) ☒ Working, Royalty or Overriding Royalty Interest Owners  
(B) ☒ Offset Operators, Leaseholders or Surface Owner  
(C) ☒ Application is One Which Requires Published Legal Notice  
(D) ☒ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands State Land Office  
(E) ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,  
(F) ☒ Waivers are Attached

(3) SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

(4) CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

RANDALL HICKS  
Print or Type Name

Randall Hicks  
Signature

Sr Ops Eng  
Title

3/16/14  
Date

rhicks@vnrllc.com  
e-mail Address

- DHD  
- Vanguard Petroleum, LLC  
258350  
- Cole State 8  
30-025-34856  
Pool  
- Penrose Skelly,  
Grayburg  
50350  
- Eunice, San  
Andres, Southwest  
24180

District I  
1225 N. French Drive, El Paso, NM 88501

District II  
1115 Tenth St. Artesia, NM 88420

District III  
1001 Red House Road, Alamogordo, NM 88001

District IV  
1220 S. Alameda Dr. Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

Form C-107A  
Revised August 1, 2011

APPLICATION TYPE  
☒ Single Well  
☐ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Vanguard Permian, LLC Address 5847 San Felipe, Suite 3000 Houston, TX 77057  
Lease Coke State Well No. 8 Unit Letter-Section-Township-Range G-16-22S-37E County Lea  
OGRID No. 258350 Property Code 243024 API No. 30-025-34856 Lease Type ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Pearce Skully, Grayburg</u>		<u>Eunice, San Andres, Southwest</u>
Pool Code	<u>50350</u>		<u>24180</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>3634' - 3744'</u>		<u>3790' - 3998'</u>
Method of Production (Flowing or Artificial Lift)	<u>Artificial Lift</u>		<u>Artificial Lift</u>
Bottomhole Pressure (Note: Pressure data will not be required if the bottomhole pressure is in the lower zone within 150% of the depth of the top perforation in the upper zone.)			
Oil Gravity or Gas BTU (Depend API or Gas BTU)	<u>1100 Btu</u>		<u>1100 Btu</u>
Producing, Shut-In or New Zone	<u>Producing</u>		<u>Shut In</u>
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: <u>9/5/13</u> Rates: <u>8/59/1</u>	Date: Rates:	Date: <u>4/17/13</u> Rates: <u>2/28/2</u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <u>80</u> % Gas <u>68</u> %	Oil <u>.</u> Gas <u>.</u>	Oil <u>20</u> % Gas <u>32</u> %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐  
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐  
Will commingling decrease the value of production? Yes ☐ No ☒  
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☐ No ☒

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data
- Data to support allocation method or formula
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

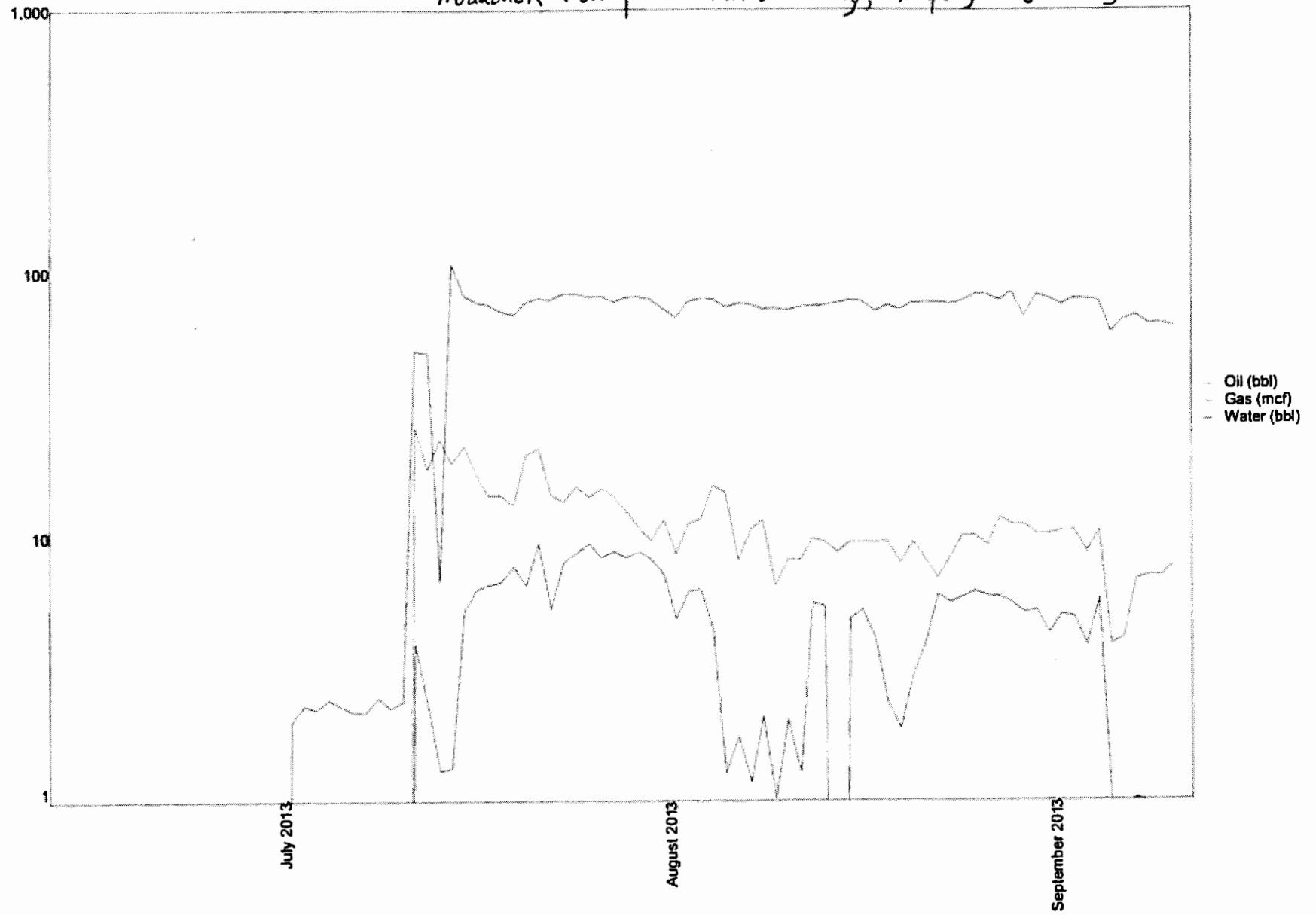
- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Randall Hicks TITLE Sr. Ops. Eng. DATE 3/20/14  
TYPE OR PRINT NAME RANDALL Hicks TELEPHONE NO. (713) 377-2207  
E-MAIL ADDRESS rhicks@vnrllc.com

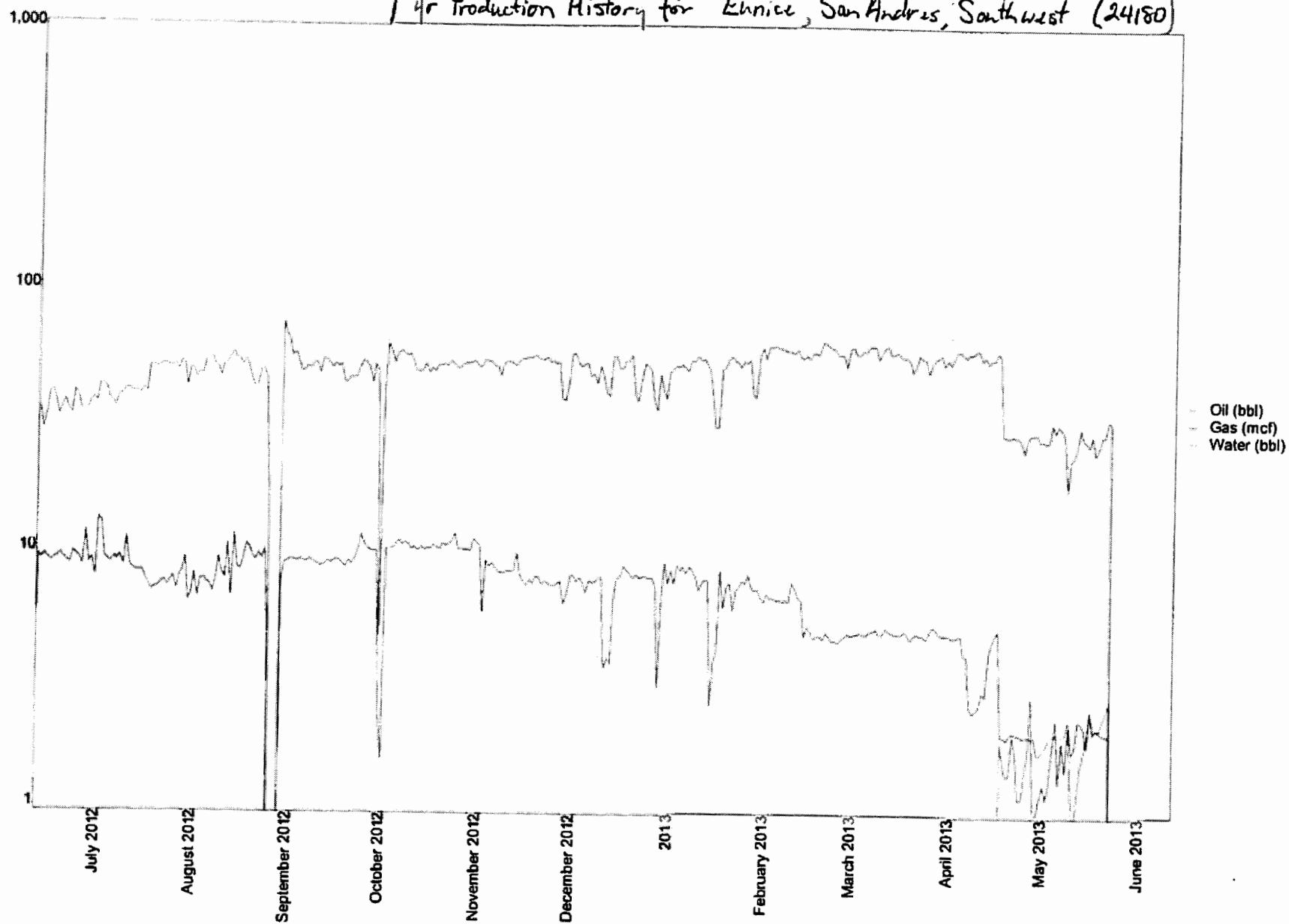
Cole State 8 - Cole State 8 Wh

# Production History for Penrose Skelly, Grayburg (50350)



Cole State 8 - Cole State 8 Wh

1 yr Production History for Eunice, San Andres, Southwest (24180)



DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer 80, Artesia, NM 88211-0718

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-34856</b>	Pool Code <b>50350</b>	Pool Name <b>Penrose Skelly, Grayburg</b>
Property Code <b>312404</b>	Property Name <b>COLE STATE</b>	Well Number <b>8</b>
OGWD No. <b>258350</b>	Operator Name <b>Vanguard Permian, LLC</b>	Elevation <b>3404</b>

Surface Location

UL or lot No. <b>G</b>	Section <b>16</b>	Township <b>22 S</b>	Range <b>37 E</b>	Lot Idn	Feet from the <b>2240</b>	North/South line <b>NORTH</b>	Feet from the <b>2310</b>	East/West line <b>EAST</b>	County <b>LEA</b>
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>40</b>	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.   Signature <b>RANDALL Hicks</b> Printed Name <b>Ops Engineer</b> Title <b>7/25/2014</b> Date
	<b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  <b>JANUARY 10, 2000</b> Date Surveyed <b>DC</b> Signature & Seal of Professional Surveyor  <b>01/12/2000</b> <b>100-T1-0009</b>
	Certificate No. <b>RONALD J. EIDSON 3230</b> <b>GARY EIDSON 12841</b> <b>MACON McDONALD 18185</b>

DISTRICT I  
P.O. Box 1888, Hobbs, NM 88241-1888

DISTRICT II  
P.O. Drawer 88, Artesia, NM 88211-8718

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
P.O. BOX 8088, SANTA FE, N.M. 87501-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-34856</b>	Pool Code <b>24180</b>	Pool Name <b>Eunice; San Andres, Southwest</b>
Property Code <b>312404</b>	Property Name <b>COLE STATE</b>	Well Number <b>8</b>
OCRID No. <b>258350</b>	Operator Name <b>Vanguard Permian, LLC</b>	Elevation <b>3404</b>

Surface Location

UL or lot No <b>G</b>	Section <b>16</b>	Township <b>22 S</b>	Range <b>37 E</b>	Lot Idn	Feet from the <b>2240</b>	North/South line <b>NORTH</b>	Feet from the <b>2310</b>	East/West line <b>EAST</b>	County <b>LEA</b>
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Bottom Hole Location If Different From Surface

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>40</b>	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b>OPERATOR CERTIFICATION</b>  I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.   Signature <b>RANDALL Hicks</b> Printed Name <b>Ops. Engineer</b> Title <b>7/29/2014</b> Date
	<b>SURVEYOR CERTIFICATION</b>  I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  <b>JANUARY 10, 2000</b> Date Surveyed <b>DC</b> Signature & Seal of Professional Surveyor  <b>100-TI-0009</b> Certificate No. <b>RONALD J. EIDSON 3239</b> <b>GARY EIDSON 12841</b> <b>MACON McDONALD 12185</b>



July 18, 2014

Engineering and Geological Services Bureau, Oil Conservation Division  
Attn: Michael A. McMillan  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Re: DHC Application  
Cole State #8 API#30-025-34856

Dear Mr. McMillan:

The Pools to be comingled in the Cole State #8 well are the Penrose Skelly;Grayburg (50350) and the Eunice; San Andres, Southwest (24180). The comingling of the Penrose Skelly;Grayburg and the Eunice, San Andres, Southwest will not reduce the value of total remaining production.

The production percentages were calculated based on the average of the last 12 months production from the Eunice;San Andres, Southwest and the first 2 months of production from the Penrose Skelly; Grayburg. Those averages were then divided by the combined averages to get a percentage for each pool. This was done for oil, gas and water.

Ownership between all pools is identical.

This is a State property.

Thank you,

Randall Hicks  
Sr. Operations Engineer  
Vanguard Natural Resources

**THE MONTHLY DISTRIBUTION MLP™**



July 17, 2014

Michael A. McMillan  
Engineering & Geological Services Bureau  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

RE: DHC Application  
Cole State No. 8 Well  
Lea County, NM

Gentlemen:

Please be advised that Vanguard Permian, LLC, ("Vanguard"), owns 100% of the working interest in the Cole State No. 8 Well, API No. 300253485600, therefore no other parties will be affected by the proposed DHC application.

Should you have additional questions or comments in this regard, please feel free to contact me directly at 832.399.3764 or [csledge@vnrlc.com](mailto:csledge@vnrlc.com).

Respectfully submitted,

**Vanguard Permian, LLC**

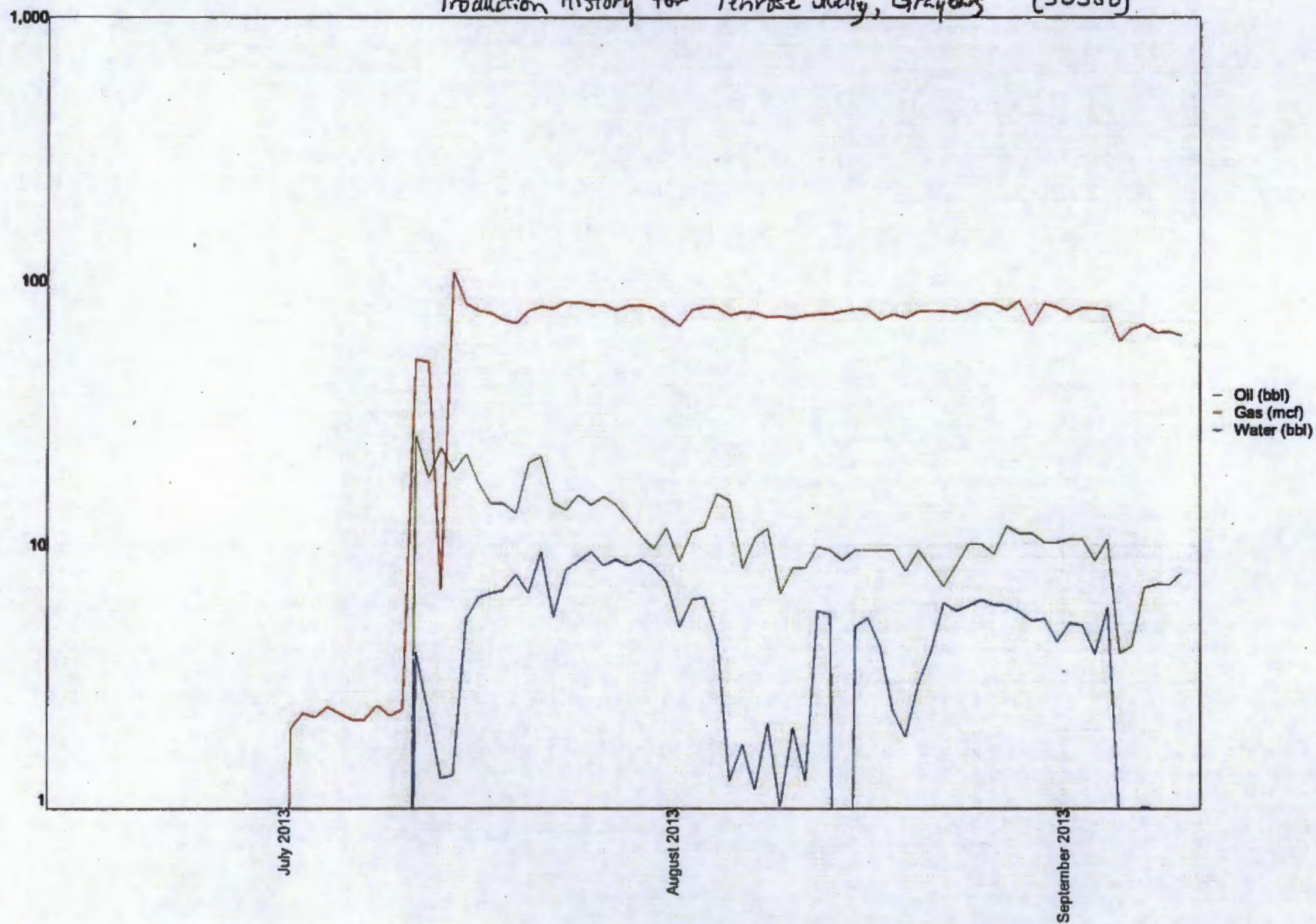
Carol M. Sledge, CPL  
Senior Landman

cc: Randall Hicks via email at [rhicks@vnrlc.com](mailto:rhicks@vnrlc.com)



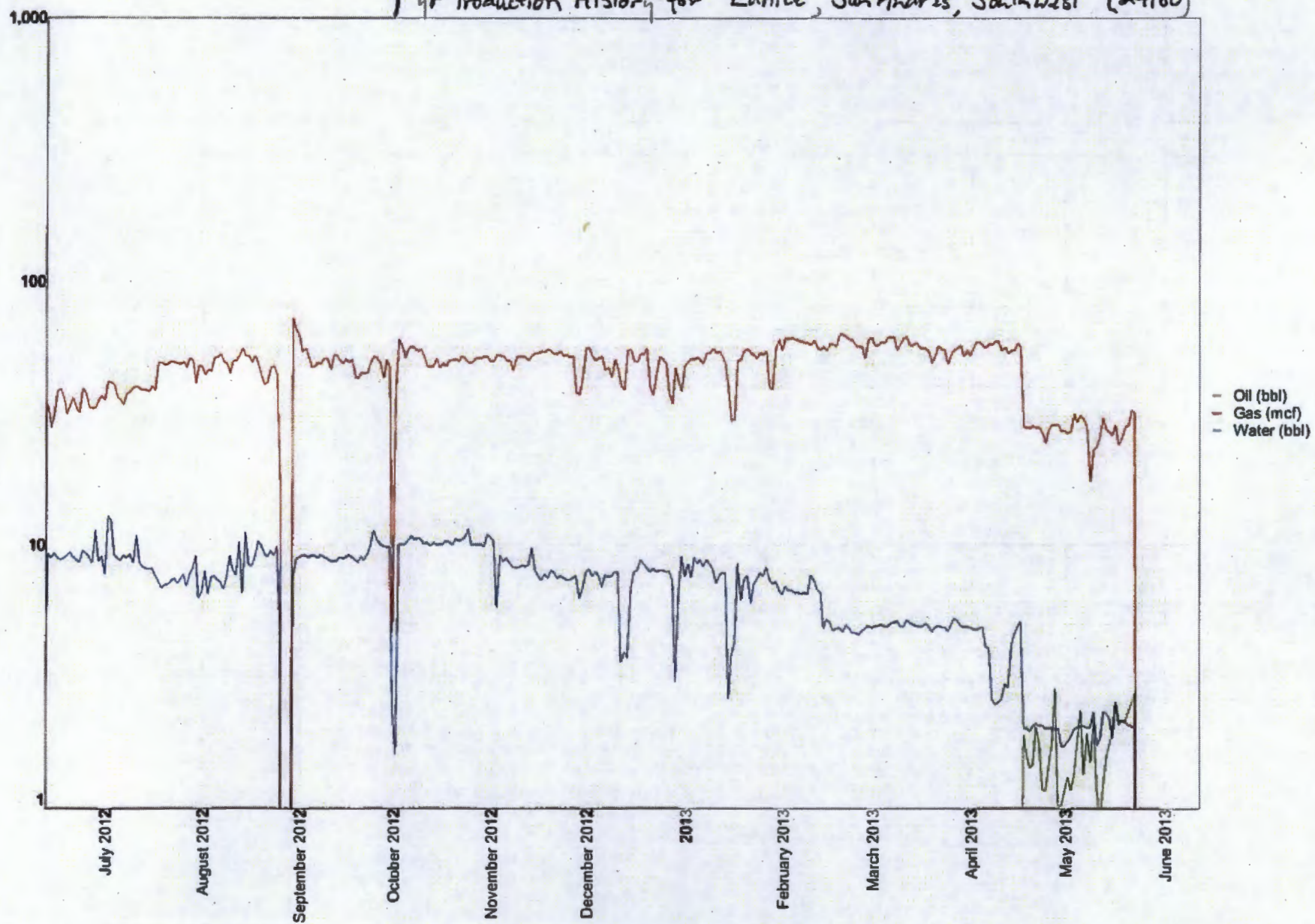
Cole State 8 - Cole State 8 Wh

# Production History for Penrose Skelly, Grayburg (50350)



Cole State 8 - Cole State 8 Wh

1 yr Production History for Eunice, San Andres, Southwest (24180)





Cole State #8  
API # 30-025-34856

Pool Name	Penrose Skelly;Gray	Eunice;San Andres, SW
Pool Code	50350	24180
Pay Interval	3634' - 3744'	3780' - 3898'
Status	Producing	Shut in
Rates, O,G,W	8      59      1	2      28      2
Allocation %	80      68	20      32



July 30, 2014

Michael A. McMillan  
Engineering & Geological Services Bureau  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

RE: DHC Application  
NM State M55 Well,  
Cole State #23 Well,  
Cole State #8 Well  
Lea County, NM

Gentlemen:

Please be advised that Vanguard Permian, LLC, ("Vanguard"), owns 100% of the working interest in the NM State 55 Well, API No. 30025375400; Cole State #23 Well, API No. 300253782800; and the Cole State #8 Well, API No. 300253485600. Additionally, the various interest owners in all of the wells noted above are identical.

Should you have additional questions or comments in this regard, please feel free to contact me directly at 832.399.3764 or [csledge@vnrlc.com](mailto:csledge@vnrlc.com).

Respectfully submitted,

Vanguard Permian, LLC

Carol M. Sledge, CPL  
Senior Landman

cc: Randall Hicks via email at [rhicks@vnrlc.com](mailto:rhicks@vnrlc.com)

Cole State #8  
API # 30-025-34856

Pool Name	Penrose Skelly;Gray	Eunice;San Andres, SW
Pool Code	50350	24180
Pay Interval	3634' - 3744'	3780' - 3898'
Status	Producing	Shut in
Rates, O,G,W	8 59 1	2 28 2
Allocation %	80 68	20 32

**Producing Pool**

<b><u>Penrose Skelly; Grayburg</u></b>	Jul-13	Aug-13	Sep-13	total	average
	31 Days	31 Days	30 Days		91
oil	341	306	230	877	9.6373626
gas	1570	2364	1896	5830	64.065934

**Shut-in Pools**

<b><u>Eunice; San Andres SW</u></b>	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	total	av
	31 Days	28 Days	31 Days	30 Days	31 Days	30 Days	181	
oil	3	3	2	23	40	0	71	0.392
gas	1551	1643	1743	1296	602	0	6835	37.76

av. Prod	cum	Grayburg	San Andres
Oil	10.03	0.961	0.0407025
Gas	101.8	0.629	0.3708439



August 5, 2014

Engineering and Geological Services Bureau, Oil Conservation Division  
Attn: Michael A. McMillan  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Re: DHC Application  
Cole State #8 API#30-025-34856

Dear Mr. McMillan:

The Pools to be comingled in the Cole State #8 well are the Penrose Skelly;Grayburg (50350) and the Eunice; San Andres, Southwest (24180). The comingling of the Penrose Skelly;Grayburg and the Eunice, San Andres, Southwest will not reduce the value of total remaining production.

The production percentages were calculated based on the 24 hr daily test from the Eunice;San Andres, Southwest dated 4/17/2013 prior to the workover. The Penrose Skelly; Grayburg production was based on the 24 hr daily test dated 9/5/13 which was after the workover. Those tests were then divided by the combined tests to get a percentage for each pool. This was done for oil, gas and water.

Ownership between all pools is identical.

This is a State property.

Thank you,

Randall Hicks  
Sr. Operations Engineer  
Vanguard Natural Resources

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Cole State #8  
API # 30-025-34856

Pool Name	Penrose Skelly;Gray	Eunice;San Andres, SW
Pool Code	50350	24180
Pay Interval	3634' - 3744'	3780' - 3898'
Status	Producing	Shut in
Rates from 24 hr tests, O,G,W	8      59      1	2      28      2
Allocation %	80      68	20      32

Combined Tests  
10    87    3

Pool 24 hrTest	8	
Combined Test	10	80.00%

Pool 24 hrTest	59	
Combined Test	87	67.82%

Pool 24 hrTest	2	
Combined Test	10	20.00%

Pool 24 hrTest	28	
Combined Test	87	32.18%

<u>Well Name</u>	<u>API #</u>	<u>Oil Gravity</u> <u>Shut-in Pools</u>	<u>Oil Gravity</u> <u>Producing Pool</u>
Cole State #8	30-025-34856	32.8	37.5
Cole State #23	30-025-37828	33	37.9
Grizzell B #6	30-025-38825	34.2	36.5
NM State M #55	30-025-37540	35.5	37.8
State C #2	30-025-38170	35	38.2
HS Turner #8	30-025-37873	33.1	32.9
WH Turner #3	30-025-37161	30.2	37