

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 Promotion Unit] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Oil Lease Storage] [OLM-Of-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

11/6/2014  
Date

rhicks@vnrllc.com  
e-mail Address

RECEIVED OGD  
NOV - 6 P 1:54

- EUNICE,  
SAN ANDRES  
SW  
24180  
- EGMONT,  
YATES-TRUCKS-  
QUEENCOI  
2280

- MUST EXPLAIN  
why graph  
production do  
not match

- How got  
Pool Allocation

- DHC  
- VAN 94 and Natural  
258350

- WEL  
- Cole State #19  
30-025-37400  
Pool

- Pennasc skelly  
GNA 4449  
50350

District I  
1633 N. Frank Ave. El Paso, NM 88501

District II  
1115 E. 1st St., Artesia, NM 88203

District III  
1201 E. 1st St., Alamogordo, NM 88001

District IV  
1220 S. W. Franklin St., 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  
Lease Cole State 19 Well No Q 16 225 37E County Lee  
UGRID No 25835D Property Code 312404 API No 30-025-37400 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Furnace, Upper, JR-Au</u>	<u>Penrose Skelly, Graybe</u>	<u>Ennise, San Andres, SW</u>
Pool Code	<u>22800</u>	<u>50350</u>	<u>24880</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>3485' - 3534'</u>	<u>3634' - 3796'</u>	<u>3836' - 3887'</u>
Method of Production (Flowing or Artificial Lift)	<u>A.L.</u>	<u>A.L.</u>	<u>A.L.</u>
Bottomhole Pressure (Note: Pressure data shall not be required if the well is producing at the level of zone in which the depth of the top perforation is in the upper zone)			
Oil Gravity or Gas BTU (Degree API, or Gas BTU)	<u>- / 1100</u>	<u>- / 1100</u>	<u>32.3° / 1100</u>
Producing, Shut-In or New Zone	<u>Producing</u>	<u>Producing</u>	<u>Shut-in</u>
Date and Oil/Gas-Water Rates of Last Production (Note: For zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: <u>10/18/14</u> Rates: <u>0/50/20</u>	Date: <u>10/18/14</u> Rates: <u>0/50/20</u>	Date: <u>6/3/2014</u> Rates: <u>2/38/5</u>
Fixed Allocation Percentage (Note: If oil zone is produced by a mechanism other than conventional gas production, supporting data is required.)	Oil: <u>0</u> Gas: <u>36</u>	Oil: <u>0</u> Gas: <u>36</u>	Oil: <u>100</u> Gas: <u>28</u>

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?  
Yes ☒ No ☐  
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 ☐  
NMOC 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 Randy Hicks TITLE Sr. Ops. Eng DATE 11-6-14  
TYPE OR PRINT NAME RANDALL Hicks TELEPHONE NO. (832) 377-2207  
E-MAIL ADDRESS rhicks@vnrllc.com

## State of New Mexico

Energy, Minerals and Natural Resources Department

## DISTRICT I

1625 N. FRIDAY DR., BOBBS, NM 86240

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 86210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-37400</b>	Pool Code <b>24180</b>	Pool Name <b>Eunice, San Andres, SW</b>
Property Code <b>312404</b>	Property Name <b>COLE STATE</b>	Well Number <b>19</b>
OCRID No. <b>258350</b>	Operator Name <b>Vanguard Permian, LLC</b>	Elevation <b>3411'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>G</b>	<b>16</b>	<b>22-S</b>	<b>37-E</b>		<b>1650</b>	<b>NORTH</b>	<b>1800</b>	<b>EAST</b>	<b>LEA</b>

## 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: <u><i>Ronald Hicks</i></u> Printed Name: <u><b>RANDALL Hicks</b></u> Title: <u><b>Sr. Ops. Eng</b></u> Date: <u><b>11/6/2014</b></u>	
	<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. Date Surveyed: <u><b>JULY 12, 2005</b></u> Signature: <u><i>Gary E. Nelson</i></u> Professional Seal:	
	Date Surveyed: <u><b>LA</b></u> Signature: <u><i>Gary E. Nelson</i></u> Professional Seal:	
	Date Surveyed: <u><b>LA</b></u> Signature: <u><i>Gary E. Nelson</i></u> Professional Seal:	

DISTRICT I  
1628 N. FRENCH DR., HOHES, NM 88240

DISTRICT II  
1201 W. GRAND AVENUE, ALBUQUERQUE, NM 88210

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

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87503

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-102  
Revised JUNE 10, 2003  
Submit to Appropriate District Office  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-37400</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>19</b>
UGRID No. <b>258350</b>	Operator Name <b>Vanguard Permian, LLC</b>	Elevation <b>3411'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	16	22-S	37-E		1650	NORTH	1800	EAST	LEA

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 the the information contained herein is true and complete to the best of my knowledge and belief.  <b>RANDALL HICKS</b> Signature <b>RANDALL Hicks</b> Printed Name <b>Sr. Ops. Eng</b> Title <b>11/6/2014</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>JULY 12, 2005</b> Date Surveyed <b>GARY EDWARDS</b> Signature <b>GARY EDWARDS</b> Professional Surveyor <b>NEW MEXICO</b> <b>7/19/05</b> <b>05:11:07</b> No. No. GARY EDWARDS 12841

## State of New Mexico

Energy, Minerals and Natural Resources Department

## DISTRICT I

1625 N. FRENCH DR., HOBBBS, NM 88240

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

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## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-37400</b>	Pool Code <b>228100</b>	Pool Name <b>Elumont, Yates, 7R-Queen</b>
Property Code <b>312404</b>	Property Name <b>COLE STATE</b>	Well Number <b>19</b>
OGRIID No. <b>258350</b>	Operator Name <b>Vanguard Permian, LLC</b>	Elevation <b>3411'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>G</b>	<b>16</b>	<b>22-S</b>	<b>37-E</b>		<b>1650</b>	<b>NORTH</b>	<b>1800</b>	<b>EAST</b>	<b>LEA</b>

## 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.
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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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=509190.7 N X=860680.9 E</p> <p>LAT.=32°23'40.06" N LONG.=103°09'53.39" W</p>	<p>1650'</p> <p>1800'</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Randall Hicks</i> Signature <b>RANDALL Hicks</b> Printed Name <b>Sr. Ops. Eng.</b> Title <b>11/6/2014</b> Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p><b>JULY 12, 2005</b></p> <p>Date Surveyed Signature Professional Seal <b>GARY E. EDISON</b> <b>7/12/05</b> State No. <b>GARY EDISON</b> 12641</p>	

Cole State #19  
API # 30-025-37400

Pool Name  
Pool Code  
Pay Interval  
Status  
Rates from 24 hr tests, O,G,W  
Allocation %

Eumont; Yates,7R-Queen		
22800		
3485' - 3534'		
Producing		
0	50	20
0%	36%	
Pool 24 hrTest	0	
Combined Test	2	0.00%
Pool 24 hrTest	50	
Combined Test	138	36.23%

Penrose Skelly;Grayburg		
50350		
3634' - 3796'		
Producing		
0	50	20
0%	36%	
Combined Tests		
2	138	45
Pool 24 hrTest	0	
Combined Test	2	0.00%
Pool 24 hrTest	50	
Combined Test	138	36.23%

Eunice;San Andres, SW

24180

3836' - 3887'

## Shut in

2 38

5

100%      28%

2

2	100.00%
---	---------

38

138 27.54%

2. *Phylogenetic relationships*



November 5, 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 #10 (API 300252216300);  
Cole State #12 (API 300252248600);  
Cole State #14 (API 300252382800);  
Cole State #17 (API 300253739900);  
Cole State #18 (API 300253782700);  
Cole State #19 (API 300253740000);  
Lea County, NM

Gentlemen:

Please be advised that Vanguard Permian, LLC, ("Vanguard"), owns 100% of the working interest in the above captioned wells. Additionally, the various interest owners in all of the wells noted above are identical. In order to more efficiently produce the captioned wells and avoid waste, we respectfully request to downhole commingle the specified wells.

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) or for technical questions please contact Randall Hicks at 832.377.2207 or [rhicks@vnrlc.com](mailto:rhicks@vnrlc.com).

Respectfully submitted,

Vanguard Permian, LLC

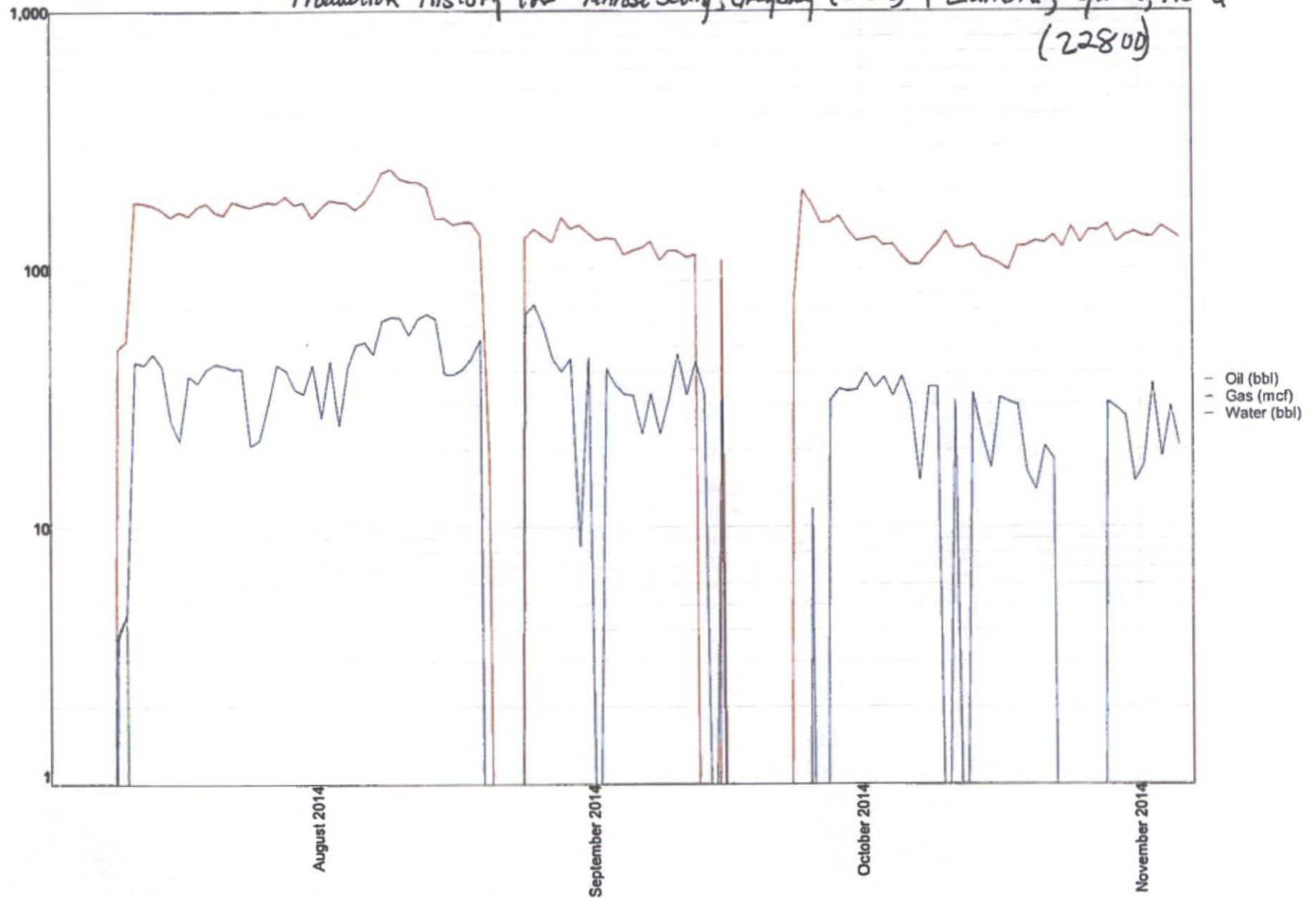
Carol M. Sledge, CPL  
Senior Landman

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



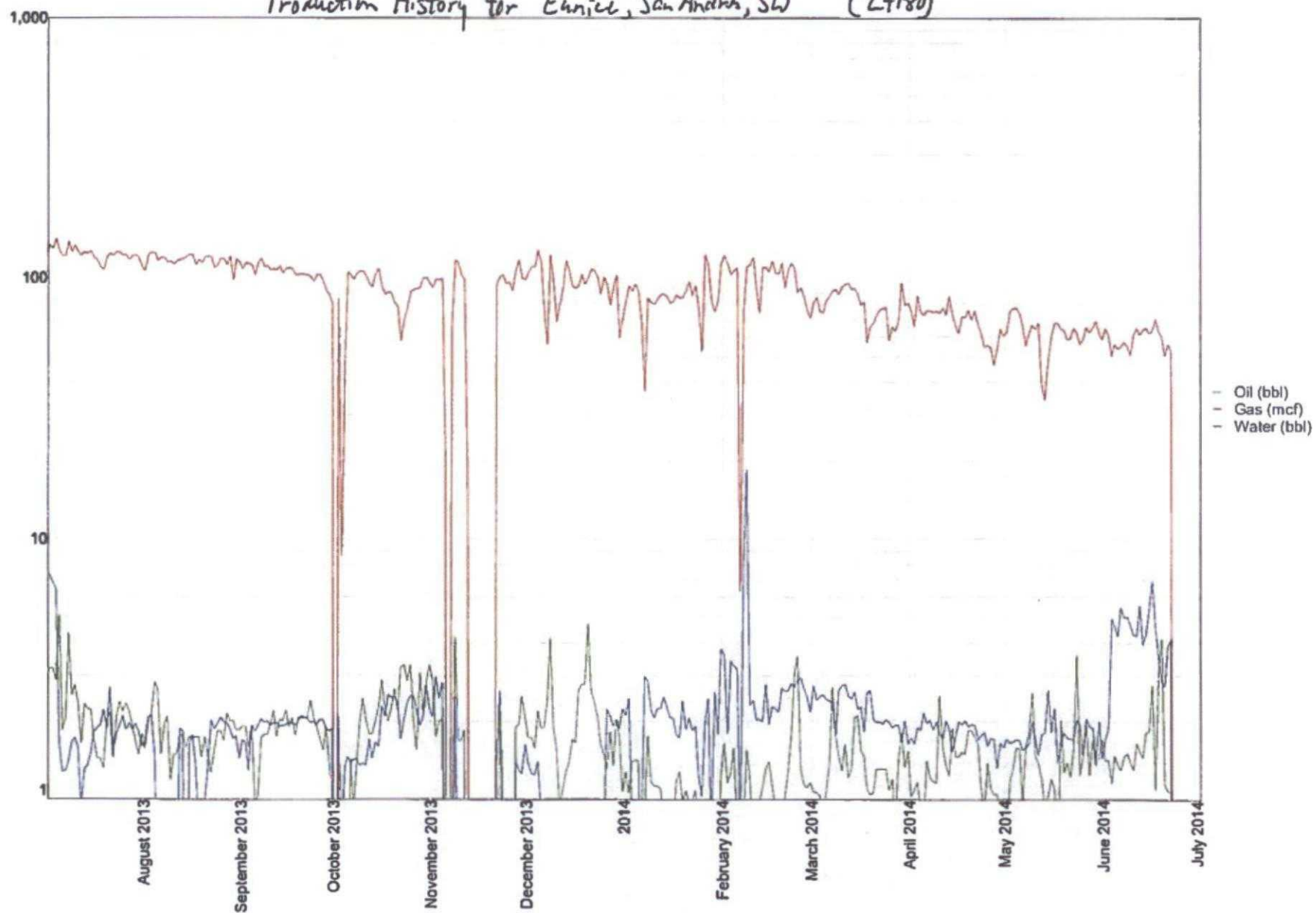
Cole State 19 - Cole State 19 Wh

Production History for Penrose Skelly; Grayburg (50350) + Eumont; Yates, 7R-Q  
(22800)



Cole State 19 - Cole State 19 Wh

Production History for Eunice, San Andres, SW (24180)





November 6, 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 #19 API#30-025-37400

Dear Mr. McMillan:

The Pools to be comingled in the Cole State #19 well are the Eunice; Yates, 7R-Queen (22800), the Penrose Skelly;Grayburg (50350) and the Eunice; San Andres, Southwest (24180). The comingling of the Eunice; Yates, 7R-Queen, 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 last 24 hr daily test from the Eunice; San Andres, Southwest dated 6/3/2014 prior to the workover. The Eunice; Yates, 7R-Queen and Penrose Skelly; Grayburg production was based on an even split of the most recent 24 hr daily test dated 10/18/14 which was 4 months after the workover. Those tests were then divided by the combined tests to get a percentage for each pool. This was done for both oil and gas.

Ownership interests between all pools is identical.

This is a State property and the SLO is being notified by this letter. A hard copy of this application with a \$30 processing fee will be mailed to the SLO.

Thank you,

Randall Hicks  
Sr. Operations Engineer  
Vanguard Natural Resources

**THE MONTHLY DISTRIBUTION MLP™**

## McMillan, Michael, EMNRD

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**From:** Randall Hicks <rhicks@vnrlc.com>  
**Sent:** Tuesday, November 11, 2014 10:47 AM  
**To:** McMillan, Michael, EMNRD  
**Subject:** Vanguard - Cole State #19 - DHC Application

Mr. McMillan,

For the DHC application, the production between the Eumont; Yates, 7R-Queen (22800) and the Penrose-Skelly; Grayburg (50350) was split evenly because one large fracture stimulation was put on both zones at one time. Further, a similar number of perforation are in the Queen and as are in the Grayburg creating an even split for the fracture treatment.

The 24 hr production test for the combined Queen and Grayburg is a more accurate number and should be used to determine the percentages for each pool. The daily production graph is an allocated number from a single tank battery with 17 wells producing to it. Due to certain wells contributing to the tank battery being down or other factors, the allocated production may not match the 24 hr test number exactly, however the 24 production test is an accurate indication of the production from that well.

If you have any other questions, feel free to call.

Thank you,

Randall Hicks  
Sr Operations Engineer  
Vanguard Natural Resources, LLC  
832-377-2207 office  
713-252-1626 mobile