

10/21/2014 SURPLUS 110K 7/14/2014 DHC PMAM1414750542

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 Protraction 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 an 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

3/11/14
Date

rhicks@vnrllc.com
e-mail Address

-DHC 4711
- Vanguard Permian,
LLC
258350
Well
- state C #2
30-025-38170
Pool
- Eumont; Yates -
7 Rivers - Queencoil
22800
- Eunice, SAN
Andres, Southwest
24180

District I
1225 N. French Drive, Bldg. 500, Santa Fe, NM 87501

District II
1115 East W. Avenue, Santa Fe, NM 87501

District III
1001 East Main Street, Santa Fe, NM 87501

District IV
1225 N. French Drive, Santa Fe, 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 State C Well No. 2 Unit Letter-Section-Township-Range F Sec 17 22S 37E County Lea
OGRID No. 259350 Property Code 30.555 API No. 30-025-3817D Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Eurot, 1/4 Sec, 7Rs-Queen</u>		<u>Eurot, San Andres SW</u>
Pool Code	<u>22800</u>		<u>24180</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>3466' - 3614'</u>		<u>3868' - 3998'</u>
Method of Production (Flowing or Artificial Lift)	<u>A.L.</u>		<u>A.L.</u>
Bottomhole Pressure <small>(Note: Pressure data will not be required at the bottom of pay zone in the lower zone or in the upper zone if the depth of the pay zone is in the upper zone.)</small>			
Oil Gravity or Gas BTU <small>(Use API or Gas BTU)</small>	<u>1100 Btu</u>		<u>1100 Btu</u>
Producing, Shut-In or New Zone	<u>Producing</u>		<u>Shut in</u>
Date and Oil-Gas-Water Rates of Last Production <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: <u>1/16/14</u> Rates: <u>3/2/1.6</u>	Date: Rates:	Date: <u>11/4/13</u> Rates: <u>2/82/188</u>
Fixed Allocation Percentage <small>(Note: If allocation is based on a volumetric basis, this portion of pool production is supporting interest; explanation will be required.)</small>	Oil: <u>40</u> Gas: <u>8</u>	Oil: Gas:	Oil: <u>40</u> Gas: <u>92</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 ☒
NMOC 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 Sc. Ops. Eng. DATE 3/20/14
TYPE OR PRINT NAME RANDALL HICKS TELEPHONE NO. (713) 377-2207
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 Grande Rd., Alamogordo, 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
Perm. 41474

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38170	2. Pool Code 24180	3. Pool Name EUNICE-SAN ANDRES, SOUTHWEST
4. Property Code 301555	5. Property Name STATE C	6. Well No. 002
7. OGRID No. 258350	8. Operator Name Vanguard Permian, LLC	9. Elevation 3398

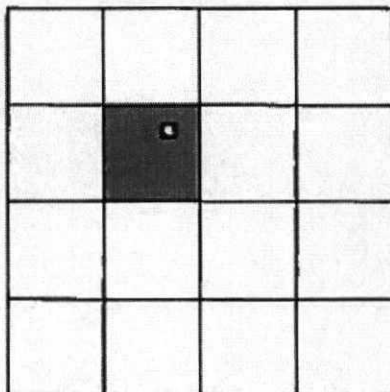
10. Surface Location

UL - Lot F	Section 17	Township 22S	Range 37E	Lot km	Feet From 1650	N/S Line N	Feet From 2195	E/W Line W	County LEA
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot km	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

**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: 11/14/2006

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: 10/26/2006
Certificate Number: 12641

HOBBS CO.
OCT 1 8 2006

Division I
1225 N. French Dr., Hobbs, NM 88240
Phone (505) 393-6161 Fax (505) 393-0730

Division II
1301 W. Grand Ave., Aztec, NM 88210
Phone (505) 718-1283 Fax (505) 718-9720

Division III
1000 Rio Bravo Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-4170

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1220 S. St. Francis Dr., Santa Fe, NM 87505
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Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 41474

WELL LOCATION AND ACREAGE DEDICATION PLAT

U-MONT; 4-7R-04 (BIC)

1. API Number 30-025-38170	2. Pool Code 22800 301555	3. Pool Name BENROSE SKELLY GRAYBURG
4. Property Code 301555	5. Property Name STATEC	6. Well No. 002
7. OGRD No. 258350	8. Operator Name <i>Vanguard Permian, LLC</i>	9. Elevation 3398

10. Surface Location

UL - Lot F	Section 17	Township 22S	Range 37E	Lot Idn	Feet From 1650	N/S Line N	Feet From 2195	E/W Line W	County LEA
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UL - Lot	Section	Township	Range	Lot Idn	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

	OPERATOR CERTIFICATION	
	<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>E-Signed By: Linda Stiles Title: Sr Engineering Tech Date: 11/14/2006</p>	
	SURVEYOR CERTIFICATION	
	<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: 10/26/2006 Certificate Number: 12641</p>	



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
State C #2 API#30-025-38170

Dear Mr. McMillan:

The Pools to be comingled in the State C #2 well are the Eumont;Yates,Seven Rivers,Queen (22800) and the Eunice; San Andres, Southwest (24180). The comingling of the Penrose Eumont;Yates,Seven Rivers,Queen and the Eunice, San Andres, Southwest will not reduce the value of total remaining production.

The production percentages were calculated based on a 24 hr production test from the Eunice;San Andres, Southwest before the workover and 24 hr production test from the Eumont;Yates,Seven Rivers,Queen after the workover. Those tests were then divided by the combined test to get a percentage for each pool. This was done for oil, gas and water.

Ownership between all pools is different and notification letters will be sent to all interest owners.

This is a State property.

Thank you,

Randall Hicks
Sr. Operations Engineer
Vanguard Natural Resources

THE MONTHLY DISTRIBUTION MLP™

State C #2
API # 30-025-38170

Pool Name	Eumont;Yates,Que	Eunice; San Andres,SW	
Pool Code	22800	24180	
Pay Interval	3466' - 3614'	3868' - 3998'	
Status	Producing	Shut in	
Rates, O,G,W	3 7 1.6	2 82 188	
Allocation %	60 8	40 92	

Combined Tests
5 89 189.6

YATES

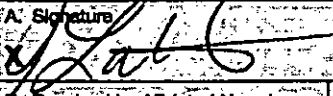
Pool 24 hrTest	3	
Combined Test	5	60.00%

Pool 24 hrTest	7	
Combined Test	89	7.87%

SAN ANDRES

Pool 24 hrTest	2	
Combined Test	5	40.00%

Pool 24 hrTest	82	
Combined Test	89	92.13%

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>STATE OF NEW MEXICO COMMISSIONER OF PUBLIC LANDS 1624 N FRENCH DRIVE HOBBS, NM 88240-9273</p>		<p>B. Received by (Printed Name) <u>John H. H. H.</u> C. Date of Delivery <u>10-6-14</u></p>	
<p>2. Article No. (Transfer)</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>PS Form 3</p>		<p>3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <u>BNY MELLON</u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>DONALDSON BROWN ROYALTY TRUST 525 WILLIAM PENN PL., SUITE 153-1315 PITTSBURGH, PA 15259</p>		<p>B. Received by (Printed Name) <u>OCT 06 2014</u> C. Date of Delivery</p>	
<p>2. Article Number (Transfer from service label)</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>PS Form 3811, February 2004</p>		<p>3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	

Domestic Return Receipt

102595-02-M-1540