

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order DHC-4719
Order Date: November 14, 2014
Application Reference Number: pMAM1431755754

Vanguard Permian, LLC
5847 San Felipe Street Suite 3000
Houston, Texas 77057

Attention: Randall Hicks

Cole State Well No. 10
API No. 30-025-22163
Unit E, Section 16, Township 22 South, Range 37 East, NMPM
Lea County, New Mexico

Pool	PENROSE SKELLY; GRAYBURG	Oil	50350
Names:	EUNICE; SAN ANDRES, SOUTHWEST	Oil	24180
	EUMONT; YATES SEVEN RIVERS-QUEEN (OIL)	Oil	22800

Reference is made to your recent application for an exception to 19.15.12.9A. NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appears that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A. NMAC, and since reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

As per the application, the assignment of allowable and allocation of production from the well shall be based on the well test method. The oil and gas production from each pool after testing will be divided by the combined tests to get a percentage for each pool.

Assignment of allowable and allocation of production from the well shall be as follows:

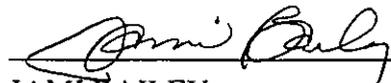
PENROSE SKELLY; GRAYBURG	Pct. Gas:34	Pct. Oil: 43
EUMONT; YATES SEVEN RIVERS-QUEEN (OIL)	Pct. Gas: 34	Pct. Oil: 43
EUNICE; SAN ANDRES, SOUTHWEST	Pct. Gas: 32	Pct. Oil: 14

Assignments of allowables for the Penrose Skelly; Grayburg and Eumont Seven Rivers-Queen; are equivalent because both pools were completed in 2010, have the same number of perforations, and were fracture stimulated at the same time.

REMARKS: The operator shall notify the Division's District I Office upon implementation of commingling operations.

This Order is subject to like approval from the New Mexico State Land Office.

Pursuant to 19.15.12.11B. NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



JAMI BAILEY
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Oil, Gas, and Minerals