

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 Protraction 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 \_\_\_\_\_

*-DHC 4711*  
*- Vanguard Permian, LLC*  
*258350*

**[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

*Well*  
*- state C #2*  
*30-025-38170*  
*Pool*  
*- Eumont, Yates -*  
*7 Rivers - Queencoil*  
*22800*  
*- Eunice, SAN*  
*Andrews, Southwest*  
*24180*

**[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* *Randall Hicks* *Sr Ops Eng* *3/17/14*  
 Print or Type Name Signature Title Date  
*chicks@vnrllc.com*  
 e-mail Address

District I  
1225 S. French Ave. Santa Fe, NM 87501  
District II  
1115 East St. Antonio, NM 87102  
District III  
1001 Rio Hondo Road, Santa Fe, NM 87501  
District IV  
1225 S. French Ave. Santa Fe, NM 87501

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 77157  
Lease State C Well No. 2 Unit Letter-Section-Township-Range F Sec 17 22S 37E County Lea  
OGRID No. 259350 Property Code 30.1555 API No. 30-025-38100 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Eumont, Yates, 7Rs-Queen</u>		<u>Elmice, San Andres SW</u>
Pool Code	<u>22800</u>		<u>24180</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>3466' - 3614'</u>		<u>3869' - 3998'</u>
Method of Production (Flowing or Artificial Lift)	<u>A.L.</u>		<u>A.L.</u>
Bottomhole Pressure (Note: Pressure data will not be reported if the bottomhole pressure and the level of the well is within 150' of the depth of the perforation in the upper zone.)			
Oil Gravity or Gas BTU (Use API for 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, application shall be required to attach production estimates and supporting data.)	Date: <u>1/16/14</u> Rates: <u>3/2/1.6</u>	Date: Rates:	Date: <u>11/4/13</u> Rates: <u>2/82/188</u>
Fixed Allocation Percentage (Note: If allocation is based upon a commingling ratio, this portion of pool production supporting data is required to be reported.)	Oil: <u>40</u> Gas: <u>8</u>	Oil: Gas:	Oil: <u>40</u> Gas: <u>92</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 Sc. Ops. Eng DATE 3/20/14  
TYPE OR PRINT NAME RANDALL Hicks TELEPHONE NO. (713) 377-2207  
E-MAIL ADDRESS rhicks@vnrllc.com

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(505) 393-6161 Fax:(505) 393-0720

**District II**  
1301 W. Grand Ave., Artesia, NM 88210  
Phone:(505) 748-1283 Fax:(505) 748-9720

**District III**  
1000 Rio Grande Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**

Form C-102  
Perm# 41474

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-38170	2. Pool Code 24180	3. Pool Name EUNICE;SAN ANDRES, SOUTHWEST
4. Property Code 301555	5. Property Name STATE C	6. Well No. 002
7. OGRID No. 258350	8. Operator Name <i>Vanguard Permian, LLC</i>	9. Elevation 3398

**10. Surface Location**

UL - Lot	Section	Township	Range	Lot kth	Feet From	N/S Line	Feet From	E/W Line	County
F	17	22S	37E		1650	N	2195	W	LEA

**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot kth	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		13. Joint or Infill		14. Consolidation Code		15. 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**

	□		

**OPERATOR CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

E-Signed By: Linda Stiles  
Title: Sr Engineering Tech  
Date: 11/14/2006

**SURVEYOR CERTIFICATION**

*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.*

Surveyed By: Gary Eidson  
Date of Survey: 10/26/2006  
Certificate Number: 12641

HOBBS CO. OCT 18 2006

**District I**  
1225 N. French Dr., Hobbs, NM 88240  
Phone (505) 393-6161 Fax (505) 393-0720

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

Form C-102  
Permit 41474

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

*ELMONT, 4-7R-DU (BIC)*

1. API Number 30-025-38170	2. Pool Code <i>22800</i> <del>301555</del>	3. Pool Name <del>BENNRÖSE SKELLY GRAYBURG</del>
4. Property Code 301555	5. Property Name STATEC	6. Well No. 002
7. OGRD No. 258350	8. Operator Name <i>Vanguard Permian, LLC</i>	9. Elevation 3398

**10. Surface Location**

UL - Lot F	Section 17	Township 22S	Range 37E	Lot Idn	Feet From 1650	N/S Line N	Feet From 2195	E/W Line W	County LEA
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**11. Bottom Hole Location if Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill		14. Consolidation Code		15. Order No.				

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

<table border="1"> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td style="background-color: black;"> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </table>																	<p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this or ganization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Linda Stiles Title: Sr Engineering Tech Date: 11/14/2006</p>
<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Surveyed By: Gary Eidson Date of Survey: 10/26/2006 Certificate Number: 12641</p>																	



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  
State C #2 API#30-025-38170

Dear Mr. McMillan:

The Pools to be comingled in the State C #2 well are the Eumont;Yates,Seven Rivers,Queen (22800) and the Eunice; San Andres, Southwest (24180). The comingling of the Penrose Eumont;Yates,Seven Rivers,Queen and the Eunice, San Andres, Southwest will not reduce the value of total remaining production.

The production percentages were calculated based on a 24 hr production test from the Eunice;San Andres, Southwest before the workover and 24 hr production test from the Eumont;Yates,Seven Rivers,Queen after the workover. Those tests were then divided by the combined test to get a percentage for each pool. This was done for oil, gas and water.

Ownership between all pools is different and notification letters will be sent to all interest owners.

This is a State property.

Thank you,

Randall Hicks  
Sr. Operations Engineer  
Vanguard Natural Resources

**THE MONTHLY DISTRIBUTION MLP™**



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>[Signature]</i> C. Date of Delivery <i>10-6-14</i></p>
<p>1. Article Addressed to:</p> <p>STATE OF NEW MEXICO COMMISSIONER OF PUBLIC LANDS 1624 N FRENCH DRIVE HOBBS, NM 88240-9273</p> <p style="text-align: right;">14415</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type  <input type="checkbox"/> Certified Mail    <input type="checkbox"/> Express Mail  <input checked="" type="checkbox"/> Registered    <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail    <input type="checkbox"/> C.O.D.</p>
<p>2. Article No. (Transfer)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>PS Form 3</p>	<p>10255-02-M-1540</p>

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <b>BNY MELLON</b> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> <b>CORPORATE MAIL CTR.</b> <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>OCT 06 2014</i> C. Date of Delivery</p>
<p>1. Article Addressed to:</p> <p>DONALDSON BROWN ROYALTY TRUST 525 WILLIAM PENN PL., SUITE 153-1315 PITTSBURGH, PA 15259</p> <p style="text-align: right;">14416</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type  <input type="checkbox"/> Certified Mail    <input type="checkbox"/> Express Mail  <input checked="" type="checkbox"/> Registered    <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail    <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>PS Form 3811, February 2004</p>	<p>Domestic Return Receipt 10255-02-M-1540</p>