

DATE: 01/29/2014	OFFICE: MAM	12/04/2014	DHC	Perm 14343371
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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 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 Hides
 Print or Type Name

Randall Hides
 Signature

Sr. Ops. Eng 1/12/14
 Title Date

rhicks@vnrllc.com
 e-mail Address

- DHC 3687A
 - Vanguard Petroleum LLC
 258350
 well
 - Cole State #7
 30-025-33681
 pool
 - Huntley Shaw
 Andrey southwest
 24180
 - Pennus e-skelly
 Grayburg
 50350
 - Edmund
 Yates 7-1206-
 @GreenCoil
 22800

District I
1235 S. ...
District II
1115 ...
District III
1235 ...
District IV
1235 ...

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87305

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: 7 Unit Letter-Section-Township-Range: H 16 22S 37E County: Lea
 OGRID No: 258350 Property Code: 312404 API No: 30-025-33681 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Eunice, Yata, 7L, Queen</u>	<u>Ronnie Skelly, Grayling</u>	<u>Eunice, San Andra, ...</u>
Pool Code	<u>22800</u>	<u>50350</u>	<u>24180</u>
Top and Bottom of Pay Section (Perforated or Open Hole Interval)	<u>3458' - 3528'</u>	<u>3632' - 3634'</u>	<u>3786' - 3878'</u>
Method of Production (Flowing or Artificial Lift)	<u>A.L.</u>	<u>A.L.</u>	<u>A.L.</u>
Bottomhole Pressure <small>(Note: Pressure data will only be required at the bottom of the well or at the lower zone if a dual 150' or 175' depth well is completed in the upper zone.)</small>			
Oil Gravity or Gas BTU: <small>(Specify API or Gas BTU)</small>	<u>35.2°</u>	<u>35.2°</u>	<u>34.4°</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 <small>(Date: Enter zone and date of production. If production is suspended, attach production schedule and supporting data.)</small>	Date: <u>10/6/2014</u> Rates: <u>3.32/83/15</u>	Date: <u>10/6/2014</u> Rates: <u>0.66/17/3</u>	Date: <u>7/4/2013</u> Rates: <u>2/38/1</u>
Fixed Allocation Percentage <small>(Note: If this well is a head up or commingling, this allocation is for production. Supporting data is required if still in progress.)</small>	Oil: <u>56</u> Gas: <u>60</u>	Oil: <u>11</u> Gas: <u>12</u>	Oil: <u>33</u> Gas: <u>28</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 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: Ranall Hicks TITLE: Sr. Ops. Ops DATE: 11/12/2014
 TYPE OR PRINT NAME: RANALL HICKS TELEPHONE NO.: 932-377-2207
 E-MAIL ADDRESS: rhicks@vnrllc.com



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

Respectfully submitted,

Vanguard Permian, LLC

Carol M. Sledge, CPL
Senior Landman

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

Cole State #7
API # 30-025-33681

Pool Name	Eumont; Yates,7R-Queen		
Pool Code	22800		
Pay Interval	3458' - 3528'		
Status	Producing		
Rates from 24 hr tests, O,G,W	3.32	83	15
Allocation %	56%	60%	
Pool 24 hrTest	3.32		
Combined Test	5.98	55.52%	
Pool 24 hrTest		83	
Combined Test		138	60.14%
Pool 24 hrTest			
Combined Test			
Pool 24 hrTest			
Combined Test			

Penrose Skelly;Grayburg		
50350		
3632' - 3634'		
Producing		
0.66	17	3
11%	12%	
Combined Tests		
5.98	138	19
0.66		
5.98	11.04%	
	17	
	138	12.32%

Eunice; San Andres, SW		
24180		
3786' - 3878'		
Shut in		
2	38	1
33%	28%	
2		
5.98	33.44%	
	38	
	138	27.54%

McMillan, Michael, EMNRD

From: Randall Hicks <rhicks@vnrllc.com>
Sent: Tuesday, December 09, 2014 9:54 AM
To: McMillan, Michael, EMNRD; Martin, Ed
Subject: RE: DHC applications Lea Co. NM - State Wells
Attachments: Cole State #7 DHC Application Packet - 11-12-14.pdf; Cole State #7 Production Spreadsheet.xlsx; Cole State #7 DHC Letter.pdf; Cole State #7 Landman Letter.pdf; Cole State #7 DHC 3687 Approval.pdf

Gentlemen,

Attached is the Cole State #7 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 and the necessary processing fee has already been processed.

The previous Operator received DHC-3687 for the Penrose Skelly-Grayburg and Eunice San Andres; Southwest but did not ever complete in the Penrose Skelly-Grayburg. Vanguard has now completed in the Eumont; Yates, 7R Queen and the Penrose Skelly-Grayburg and would like to come in with the Eunice, San Andres; Southwest. The reason for the delay is that I contacted the OCD in Hobbs for clarification on whether I needed to apply for a DHC since one is already in place, they confirmed that I did.

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 divided based on the number of perforations in each zone. Both Pools were completed with a single fracture stimulation at the same time.

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



November 12, 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 #7 API#30-025-33681

Dear Mr. McMillan:

The Pools to be comingled in the Cole State #7 well are the Eumont; Yates, 7R-Queen (22800) and 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 7/4/2013 prior to the workover. The Eunice; Yates, 7R-Queen and Penrose Skelly; Grayburg production was based on an 83-17 split of the most recent 24 hr daily test dated 10/6/14 which was after the workover. The 83-17 split was determined by the number of perforations in each zone and the fact that one single fracture stimulation was applied to both pools at the same time. 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 are 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

From: Kautz, Paul, EMNRD
Sent: Tuesday, December 16, 2014 11:44 AM
To: McMillan, Michael, EMNRD; Randall Hicks
Subject: RE: Vanguard - Cole State #7 DHC

Michael & Randall

We have no logs on the Cole State # 7 (API # 30-025-33681). There is an offsetting well in U/L H Sec 16 T22S R37E Cole State # 20 (API # 30-025-37722). The following are tops from the Cole State # 20:

Queen	3322
Penrose member of Queen	3436
Grayburg	3584

Queen perfs from 3458-3528 are in the Eumont;Yates-7R-Qu (OIL)
Grayburg perfs from 3632-3634 are in the Penrose Skelly;Grayburg pool

Paul Kautz
Hobbs District Geologist
NM Oil Conservation Div.
1625 N French Dr.
Hobbs, NM 88240
575-393-6161 Ext. 104

From: McMillan, Michael, EMNRD
Sent: Tuesday, December 16, 2014 11:16 AM
To: Randall Hicks
Cc: Kautz, Paul, EMNRD
Subject: RE: Vanguard - Cole State #7 DHC

Randall:
I still expect written clarification from Paul Kautz for the pools. Then you will need a C-107A that has the pools that Paul Kautz has specified, and the other required information.
Michael McMillan

From: Randall Hicks [<mailto:rhicks@vnrlc.com>]
Sent: Tuesday, December 16, 2014 11:03 AM
To: McMillan, Michael, EMNRD
Subject: Vanguard - Cole State #7 DHC

Michael,

Attached is the Original C-105 that has the Formation Tops on page two. The is what Mr. Katz is referring to. Notice the Queen is at 3390' and then the Grayburg is at 3590'.

Also notice on my attached well bore diagram we perforated the Queen 3458' - 3528' and the Grayburg 3632' - 3634'. My Geologist was originally calling the 3458' - 3528' interval the Penrose Skelly, this is what got us all confused. Now, after discussing with Mr. Katz and looking at the C-105 formation tops, we agree that this is actually the Queen. Therefore, Hobbs OCD wants me to get a DHC for the Queen and Grayburg and San Andres as I am applying to remove the plug over the San Andres and commingle all three pools.

As to the allocated percentages for the Queen and Grayburg, notice 30 perfs in the Queen and 6 perfs in the Grayburg. This is how I came up with the 83%-17% split for the Queen/Grayburg production.

Let me know if this clears things up a bit.

Thanks,

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

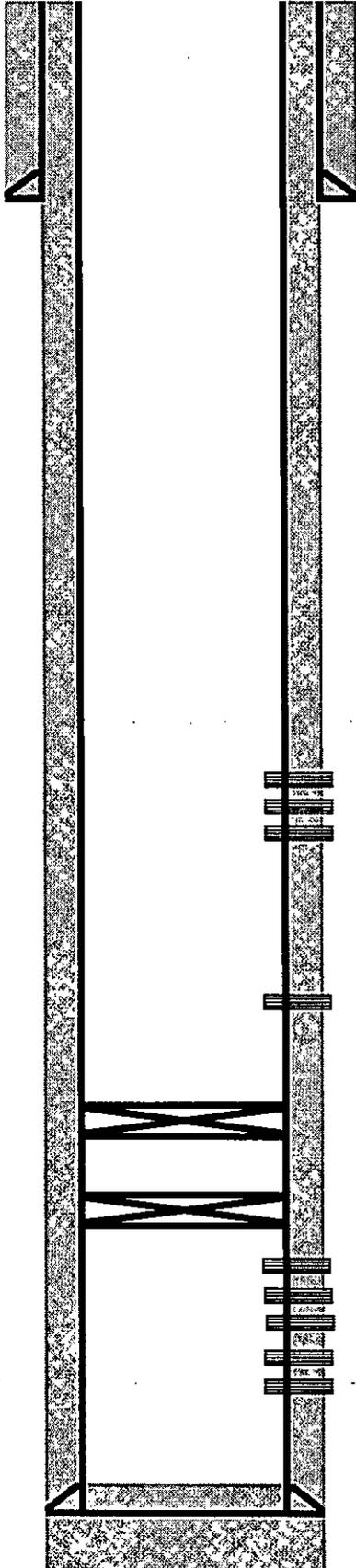


Cole State #7

Qu, PRS;Grbg, Eunice SA SW - 30-025-33681

Lea County, New Mexico
 CURRENT COMPLETION (12/4/2014)

8 5/8" csg @ 402



<u>CASING PROGRAM</u>						
<u>Depth</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>I.D.</u>	<u>Collapse</u>	<u>Burst</u>
402	8 5/8"	24#	J-55	8.097	1,370	2,950
4015	5 1/2"	15.5#	J-55	4.950	4,040	4,810

<u>PRODUCTION TUBING</u>				
<u>Depth</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Threads</u>
unknown	2 7/8"	6.5#	J-55	EUE

Queen Perforations (3 SPF) 30 holes:
 3,458' - 3,462' (4')
 3,490' - 3,492' (2')
 3,524' - 3,528' (4')

Grayburg Perforations (3 SPF) 6 holes:
 3,632' - 3,634' (2')

Retrievable Bridge Plug @ 3668'

Composite Bridge Plug @ 3770'
 San Andres Perforations 12/30/96 (2JSPF) 17 holes:
 3,786' - 3,788'
 3,794' - 3,796'
 3,804' - 3,806'
 3,858' - 3,862'
 3,876' - 3,878'

PBTD = 3,990' CMT

5 1/2" csg @ 4015

Note: This schematic is not to scale. For display purposes only.

DISTRICT I
P.O. Box 1860, Hobbs, NM 88241-1860

DISTRICT II
P.O. Drawer 00, Artesia, NM 88211-0710

DISTRICT III
1000 Rio Brazos Ed., Artesia, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33681	Pool Code 24180	Pool Name Eunice, San Andreas, Southwest
Property Code 312404	Property Name COLE STATE	Well Number 7
OGRI No. 258350	Operator Name Vanguard Permian, LLC	Elevation 3407

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	16	22 S	37 E		2300	NORTH	920	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	Joint or Infill	Consolidation Code	Order No.
40			

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>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Randall Hicks</i> Signature</p> <p>RANDALL Hicks Printed Name</p> <p>Sr. Ops. Eng. Title</p> <p>11/12/14 Date</p>
	<p>SURVEYOR CERTIFICATION</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>NOVEMBER 7, 1996</p> <p>Date Surveyed: _____ JLP</p> <p>Signature: _____ Professional Engineer</p> <p><i>Randall Hicks</i> Signature</p> <p>11-08-96 Date</p> <p>NEW MEXICO Professional Engineer No. 96-1453</p> <p>Co. License No. _____ JOHN WEST, 876 RANDALL J. EIDSON, 3239 GARY G. EIDSON, 12841</p>

DISTRICT I
P.O. Box 1888, Hobbs, NM 88241-1888

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
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DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33681	Pool Code 50350	Pool Name Penrose Stelly, Grayburg
Property Code 312404	Property Name COLE STATE	Well Number 7
OGRID No. 258350	Operator Name Vanguard Permian, LLC	Elevation 3407

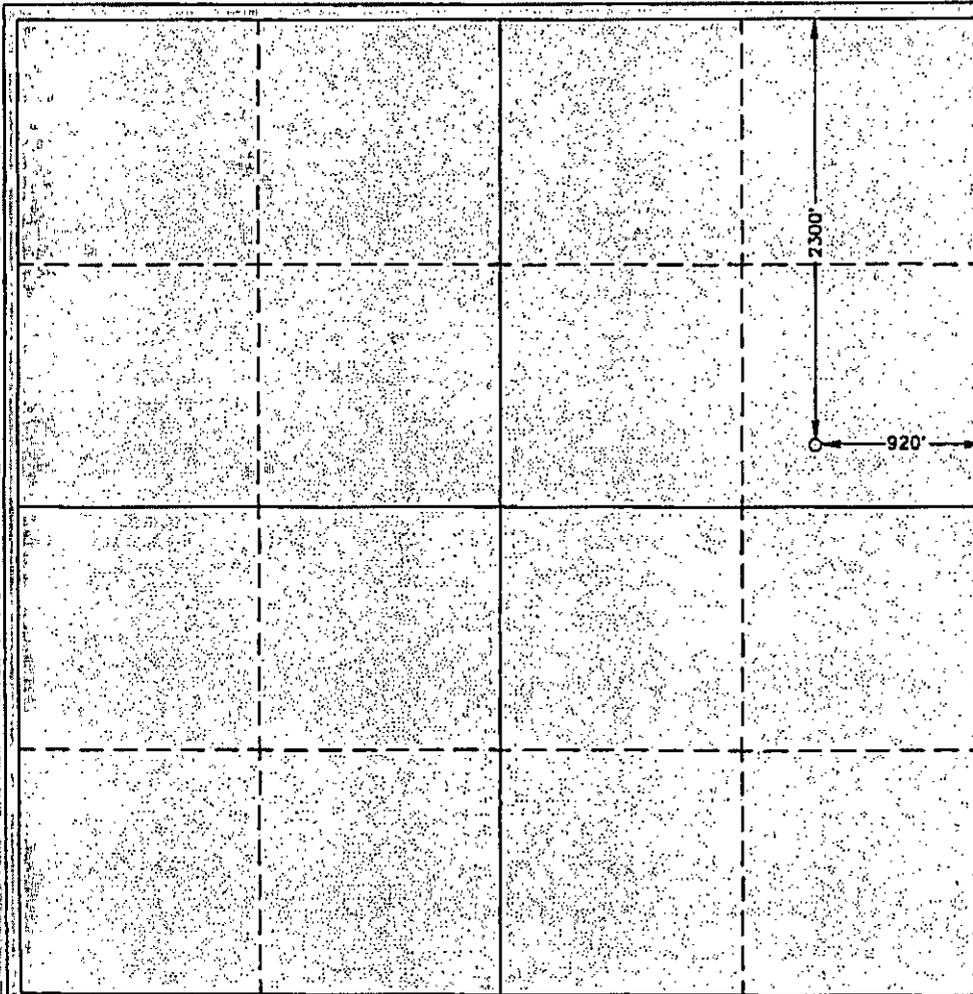
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	16	22 S	37 E		2300	NORTH	920	EAST	LEA

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 40	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



OPERATOR CERTIFICATION

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

Signature: Randall Hicks
Printed Name: RANDALL Hicks
Title: Sr. Ops. Eng.
Date: 11/12/14

SURVEYOR CERTIFICATION

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.

NOVEMBER 7, 1996

Date Surveyed: _____ JLP
Signature: _____
Professional Surveyor
NEW MEXICO
W.O. No. 96 1453
No. _____ WEST 878
RANDALL J. EIDSON, 3239
GARY G. EIDSON, 12641

DISTRICT I
P.O. Box 1986, Hobbs, NM 88241-1986

DISTRICT II
P.O. Drawer 80, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Ed., Artesia, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33681	Pool Code 22800	Pool Name Eumont, Yates, 7R-Queen
Property Code 312404	Property Name COLE STATE	Well Number 7
OGHD No. 258350	Operator Name Vanguard Permen, LLC	Elevation 3407

Surface Location

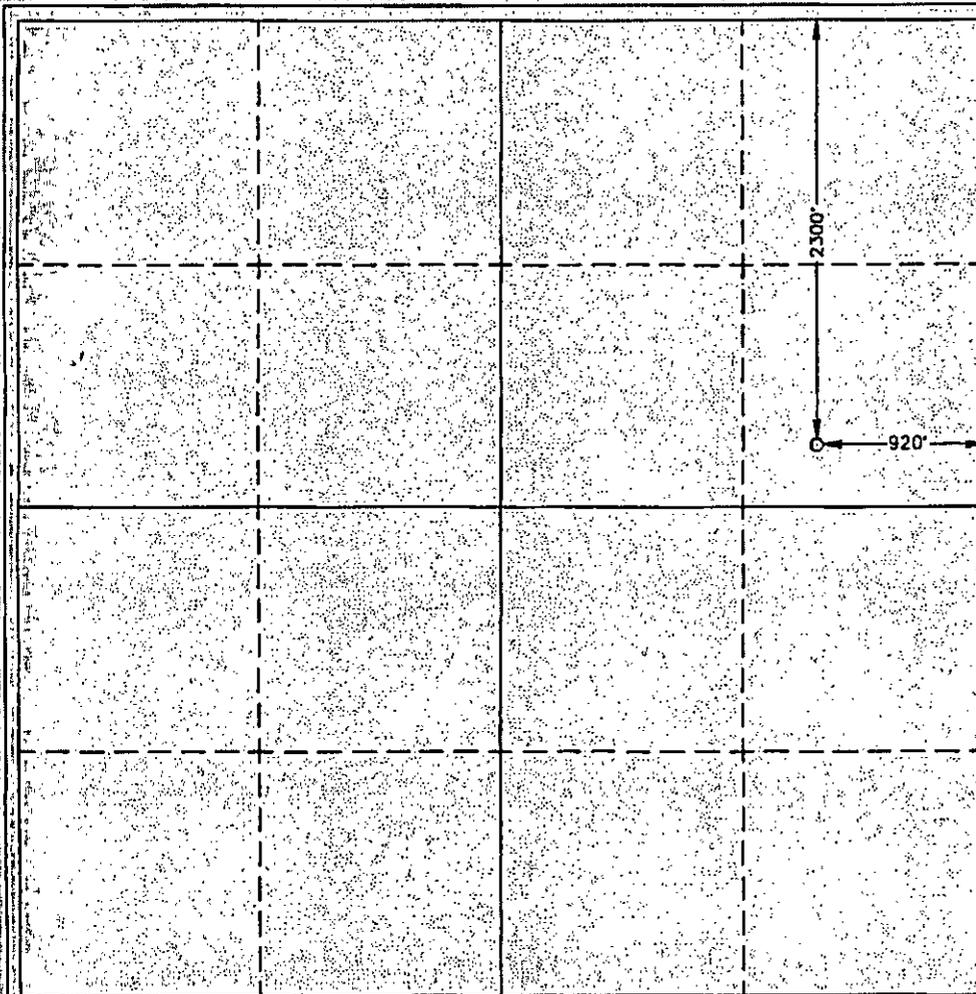
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	16	22 S	37 E		2300	NORTH	920	EAST	LEA

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	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

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

Signature: Randall Hicks

Printed Name: RANDALL Hicks

Title: Sci. Ops. Eng.

Date: 11/12/14

SURVEYOR CERTIFICATION

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.

NOVEMBER 7, 1996

Date Surveyed: _____ JLP

Signature: [Signature]

Professional Engineer

NEW MEXICO

963141453

Certificate No. _____ WEST 676

RANDALL J. EIDSON 3239

PROFESSOR G. EIDSON 12841



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3687

Range Operating New Mexico, Inc.
777 Main St, Suite 800
Fort Worth, TX 76102

Attention: Paula Hale

*Cole State Well No. 7
API No. 30-025-33681
Unit H, Section 16, Township 22 South, Range 37 East, NMPM,
Lea County, New Mexico
Penrose-Skelly Grayburg (50350), and
Southwest Eunice-San Andres (24180) Pools*

Dear Ms. Hale:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that 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 Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be done after testing of all intervals to be commingled. The applicant shall submit the allocation percentages to the Division within 60 days following completion of this workover.

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

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on April 10, 2006.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

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

Submit 1 Copy To Appropriate District Office

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87411
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

HOBBS OGD

NOV 12 2013

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-33681
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Cole State
8. Well Number 7
9. OGRID Number 258350
10. Pool name or Wildcat Penrose Skelly Grayburg

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
VANGUARD PERMIAN LLC

3. Address of Operator
P O BOX 1570 281 NORTH NM HIGHWAY 248 EUNICE NEW MEXICO 88231

4. Well Location
Unit Letter H : 2300 feet from the NORTH line and 920 feet from the EAST line
Section 16 Township 22S Range 37E NMPM LEA County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC: For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

7-26-13-9-4-13

RU AND POOH WITH PRODUCTION EQUIPMENT, MAKE CLEANOUT RUN WITH BIT AND CASING SCRAPER, SET COMPOSITE BRIDGE PLUG AT 3770', DISCOUNT HOLE IN CASING AT 3689, TWO FEET FROM PROPOSED PERF INTERVAL. CHANGED PLAN SET A RBP ABOVE HOLE AND PERF HIHGER UP IN ORDER TO FRAC INTERVAL. SET RBP AT 3668. PERFORATE PENROSE SKELLY GRAYBURG INTERVAL 3458-3462, 3490-3492, 3524-3528, 3632-3634. FRAC WELL WITH 81,523 LLBS OF PROPANT. PUT WELL BACK ON PRODUCTION, 24 HRS TEST, PENROSE SKELLY GRAYBURG - 1 BOPD, 245 MCF

Spud Date:

Rig Release Date:

OPERATOR HAS NOT FILED A FRAC DISCLOSURE FORM ONLINE

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

SIGNATURE Gaye Heard TITLE AGENT DATE 11/7/13

Type or print name GAYE HEARD E-mail address: gheard@oilreportsinc.com PHONE: 575-393-2727

For State Use Only

APPROVED BY: Mary Brown TITLE Compliance Officer DATE 11/13/2013
Conditions of Approval (if any):

NOV 14 2013