

7/16/2014 D/S/PENSE MAM 7/16/2014 DHC PMAM141925 2654

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 Promotion 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 3/15/14  
Title Date

rhicks@vnrllc.com  
e-mail Address

- DHC - 3780-A  
- Vanguard Permitting LLC  
258350  
WCH  
- COLE STATE 23  
30-025-37828  
Pool  
- EUMONT, YATES  
72 URS, Queen  
22800  
- PENROSE SKelly,  
GRAYBORG  
50350  
- EUNICE,  
SAN ANTONIO,  
SOUTHWEST  
24180

District I  
1425 N. French Drive, Bldg. 501-1024

District II  
1115 First St., Artesa, NM 87009

District III  
1700 E. Broadway Blvd., Socorro, NM 87789

District IV  
1320 S. St. Francis Dr., Santa Fe, NM 87503

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 23 Unit Letter-Section-Township-Range E Sec 16 22S 37E County Lea  
OGRID No. 258350 Property Code 301544 API No. 30-025-37828 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>ELEMENT 1405-7Rus-Ram</u>	<u>Parrish-Skelly-Greybag</u>	<u>Eunice-San Andres SW</u>
Pool Code	<u>22500</u>	<u>50350</u>	<u>24180</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>3470' - 3554'</u>	<u>3678' - 3816'</u>	<u>3838' - 4600'</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 less than 100% of the depth of the top perforation in the upper zone.)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<u>1100 Btu</u>	<u>1100 Btu</u>	<u>1100 Btu</u>
Producing, Shut-In or New Zone	<u>Producing</u>	<u>Shut In</u>	<u>Shut In</u>
Date and Oil/Gas/Water Rates of Last Production (Note: If a new zone within production is later on application, shall be required to attach production estimates and supporting data.)	Date: <u>1/31/14</u> Rates: <u>1/6/55</u>	Date: <u>11/1/13</u> Rates: <u>1.8/19/1.5</u>	Date: <u>11/1/13</u> Rates: <u>1.2/28/1.5</u>
Fixed Allocation Percentage (Note: If allocation is based on something other than current or past production, supporting data or explanation will be required.)	Oil <u>25%</u> Gas <u>11%</u>	Oil <u>50%</u> Gas <u>36%</u>	Oil <u>25%</u> Gas <u>53%</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 3/15/14  
TYPE OR PRINT NAME RANDALL Hicks TELEPHONE NO. (713) 337-2207  
E-MAIL ADDRESS rhicks@vnrllc.com

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(505) 393-6161 Fax:(505) 393-0720

**District II**  
1301 W. Grand Ave., Artesia, NM 88210  
Phone:(505) 748-1283 Fax:(505) 748-9720

**District III**  
1000 Rio Bramos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
Permit 28102

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-37828	2. Pool Code 24180	3. Pool Name EUNICE SAN ANDRES, SOUTHWEST
4. Property Code 301544	5. Property Name COLE STATE	6. Well No. 023
7. OORID No. 258350	8. Operator Name Vanguard Permian, LLC	9. Elevation 3391

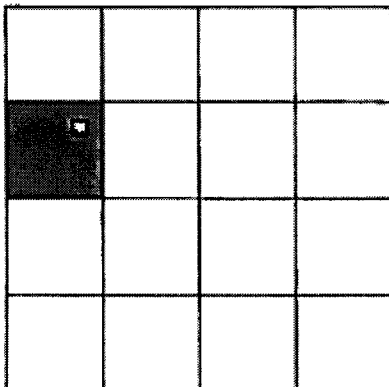
**10. Surface Location**

UL - Lot E	Section 16	Township 22S	Range 37E	Lot Ltn	Feet From	N/S Line	Feet From	E/W Line	County LEA
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Ltn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		13. Joint or well		14. Consolidation Code		15. Order No.			

**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 that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

Signed By: *Rahm Hicks*  
Title: *Sr. Ops Eng*  
Date: *3/19/14*

**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.*

Surveyed By: *Gary Eidson*  
Date of Survey: *4/7/2006*  
Certificate Number: *12641*

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (505) 393-6161 Fax: (505) 393-0720

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1301 W. Grand Ave., Artesia, NM 88210  
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Phone: (505) 334-6178 Fax: (505) 334-6170

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Phone: (505) 476-3470 Fax: (505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
Permit 20102

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-37828	2. Pool Code 50350	3. Pool Name PENROSE SKELLY GRAYBURG
4. Property Code 301544	5. Property Name COLE STATE	6. Well No. 023
7. OGRID No. 25830	8. Operator Name Vanguard Permian, LLC	9. Elevation 3391

**10. Surface Location**

UL - Lot E	Section 16	Township 22S	Range 37E	Lot 1/4	Feet From 1650	N/S Line N	Feet From 990	E/W Line W	County LEA
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot 1/4	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

**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**

	<b>OPERATOR CERTIFICATION</b>		
	<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p>		
	<p>Signed By: <i>Ralph H. S.</i> Title: <i>Sr. Ops. Eng</i> Date: <i>3/19/14</i></p>		
	<b>SURVEYOR CERTIFICATION</b>		
<p><i>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.</i></p>			
<p>Surveyed By: Gary Eidson Date of Survey: 4/1/2006 Certificate Number: 12641</p>			

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1625 N. French Dr., Hobbs, NM 88240  
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State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Permit 28102

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-37828	2. Pool Code 59350 22800	3. Pool Name EUMONT PENHOSE SKELLY GRAYBURG
4. Property Code 301544	5. Property Name COLE STATE	6. Well No. 023
7. OGRD No. 258350	8. Operator Name VANGUARD PERMIAN LLC	9. Elevation 3391

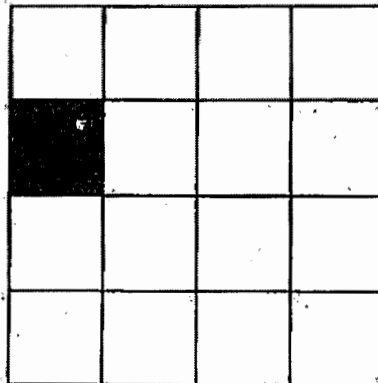
10. Surface Location

UL - Lot	Section	Township	Range	Lot 1/4	Feet From	N/S Line	Feet From	E/W Line	County
E	16	22S	37E		1650	N	990	W	LEA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot 1/4	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Well	14. Consolidation Code	15. Order No.						

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OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Linda Stiles  
Title: Sr Engineering Tech  
Date: 4/20/2006

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.

Surveyed By: Gary Eidson  
Date of Survey: 4/7/2006  
Certificate Number: 12641



July 30, 2014

Michael A. McMillan  
Engineering & Geological Services Bureau  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

RE: DHC Application  
NM State M55 Well,  
Cole State #23 Well,  
Cole State #8 Well  
Lea County, NM

Gentlemen:

Please be advised that Vanguard Permian, LLC, ("Vanguard"), owns 100% of the working interest in the NM State 55 Well, API No. 30025375400; Cole State #23 Well, API No. 300253782800; and the Cole State #8 Well, API No. 300253485600. Additionally, the various interest owners in all of the wells noted above are identical.

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](mailto:csledge@vnrlc.com).

Respectfully submitted,

Vanguard Permian, LLC

Carol M. Sledge, CPL  
Senior Landman

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



August 5, 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 #23 API#30-025-37828

Dear Mr. McMillan:

The Pools to be comingled in the Cole State #23 well are the Eumont;Yates,Seven Rivers,Queen (22800), the Penrose Skelly;Grayburg (50350) and the Eunice; San Andres, Southwest (24180). The comingling of the Penrose Eumont;Yates,Seven Rivers,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 the last 24 hr production test before the workover from the Penrose Skelly;Grayburg/ Eunice;San Andres, Southwest dated 11-1-13 and the 24 hr test of production from the Eumont;Yates,Seven Rivers,Queen after the workover dated 1-31-14. Those tests were then divided by the combined tests to get a percentage for Eumont;Yates,Seven Rivers,Queen. The remaining percentage was then divided among the remaining pools based on their percentages as noted in DHC-HOB-3780. This was done for oil, gas and water.

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**

Cole State #23  
API # 30-025-37828

Pool Name	Eumont;Yates	Penrose Skelly;Gray	Eunice;San Andres, SW
Pool Code	22800	50350	24180
Pay Interval	3470' - 3554'	3678' - 3816'	3838' - 4000'
Status	Producing	Shut in	Shut in
Rates, O,G,W	1 6 55	1.8 19 1.5	1.2 28 1.5
Allocation %	25 11	45 36	30 53

Combined Tests

4 53 58

Pool 24 hrTest 1  
Combined Test 4 25.00%

Pool 24 hrTest 6  
Combined Test 53 11.32%

Test of previous Pool

3 47 3

Previous DHC 60% 0.6 1.8  
4 45.00%

Previous DHC 40% 0.4 18.8  
53 35.47%

Previous DHC 40% 0.4 1.2  
4 30.00%

Previous DHC 60% 0.6 28.2  
53 53.21%





# 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-3780

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

Attention: Paula Hale

Cole State Well No. 23  
API No. 30-025-37828  
Unit E, 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 as follows.

Penrose Skelly-Grayburg Pool	Oil-60%	Gas-40%
SW Eunice-San Andres Pool	Oil-40%	Gas-60%

These percentages shall be amended only with written permission of the Division.

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 August 29, 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

<u>Well Name</u>	<u>API #</u>	<u>Oil Gravity</u> <u>Shut-in Pools</u>	<u>Oil Gravity</u> <u>Producing Pool</u>
Cole State #8	30-025-34856	32.8	37.5
Cole State #23	30-025-37828	33	37.9
Grizzell B #6	30-025-38825	34.2	36.5
NM State M #55	30-025-37540	35.5	37.8
State C #2	30-025-38170	35	38.2
HS Turner #8	30-025-37873	33.1	32.9
WH Turner #3	30-025-37161	30.2	37