

DATE: <u>11/16/14</u>	SUPPLIER: <u>MAN</u>	ENGINEER: <u>MAN</u>	LOCATION: <u>116429</u>	TITLE: <u>DHC</u>	APP NO: <u>PM141431047109</u>
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ABOVE THIS LINE FOR OVERSIGHT 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 Proration 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. 11/16/14  
 Title Date

rhicks@vnrllc.com  
 e-mail Address

- DHC 4716  
 - Vanguard Permissives LLC  
 258350  
 well  
 Cole state #14  
 30-025-25838  
 Pool

- Eunice San  
 Andres SW  
 24180

RECEIVED OGD  
 NOV 18 2014

Penrose  
 Skelly's GMA  
 50350

- Eumont Yates  
 Truvs-Gween  
 Oil  
 22800

District I  
1625 N. Frankford, Santa Fe, NM 87505  
District II  
1115 East St. Antonio, Santa Fe, NM 87505  
District III  
1100 Rio Rancho Road, Santa Fe, NM 87505  
District IV  
1225 N. Frankford, 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 5547 San Felipe, Suite 3000 Houston, TX  
Lease Cole State Well No 14 Unit Letter-Section-Township-Range F 16 22S 37E County Lee  
OGRID No. 258350 Property Code 312404 API No. 30-025-23929 Lease Type  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Eumont, Upta, 7R-Q</u>	<u>Penrose, Skully, Grayling</u>	<u>Eunice, San Andres, SW</u>
Pool Code	<u>22800</u>	<u>50350</u>	<u>24180</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>3476' - 3530'</u>	<u>3656' - 3662'</u>	<u>3806' - 3990'</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 will not be required if the bottomhole pressure is at the least one well within 150' of the depth of the perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<u>36°/1100</u>	<u>36°/1100</u>	<u>34.8°/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 new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date <u>10/7/2014</u> Rates: <u>0.5/20/1</u>	Date: <u>10/7/2014</u> Rates: <u>0.5/20/1</u>	Date <u>6/1/2014</u> Rates: <u>1/55/10</u>
Fixed Allocation Percentage (Note: If allocation is based upon a matching other than current or past production, supporting data or explanation will be required.)	Oil <u>25</u> Gas <u>21</u>	Oil <u>25</u> Gas <u>21</u>	Oil <u>50</u> Gas <u>58</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 11/6/2014  
TYPE OR PRINT NAME RANDALL Hicks TELEPHONE NO. (832) 377-2207  
E-MAIL ADDRESS r.hicks@vprllc.com

Cole State #14  
API # 30-025-23828

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

Eumont; Yates,7R-Queen		
22800		
3476' - 3530'		
Producing		
0.5	20	1
25%	21%	
0.5		
2	25.00%	
20		
95	21.05%	

Penrose Skelly;Gray		
50350		
3656' - 3662'		
Producing		
0.5	20	1
25%	21%	
Combined Tests		
2	95	12
0.5		
2	25.00%	
20		
95	21.05%	

**Pool 24 hrTest**  
**Combined Test**



NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-85

All distances must be from the outer boundaries of the Section.

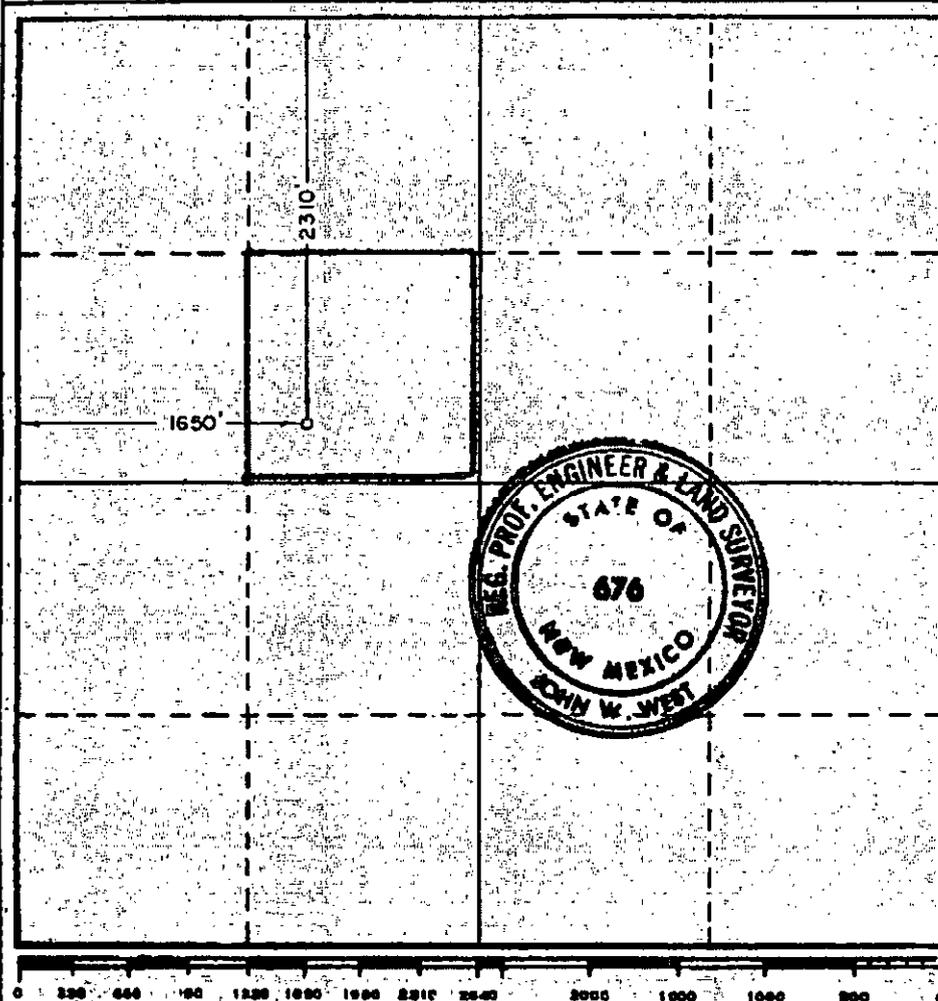
Operator <i>Vanguard Permian, L.L.C.</i>		Lease <i>258350</i>		Lease <i>Cole State 312404</i>		Well No. <i>14</i>
Unit Letter <i>F</i>	Section <i>16</i>	Township <i>22 SOUTH</i>	Range <i>37 EAST</i>	County <i>LEA</i>		
Actual Footage Location of Well: <i>2310</i> feet from the <b>NORTH</b> line and <i>1650</i> feet from the <b>WEST</b> line						
Ground Level Elev. <i>3396'</i>	Producing Formation <i>San Andres</i>		Pool <i>Eunice, San Andres, SW (24180)</i>		Dedicated Acreage: <i>40</i> Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



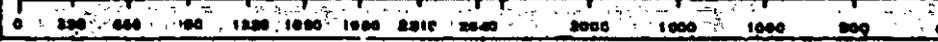
CERTIFICATION

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

*Randall Hicks*  
 Name: *RANDALL Hicks*  
 Position: *Sr. Ops. Eng.*  
 Company: *Vanguard Permian, L.L.C.*  
 Date: *11-6-14*

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 knowledge and belief.

Date Surveyed: *JULY 12, 1971*  
 Registered Professional Engineer and/or Land Surveyor:  
*John W. West*  
 Certificate No. *676*



**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102  
Supersedes C-128  
Effective 1-1-83

All distances must be from the outer boundaries of the Section.

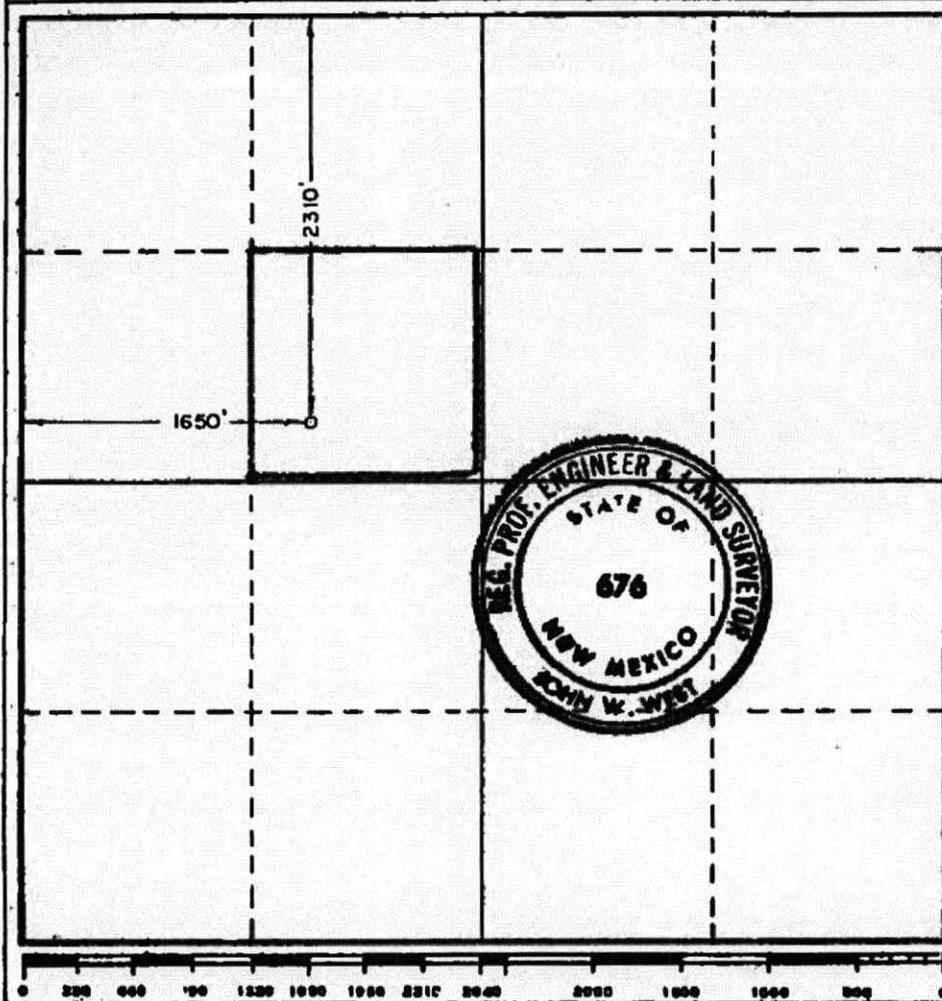
Operator <b>Vanguard Permian, LLC</b>		Location <b>258350</b>		State <b>Cole State</b>		Well No. <b>312404</b>		Well No. <b>14</b>	
Unit Letter <b>F</b>	Section <b>16</b>	Township <b>22 SOUTH</b>	Range <b>37 EAST</b>	County <b>LEA</b>					
Actual Footage Location of Well: <b>2310</b> feet from the <b>NORTH</b> line and <b>1650</b> feet from the <b>WEST</b> line									
Ground Level Elev. <b>3396'</b>	Producing Formation <b>Penrose Skelly; Grayburg</b>			Pool <b>Penrose Skelly; Grayburg (50350)</b>			Dedicated Acreage: <b>40</b> Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes;" type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



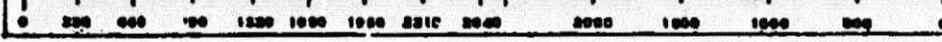
**CERTIFICATION**

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

*R. M. Hicks*  
Name  
**RANDALL Hicks**  
Position  
**Sr. Ops. Eng**  
Company  
**Vanguard Permian, LLC**  
Date  
**11-6-14**

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 knowledge and belief.

Date Surveyed  
**JULY 12, 1971**  
Registered Professional Engineer and/or Land Surveyor  
*John W. West*  
Certificate No. **676**



NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-63

All distances must be from the outer boundaries of the Section.

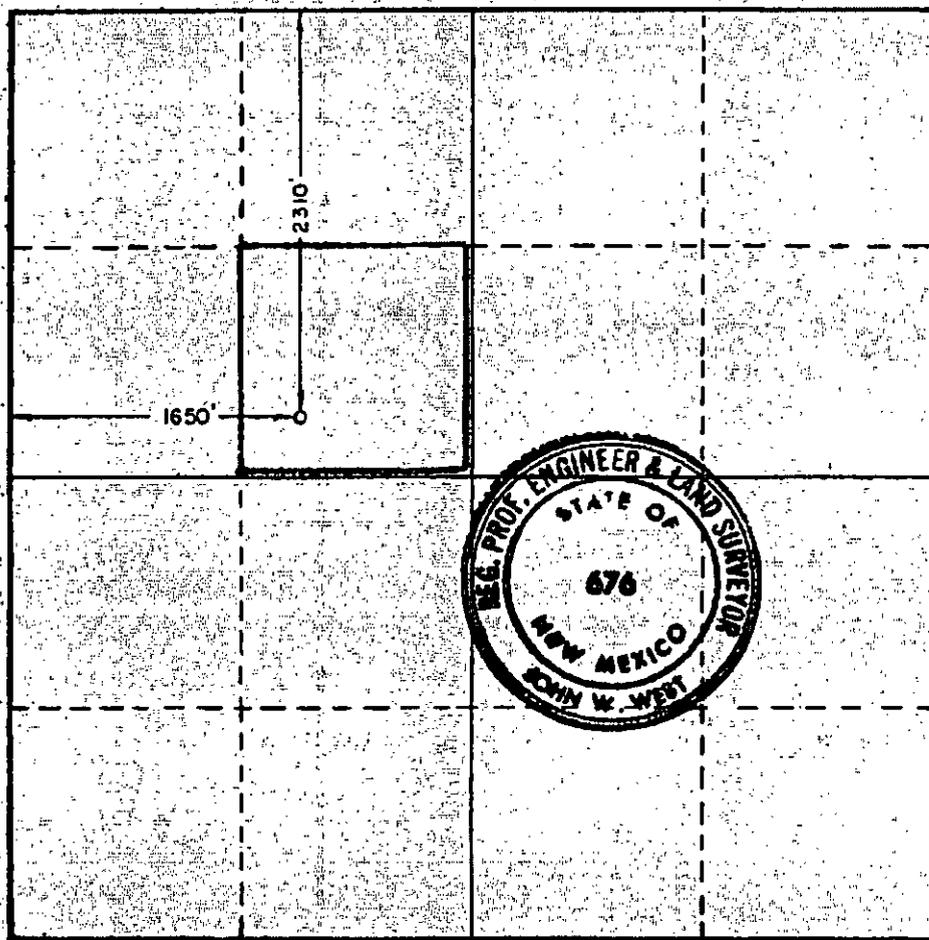
Operator <i>Vanguard Permian, LLC</i>		Lease <i>258350</i>		Lease <i>Colo State</i>		Well No. <i>312404</i>	
Unit Letter <i>F</i>	Section <i>16</i>	Township <i>22 SOUTH</i>	Range <i>37 EAST</i>	County <i>LEA</i>			
Actual Footage Location of Well: <i>2510</i> feet from the <i>NORTH</i> line and <i>1650</i> feet from the <i>WEST</i> line							
Ground Level Elev. <i>3396'</i>	Producing Formation <i>Queen</i>		Pool <i>Eurmont, Yates 7R-Q (22800)</i>		Dedicated Acreage: <i>40</i> Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes" type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

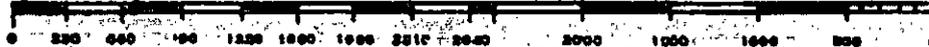
*RANDALL Hicks*  
Name  
*Randall Hicks*  
Position  
*Sr. Ops. Eng.*  
Company  
*Vanguard Permian, LLC*  
Date  
*11-6-14*

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 knowledge and belief.

Date Surveyed  
*JULY 12, 1971*

Registered Professional Engineer and/or Land Surveyor

*John W. West*  
Certificate No. *676*





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

Respectfully submitted,

**Vanguard Permian, LLC**

Carol M. Sledge, CPL  
Senior Landman

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



October 31, 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 #14 API#30-025-23828

Dear Mr. McMillan:

The Pools to be comingled in the Cole State #14 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 6/1/2014 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 10/7/14 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@vnrllc.com>  
**Sent:** Tuesday, November 11, 2014 10:49 AM  
**To:** McMillan, Michael, EMNRD  
**Subject:** Vanguard - Cole State #14 - 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 perforations 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