

DATE 3/16/2014	SUPP/USE	DEVELOPER MAM	DATE 3/16/2014	TYPE DHC	PROJECT PMH1414751829
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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 Production 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 _____

-DHC
- VANGUARD PERMIAN LLC
258350

Well
- NM State M 85
30-025-37540

(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

POU
- Penros e/s Kelly -
GNApburg
50350
- EYNIC e/s SAW
Andres, Southwest
24180

(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

Randy Hicks
Signature

Sr. Ops. Eng. 3/21/14
Title Date

rhicks@nmlc.com
e-mail Address

District I
1625 N. Franklin St. El Paso, NM 88501

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

District II
1125 N. Third St., Artesia, NM 88210

District III
1001 E. 1st St., Lordsburg, NM 88050

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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 NM State M Well No 55 Unit Letter-Section Township-Range E Sec 17 22S 37E County Lea
OGRID No 258350 Property Code 312411 API No. 30-025-37540 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Penrose Skelly, Grz, bay</u>		<u>Ennile, San Andres Sh</u>
Pool Code	<u>50350</u>		<u>24180</u>
Top and Bottom of Pay Section (Perforated or Open Hole Interval)	<u>3696' - 3848'</u>		<u>3876' - 4072'</u>
Method of Production (Flowing or Artificial Lift)	<u>A.L.</u>		<u>A.L.</u>
Bottomhole Pressure (Note: Pressure data will not be required if the well is a perforated well in the lower zone or a shallower well in the depth of the top perforated zone in the upper zone.)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<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 (Note: For new wells with no production history, applicant shall be required to attach geologic estimates and supporting data.)	Date: <u>1/31/14</u> Rates: <u>35/17/7</u>	Date: Rates:	Date: <u>10/14/13</u> Rates: <u>1/178/225</u>
Fixed Allocation Percentage (Note: If allocation is based upon a weighting other than current or past production supporting data, explanation will be required.)	Oil <u>97</u> % Gas <u>9</u> %	Oil <u>.</u> % Gas <u>.</u> %	Oil <u>3</u> % Gas <u>91</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 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 3/24/14
TYPE OR PRINT NAME RANDALL Hicks TELEPHONE NO. (832) 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., Arterio, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III
1000 Rio Grande 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 18086

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-37540	2. Pool Code 24180	3. Pool Name EUNICE, SAN ANDRES, SOUTHWEST
4. Property Code 312411	5. Property Name NEW MEXICO M STATE	6. Well No. 055
7. OGRD No. 258350	8. Operator Name Vanguard Permian, LLC	9. Elevation 3401

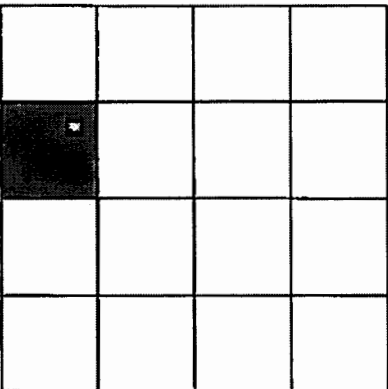
10. Surface Location

UL - Lot E	Section 17	Township 22S	Range 37E	Lot Idn	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 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 <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> E-Signed By: Linda Stiles Title: Sr Engineering Tech Date: 11/3/2005			
	SURVEYOR CERTIFICATION <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> Surveyed By: Ronald Eikson Date of Survey: 10/24/2005 Certificate Number: 3239			

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 Brator Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87503
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-182
Revised 10/06

HOBBS OCO

NOV 21 2013

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-37540	2. Pool Code 301551	3. Pool Name PENROSE SKELLY GRAYBURG
4. Property Code 301551 31241	5. Property Name NEW MEXICO M STATE	6. Well No. 055
7. OGRD No. 2589503	8. Operator Name VANGUARD PERMIAN LLC	9. Elevation 3401

RECEIVED

258350

10. Surface Location

UL - Lot E	Section 17	Township 22S	Range 37E	Lot km	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 km	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		13. Joint or hold		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.			
	E-Signed By: GAYE HEARD <i>Gaye Heard</i>			
	Title: AGENT Date: 11-20-13			
	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: Ronald Edison			
	Date of Survey: 10/24/2005 Certificate Number: 3239			

NOV 26 2013



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.

Respectfully submitted,

Vanguard Permian, LLC

Carol M. Sledge, CPL
Senior Landman

cc: Randall Hicks via email at 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
NM State M #55 API#30-025-37540

Dear Mr. McMillan:

The Pools to be comingled in the NM State M #55 well are the Penrose Skelly;Grayburg (50350) and the Eunice; San Andres, Southwest (24180). The comingling of the 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 24 hr test of production from the Eunice;San Andres, Southwest dated 10-14-13 before the workover and the 24 hr test of production from the Penrose Skelly; Grayburg after the workover dated 1-31-14. Those averages were then divided by the combined tests to get a percentage for each pool. 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™

NM State M #55
API # 30-025-37540

Pool Name	Penrose Skelly;Gray	Eunice; San Andres,SW
Pool Code	50350	24180
Pay Interval	3696' - 3848'	3876' - 4072'
Status	Producing	Shut in
Rates from 24 hr test, O,G,W	35 17 7	1 178 225
Allocation %	97 9	3 91

Combined Tests
36 195 232

Pool 24 hrTest	35	
Combined Test	36	97.22%

Pool 24 hrTest	17	
Combined Test	195	8.72%

Pool 24 hrTest	1	
Combined Test	36	2.78%

Pool 24 hrTest	178	
Combined Test	195	91.28%

NM State M #55
API # 30-025-37540

Pool Name	Penrose Skelly;Gray			Eunice; San Andres,SW		
Pool Code	50350			24180		
Pay Interval	3696' - 3848'			3876' - 4072'		
Status	Producing			Shut in		
Rates, O,G,W	35	17	7	1	178	225
Allocation %	97	9		3	91	

<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

<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