

ABOVE THE 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 Proration 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-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

11/17/2014
Date

rhicks@vnrllc.com
e-mail Address

RECEIVED OGD
2014 NOV 13 P 3:25

- DHC 4719
- Vang and Permian LLC
258350
W 211
- Cole State #10
30-025-22163
Pool
- Eymont, Yates, Trues
Green (oil)
22800
- Penrose
Skelley
GNAxburg
50350
- Eynice, SAN
Andrews Southwest
24180

District I
1220 S. Francisco Dr., Santa Fe, NM 87505

District II
1115 E. 1st St., Artesia, NM 87010

District III
1001 E. 1st St., Santa Fe, NM 87505

District IV
1220 S. Francisco Dr., 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 77057

Lease: Cole State Well No: 10 Unit Identifier-Section-Township-Range: E 16 22S 37E County: Lea

OGRID No: 258350 Property Code: 312404 API No: 30-22S-22163 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Gunn's Ydst, 7R, 12</u>	<u>Penrose-Skelly, Grayling</u>	<u>Ennis, 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>3488' - 3540'</u>	<u>3167' - 3720'</u>	<u>3786' - 3890'</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 reported if the bottomhole pressure is not the lowest value in a commingled zone or if the depth of the top pay zone is in the upper zone)			
Oil Gravity or Gas BTU (Based on API or Gas BTU)	<u>37°</u>	<u>37°</u>	<u>32.5°</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, applicants shall not be required to attach production estimates and supporting data.)	Date: <u>10/17/14</u> Rates: <u>3/27/9.5</u>	Date: <u>10/17/14</u> Rates: <u>3/27/9.5</u>	Date: <u>11/7/2010</u> Rates: <u>1/26/5</u>
Fixed Allocation Percentage (Note: If allocation is based upon a weighting factor, then a description of the weighting factor and supporting data is required.)	Oil: <u>43</u> Gas: <u>34</u>	Oil: <u>43</u> Gas: <u>34</u>	Oil: <u>14</u> Gas: <u>32</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 ☐

NMOCU 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: 11/11/14
TYPE OR PRINT NAME: RANDALL HICKS TELEPHONE NO.: (832) 377-2207
E-MAIL ADDRESS: rhicks@vnrllc.com

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

Effective 1-1-65

Operator Vanguard Permian, LLC 258350		Lease Cole State 312404		Well No. 10
Unit Layer E	Section 16	Township 22 SOUTH	Range 37 EAST	County Lea
Actual Footage Location of Well: 2310 feet from the NORTH line and 990 feet from the WEST line				
Ground Level Elev. 3394 GL	Producing Formation San Andres	Pool Eunice, San Andres, SW 24180	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or bacbare 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

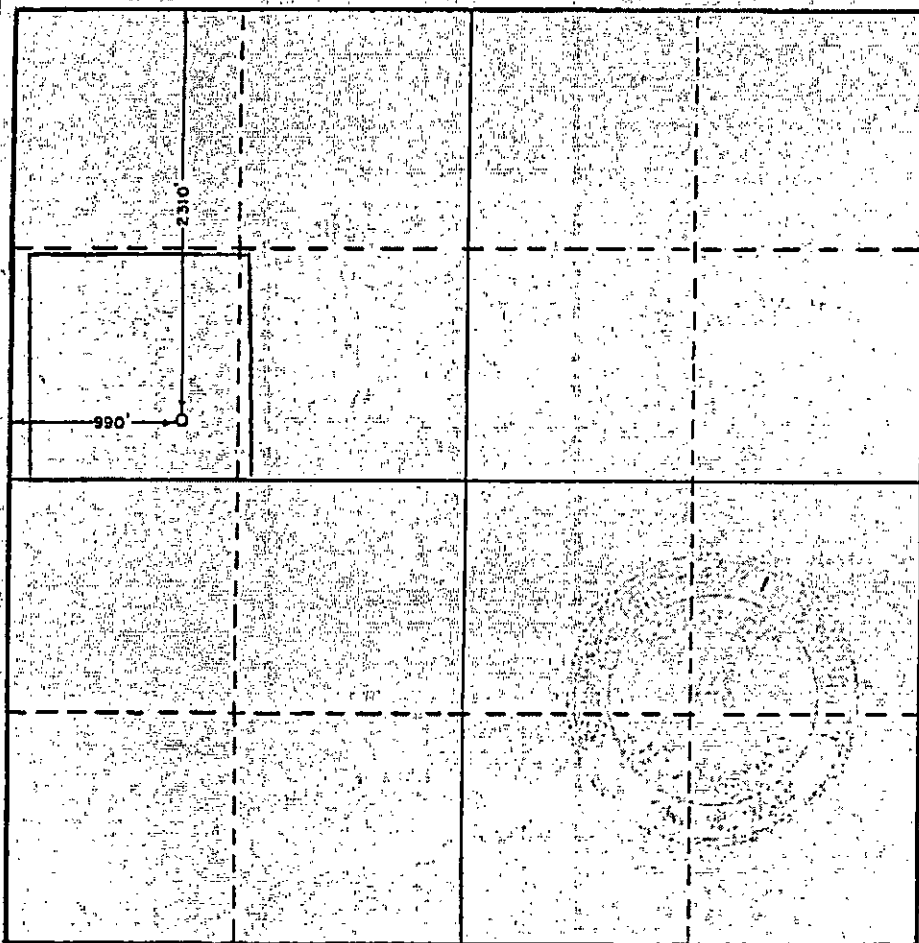
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name **RANDALL Hicks**
 Position **Sr. Ops. Eng**
 Company **Vanguard Permian, LLC**
 Date **11/7/2014**

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 **6-20-67**
 Registered Professional Engineer and/or Land Surveyor

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



2330 2420 2510 2600 2690 2780 2870 2960 3050 3140 3230 3320 3410 3500 3590 3680 3770 3860 3950 4040 4130 4220 4310 4400 4490 4580 4670 4760 4850 4940 5030 5120 5210 5300 5390 5480 5570 5660 5750 5840 5930 6020 6110 6200 6290 6380 6470 6560 6650 6740 6830 6920 7010 7100 7190 7280 7370 7460 7550 7640 7730 7820 7910 8000 8090 8180 8270 8360 8450 8540 8630 8720 8810 8900 8990 9080 9170 9260 9350 9440 9530 9620 9710 9800 9890 9980 10070 10160 10250 10340 10430 10520 10610 10700 10790 10880 10970 11060 11150 11240 11330 11420 11510 11600 11690 11780 11870 11960 12050 12140 12230 12320 12410 12500 12590 12680 12770 12860 12950 13040 13130 13220 13310 13400 13490 13580 13670 13760 13850 13940 14030 14120 14210 14300 14390 14480 14570 14660 14750 14840 14930 15020 15110 15200 15290 15380 15470 15560 15650 15740 15830 15920 16010 16100 16190 16280 16370 16460 16550 16640 16730 16820 16910 17000 17090 17180 17270 17360 17450 17540 17630 17720 17810 17900 17990 18080 18170 18260 18350 18440 18530 18620 18710 18800 18890 18980 19070 19160 19250 19340 19430 19520 19610 19700 19790 19880 19970 20060 20150 20240 20330 20420 20510 20600 20690 20780 20870 20960 21050 21140 21230 21320 21410 21500 21590 21680 21770 21860 21950 22040 22130 22220 22310 22400 22490 22580 22670 22760 22850 22940 23030 23120 23210 23300 23390 23480 23570 23660 23750 23840 23930 24020 24110 24200 24290 24380 24470 24560 24650 24740 24830 24920 25010 25100 25190 25280 25370 25460 25550 25640 25730 25820 25910 26000 26090 26180 26270 26360 26450 26540 26630 26720 26810 26900 26990 27080 27170 27260 27350 27440 27530 27620 27710 27800 27890 27980 28070 28160 28250 28340 28430 28520 28610 28700 28790 28880 28970 29060 29150 29240 29330 29420 29510 29600 29690 29780 29870 29960 30050 30140 30230 30320 30410 30500 30590 30680 30770 30860 30950 31040 31130 31220 31310 31400 31490 31580 31670 31760 31850 31940 32030 32120 32210 32300 32390 32480 32570 32660 32750 32840 32930 33020 33110 33200 33290 33380 33470 33560 33650 33740 33830 33920 34010 34100 34190 34280 34370 34460 34550 34640 34730 34820 34910 35000 35090 35180 35270 35360 35450 35540 35630 35720 35810 35900 36000

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

active 1-1-65

Operator Vanguard Permian, LLC 258350		Lease Colo State 312404		Well No 10
Unit Letter E	Section 16	Township 22 SOUTH	Range 37 EAST	County Lea
Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 2310 feet from the NORTH line and 990 feet from the WEST line </div>				
Ground Level Elev. 3394 GL	Producing Formation Grayburg	Pool Penrose-Skelly, Grayburg	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).
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☐ 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
11/7/2014

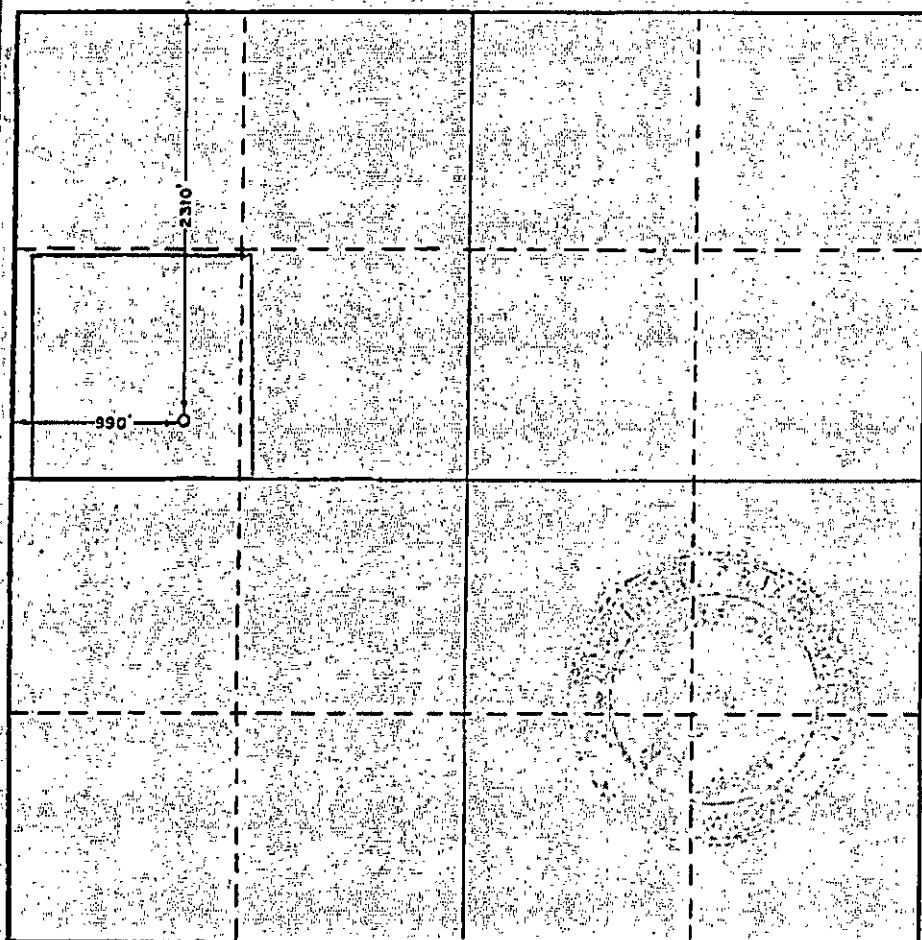
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
6-20-67

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **676**



0 100 200 300 400 500 600 700 800 900 1000 1100 1200 1300 1400 1500 1600 1700 1800 1900 2000 2100 2200 2300 2400 2500 2600 2700 2800 2900 3000 3100 3200 3300 3400 3500 3600 3700 3800 3900 4000 4100 4200 4300 4400 4500 4600 4700 4800 4900 5000 5100 5200 5300 5400 5500 5600 5700 5800 5900 6000 6100 6200 6300 6400 6500 6600 6700 6800 6900 7000 7100 7200 7300 7400 7500 7600 7700 7800 7900 8000 8100 8200 8300 8400 8500 8600 8700 8800 8900 9000 9100 9200 9300 9400 9500 9600 9700 9800 9900 10000

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

Effective 1-1-63

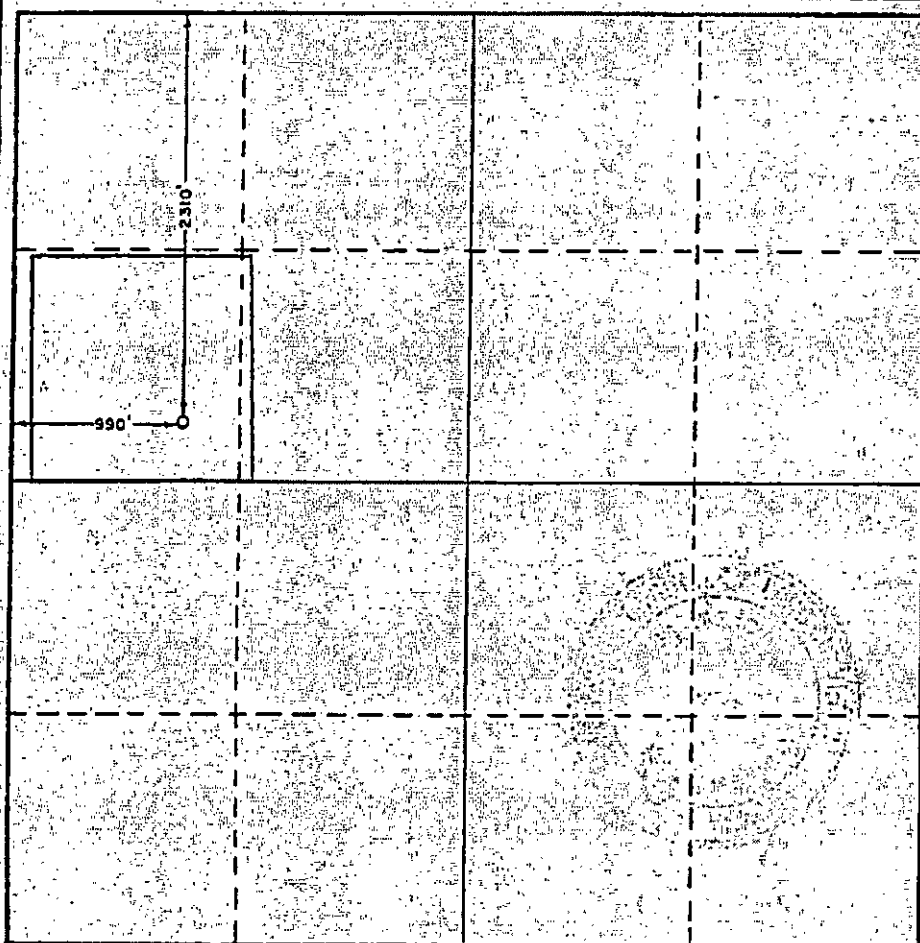
Operator Vanguard Permian, LLC 258350		Lease Cole State 312404		Well No. 10
Unit Letter E	Section 16	Township 22 SOUTH	Range 37 EAST	County Lea
Actual Footage Location of Well:				
2310 feet from the NORTH line and		990 feet from the WEST line		
Ground Level Elev. 3394.66	Producing Formation Queen	Pool Eumant Yates 716-Queen 22800	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
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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 **11/7/14**

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 **6-20-67**

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **676**



November 11, 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 #10 API#30-02S-22163

Dear Mr. McMillan:

The Pools to be comingled in the Cole State #10 well are the Eumont; Yates, 7R, Queen (22800), Penrose Skelly; Grayburg (S03S0) and the Eunice; San Andres, Southwest (24180). The comingling of the Eumont; 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 11/7/2010 prior to the workover. The Eumont; Yates, 7R, Queen/ Penrose Skelly; Grayburg production was based on the most recent 24 hr daily test dated 10/17/14 and divided equally between the two. The two pools were completed simultaneously with one large fracture stimulation job. Those tests were then divided by the combined tests to get a percentage for each pool. This was done for oil and gas.

Ownership between all pools is identical.

This is a State property.

Thank you,

Randall Hicks
Sr. Operations Engineer
Vanguard Natural Resources

THE MONTHLY DISTRIBUTION MLP™



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 #10
API # 30-025-22163

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

Eumont;Y,7R-Queen		
22800		
3488' - 3540'		
Producing		
3	27	9.5
43%	34%	
Pool 24 hrTest	3	
Combined Test	7	42.86%
Pool 24 hrTest	27	
Combined Test	79.5	33.96%
Pool 24 hrTest		
Combined Test		
Pool 24 hrTest		
Combined Test		

Penrose Skelly;Grayburg		
50350		
3667' - 3720'		
Producing		
3	27	9.5
43%	34%	
Combined Tests		
7	80	24
Pool 24 hrTest	3	
Combined Test	7	42.86%
Pool 24 hrTest	27	
Combined Test	79.5	33.96%
Pool 24 hrTest		
Combined Test		
Pool 24 hrTest		
Combined Test		

Eunice;San Andres, SW

24180

3842' - 3967'

Shut in

1	26	5
14%	32%	

1

7 14.29%

25.5

79.5 32.08%

McMillan, Michael, EMNRD

From: Randall Hicks <rhicks@vnrllc.com>
Sent: Thursday, November 13, 2014 3:20 PM
To: McMillan, Michael, EMNRD; Martin, Ed
Subject: RE: DHC applications Lea Co. NM - State Wells
Attachments: Cole State #10 DHC Application Packet.pdf; Cole State #10 DHC Letter.pdf; Cole State #10 Landman Letter.pdf; Cole State #10 rev 2 Production Spreadsheet.xlsx

Gentlemen,

Attached is the Cole State #10 well needing a DHC permit. This well is very similar to the previous applications 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 Eumont; Yates, 7R-Queen (22800) and the Penrose-Skelly; Grayburg (50350) was based on 24 hr production test that was split evenly because both zones were completed together in 2010 with a single fracture stimulation and equal number of perforations in each Pool.

The 24 hr production test for the Eumont; Yates, Queen/Grayburg and for the San Andres 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