

DATE 11/13/2014	APPROVAL	ENGINEER M Am	LOCATION 11/13/2014	TITLE DHC	PMAM143174125
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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-On-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-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

11/12/14
Date

rhicks@vnrllc.com
e-mail Address

- DHC 4718
- Vanguard Permian, LLC
258350

Well
- Cole State #12
30-025-22486

Pool
- Eunice, SAN
Andrews, Southwest
24180
- Penros & Kelly
Graham
50350

District I
1225 N. Frank Ave., Suite 100, NM 87501

District II
1015 N. Frank Ave., Suite 100, NM 87501

District III
1015 N. Frank Ave., Suite 100, NM 87501

District IV
1225 N. Frank Ave., Suite 100, 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 77057
Lease Cole State Well No 12 Unit Letter Section-Township-Range LPA County
OGRID No 25835D Property Code 312404 API No 30-025-22480 Lease Type Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Pennock Skelly, Grayburg</u>		<u>Eunice, San Andres, SD</u>
Pool Code	<u>5035D</u>		<u>2418D</u>
Top and Bottom of Pay Section (Perforated or Open Hole Interval)	<u>3644' - 3784'</u>		<u>3870' - 3884'</u>
Method of Production (Flowing or Artificial Lift)	<u>A.L.</u>		<u>A.L.</u>
Bottomhole Pressure (Note: Pressure data will not be required if the bottom pressure is at the time of completion within 150% of the depth of the top pay zone in the upper zone.)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<u>35.4°/1100</u>		<u>36.2°/1100</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>10/8/2014</u> Rates: <u>4/16/52</u>	Date: Rates:	Date: <u>3/9/2014</u> Rates: <u>2/79/2</u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data and explanation will be required.)	Oil: <u>67</u> Gas: <u>17</u>	Oil: Gas:	Oil: <u>33</u> Gas: <u>83</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 commingled 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 11/12/14
TYPE OR PRINT NAME RANDALL HICKS TELEPHONE NO. (832) 377-2200
E-MAIL ADDRESS rhicks@vunllc.com

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
 Supersedes C-12A
 Effective 1-1-55

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

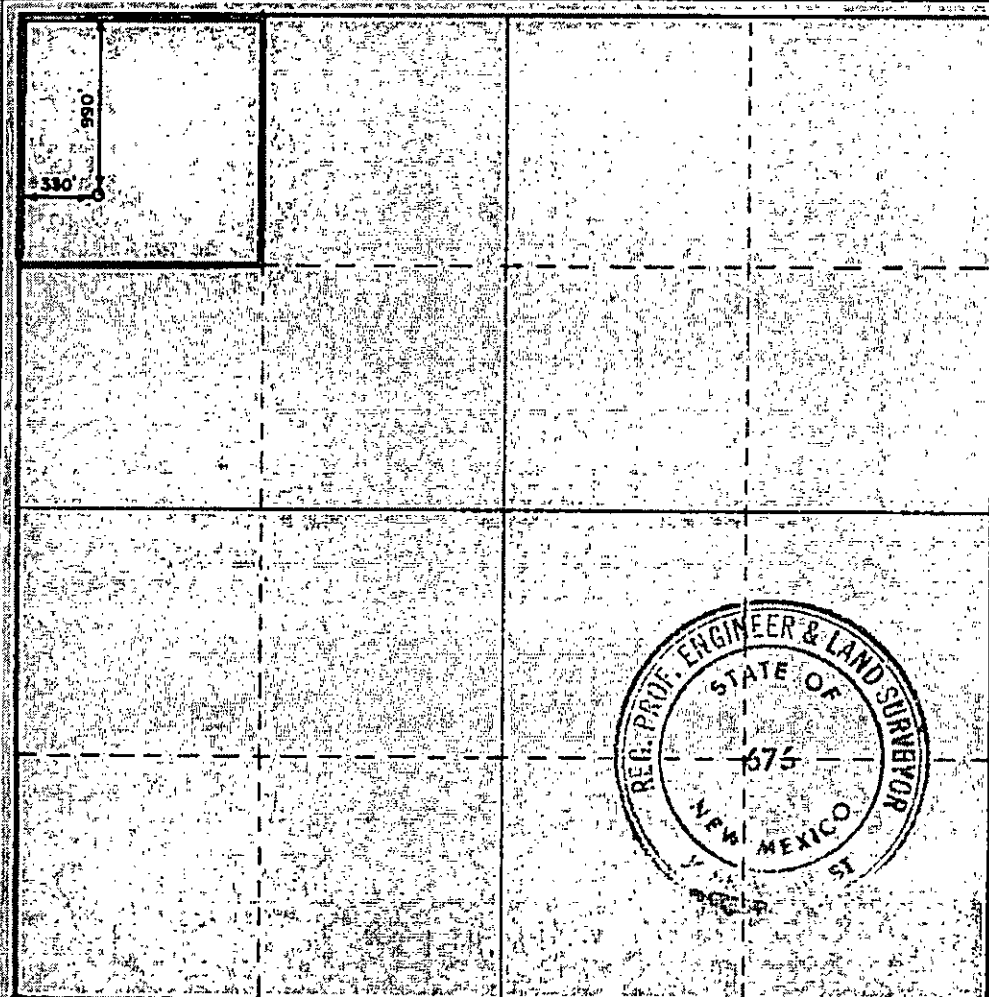
Operator Vanguard Permian LLC		Lease 258350		Well No. 12	
Unit Letter D	Section 16	Township 22 SOUTH	Range 37 EAST	County LEA	
Actual Footage Location of Well: 990 feet from the NORTH line and 330 feet from the WEST line					
Ground Level Elev. 3393.2	Producing Formation San Andres		Pool Eunice San Andres, SW (2480)		Dedicated Acreage 40 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.

Name **RANDALL HICKS**

Position **Sr. Ops. Eng.**

Company **Vanguard Permian, LLC**

Date **10/30/2014**

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 **MARCH 22, 1968**

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **676**



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

Form C-102
Supersedes C-128
Effective 1-1-55

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

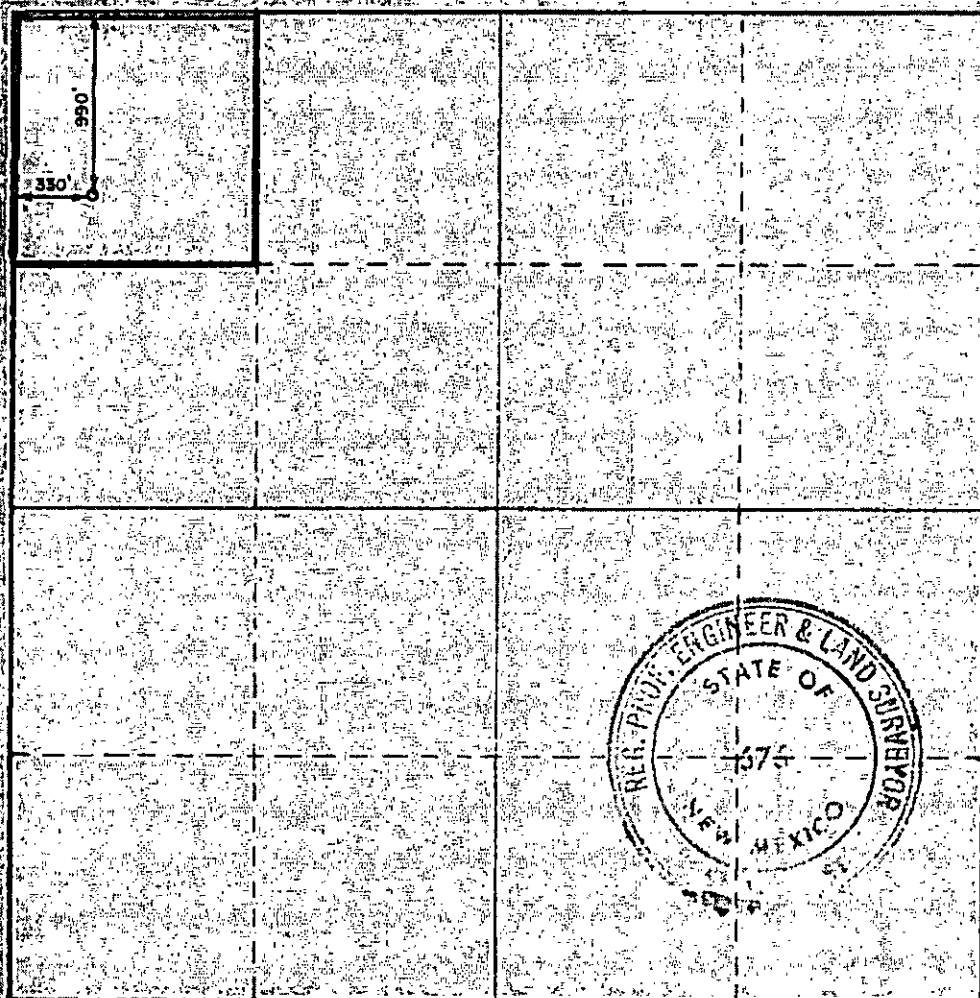
Operator Vanguard Permian LLC 258350			Lease Cole State 312404		Well No. 12
Unit Letter D	Section 16	Township 22 SOUTH	Range 37 EAST	County LEA	
Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 990 feet from the NORTH line and 330 feet from the WEST line </div>					
Ground Level Elev. 3393.2	Producing Formation Penrose Skelly, Grayburg		Pool Penrose Skelly, Grayburg (50350)		Dedicated Acreage 40 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.

RANDALL HICKS *Ralph Hill*

Name

Sr. Ops. Eng.

Position

Vanguard Permian, LLC

Company

10/30/2014

Date

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

MARCH 22, 1968

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No.

676





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 #12 API#30-025-22486

Dear Mr. McMillan:

The Pools to be comingled in the Cole State #12 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 last 24 hr daily test from the Eunice; San Andres, Southwest dated 3/9/2014 prior to the workover. The Penrose Skelly; Grayburg production was based on the most recent 24 hr daily test dated 10/8/14 which was 7 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 between all pools is identical.

This is a State property and the SLO is being notified by this letter.

Thank you,

Randall Hicks
Sr. Operations Engineer
Vanguard Natural Resources

THE MONTHLY DISTRIBUTION MLPTM



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 or for technical questions please contact Randall Hicks at 832.377.2207 or rhicks@vnrlc.com.

Respectfully submitted,

Vanguard Permian, LLC

Carol M. Sledge, CPL
Senior Landman

cc: Randall Hicks via email at rhicks@vnrlc.com

Cole State #12
API # 30-025-22486

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

Penrose Skelly;Gray		
50350		
3644' - 3784'		
Producing		
4	16	52
67%	17%	
Pool 24 hrTest	4	
Combined Test	6	66.67%
Pool 24 hrTest	16	
Combined Test	95	16.84%
Pool 24 hrTest		
Combined Test		

Combined Tests
6 95 54

Eunice;San Andres, SW

24180

3870' - 3884'

Shut in

2 79

2

33% 83%

2

6 33.33%

79

95 83.16%

McMillan, Michael, EMNRD

From: Randall Hicks <rhicks@vnrlc.com>
Sent: Thursday, November 13, 2014 11:28 AM
To: McMillan, Michael, EMNRD; Martin, Ed
Subject: RE: DHC applications Lea Co. NM - State Wells
Attachments: Cole State #12 DHC Application Packet.pdf; Cole State #12 Landman Letter.pdf; Cole State #12 Production Spreadsheet.xlsx; NMOCD DHC Letter Cole State #12 rev #1.pdf

Gentlemen,

Attached is the Cole State #12 well needing a DHC permit. This well is very similar to the previous two in that it is a State well with consistent interest between pools.

Copies will be mailed to each of you with the necessary processing fee.

For this DHC application, the production between the Eunice; San Andres, SW (24180) and the Penrose-Skelly; Grayburg (50350) was based on 24 hr production test from each pool. The 24 hr production test for the San Andres and for the 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.

Thanks,

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