| W172014 woman 143/734222 |
|--|
| MOX THAL LAT FOR DAYSON VIELDET 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 DIMISION RULES AND RECHATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE |
| Application Acronyms: [NSL-Non-Standard Location] [NSP-Non-Standard Protation Unit] [SD Simultaneous Dedication] [DHG-Downhole Commingling] [CTB-Lease Commingling] [PC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Sait Water Disposal] [IPf-Injection Pressure Increase] [EOR-Qualified Enhanced Off 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 - VANGUARD PermiAn, LLC |
| Check One Only for]B] or [C] [B] Commingting - Storage - Measurement [D] DHC CTB - PLC PC OLS OLM |
| $\begin{bmatrix} C \\ 0 \end{bmatrix} = \begin{bmatrix} C $ |
| [D] Other: Specify [D] Other: Specify [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply [A] Working, Royalty or Overriding Royalty Interest Owners [A] Overriding Royalty Interest Owners [A] Overriding Royalty Interest Owners |
| [B] Image: Offset Operators: Leaseholders or Surface Owner [C] Image: Application is One Which Requires Published Legal Notice |
| [D] Image: State of Long Management - Communications of Problem Linets State Lined Office [E] Image: For all of the above, Proof of Notification or Publication is Attached, and/or. |
| [5] 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 - Equice; SAn 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. 2.4.0.0 |
| [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 influduat with managerial and/or supervisory capacity. Note: Statement must be completed by an influduat with managerial and/or supervisory capacity. Note: Statement must be completed by an influduat with managerial and/or supervisory capacity. Phint or Type Name Phint or Type Name Signature Signature Signature Signature Signature Signature Signature Signature Signature Note: Statement and notifications are supervisory capacity. Phint or Type Name Signatur |
| <u>remail Address</u> 50.350 |

алан (тара) 1997 - Тара (тара) 1997 - Тара (тара) 2



November 6, 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 #18 API#30-025-37827

Dear Mr. McMillan:

The Pools to be comingled in the Cole State #18 well are the Eumont;Yates, 7R-Queen (22800), Penrose Skelly;Grayburg (50350) 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 an even split of the last 24 hr daily test from the Eunice; San Andres, Southwest and Penrose Skelly;Grayburg dated 5/13/2014 prior to the workover. The Eumont;Yates, 7R-Queen production was based on the most recent 24 hr daily test dated 10/2/14 which was 6 months after the workover. 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 between all pools is identical.

This is a State property and the SLO is being notified by this letter.

Thank you,

lell Hils

Randall Hicks Sr. Operations Engineer Vanguard Natural Resources

THE MONTHLY DISTRIBUTION MLP"

fons C-107A Revised August 1, 2011 Minerals and Natural Resources Departmen District II APPLICATION TYPE - Oll Conservation Division. 1220 South St. Francis Dr.-Single Well District III Santa Fel New Mexico 87505 blish Pre District IV EXISTING, WELL BORE PPLICATION FOR DOWNHOLE COMMINGLING

Vanghard Perminn, LLC 5847 Sen Felipe, Suite 3000 Haiston, TX 77057 Cole State 18 A 16 225 37E Lea Leaterer Section Londship Range OGRID No 25835D Propenty Cod 312404 API No. 30-025-37827 Lease Type: Federal State Fee

| Ф. | DATA ELEMENT | L'PPER ZONE | INTERMEDIATEZONE | LOWER ZONE | . • |
|--|---|-----------------------------------|--------------------------------------|----------------------------------|------|
| a : | Pool Name | Firmont Yets 7R-Du | Penorse Skelly; Charley | Elinice San Andres | h |
| | Pool Code | 22800 | 50350 | 24180 | . je |
| | Top and Bottom of Pay Section (Performed or Open-Hole Internal) | 3470-3575 | 3684 - 3772 | 3815 - 4000 | |
| a. 1 | Method of Production | A.L. | A.L. | A.L. | 5 |
| 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1 | Bonomhole Pressure (Nor, Proversta suffer benediat and vision primits on the Low real as a sub-flat, while orthogonal there are sub-flat and the sub- | | | | |
| | Oil Gravity or Gas BTU | 38°/1100 BHL | 33,1/ 1100 Btu | 33.1° / 1100 Btu | 4 |
| 11.1 | Producing, Shin-In or New Zone | Producing | Shut in | Shut-in | - |
| | Date and Oil Gos Water Rates of Last Production Note for two mains then product share typical and microsoft of the share share states and any one of the share share s converse and any one of the share share s | Date: 10/2/2-014 Ratest 1/43/1 | Date: 5/13/2014 Rutes: 0.5/15/1.5 | Date 5/13/2044 Rates 5/15/1.5 | |
| 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1 | Fixed Allocation Percentage Note: It doubt no read up no method offer the output of the state in suppose been explained a differences | ы 50 • с 9 • | Gas | Gas | |

miding royalty interests identical in all commingled zones? all working, royally and ove If not, have all working, royalty and overriding myalty interest owners been notified by certified mail?

Are all produced fluids from all commingled zones compatible with each other

Will comminghing decrease the value of production?

If this well is on, or communitized with state or federal lands, has either the Commissioner of Pub or the United States Bureau of Land Management been notified in writing of this application? 15

MOCD Reference Case No applicable to this ell.

-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 Nutification list of working, royalty and overriding royalty interests for uncommon interest

ωľ,

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 ist of all operators within the proposed Pre-Approved Pools Priof that all operators within the proposed Pre-Approved Pools were provided notice of this application

| | | | | к. Т | | | | · · · · · | | | ι., · . |
|------------|----------------|---------|--------------------|-----------|-----------------------|---------|----------------------|-----------|---------------|-------------|------------|
| | | | | | plete to the be | | | | 1 | | |
| | No Pres | 1 11 11 | - 1 - 1 - 1 | | · · • • • • • • | n 1 | • | | | | h- ; |
| SIGNATU | JRE Alla | Let in | des . | िः िति जि | <u>тье <u>S</u>л.</u> | UPS L | inc 5.11 | . – DATI | e`≣# ~ S | | |
| و الماني . | in a star data | a | | 1 57 1 3 | n hat been wood | Sec. 1 | . J (<u>223</u> 31) | Op - 1 | 3. A. L. 4. 7 | 1 | - <u>,</u> |
| TYPE OR | PRINT NAM | | NNAU | Hicks | | S.TELEI | HONENO | (X32)) | 577 | - 220 | <u>)</u> |
| | | | | | | 1 | | | | · · · · · · | |
| FMART | NDDRESS 1 | -h.:Kč | PUNN | 116 . 00 | m | raine e | | · · · · · | • • | | (· · |

| - | | | () | | State of | Net | w Mexico | | , | |
|-----|---|-------------|------------------------|-----------|-----------|------|-------------------------|---|--|---|
| | DISTRICT I 1825 N. PERMER DEL, RURBE, JON 482 | 40 | .** | Eastgr | | | Resources Department | N N | • | |
| | DISTRICT II 1301 V. GRAND AVENUR, ARTESIA, INC. | | | | | | ON DIVIS FRANCIS DR. | ION Saba | Revised Octo It to Appropriate B | ber 12, 2005 istrict Office - 4 Copies |
| | DISTRICT III 1000 Bio Brazos Rd., Azton, Ni | £ 87410 | | | | | exico 87505 | | Fee Leas | n - 3 Copies |
| | DISTRICT IV 1850 S. ST. FRANCIS DE., MANTA FR. 1 | NH 87595 | WELL LO | CATION | N AND A | CREA | GE DEDICATI | ON PLAT | 🗆 AMENDI | ED REPORT |
| | API Number | _ | | Pool Code | | ~ | · · · c | Pool Name | 1. d | |
| | 30-025-3782 | 2 | 2418 | 0 | | | unice; San I | hdres, Jour | سمالي المستحد المستحد المستحد المراجع | |
| | Property Code 312404 | | | | COLE | - | | | Well Num 18 | |
| | OGRID No. | COLE STATE | | | | | | Elevatio | | |
| | 258350 RANGE OPERATING NEW MEXICO, INC. | | | | | | IC., | 340. | | |
| | | | | - | Surface | Loca | - | 10 > | 9 F F | · |
| | UL or lot. No. Section | Township | Range | Lot Ida | Feet from | | North/South line | Feet from the | East/West line | County |
| | A 16 | 22–S | 37-E | | 330 | | NORTH | 990 | EAST | LEA |
| | UL or lot No. Section | Township | Bottom Range | Hole Lo | Feet from | | rent From Sur | face Foot from the | East/West line | County |
| | | rowannip | sange | 201 100 | reet from | | North/South inte | | Estywest mit. | county |
| | Dedicated Acres Joint of | r Lafill Co | nsolidation (| Code (|)rder No. | | . <u></u> | L | | · |
| | 40 1 | | | | | | | | | l |
| | NO ALLOWABLE W | | | | | | APPROVED BY | | EN CONSOLIDA | TED |
| | T | | | | | · | 0 | OPERATO | R CERTIFICAT | TION |
| No. | | GE | | | TES | | Ò990' | berein is true my knowiedge organization eli or unleased mi including the j or has a right focation purpus ormer of such or to a voluniz compuisory pour by the division <i>Lamm</i> Sighature <i>Printed Nam</i> SURVEYO I hereby shown on this notes of actual | AL Hicks | • best of this this closetion this this this interest, at ar a ve entered 27/44 te |
| | | | Y=5105 X=8614 | 71.8 E | | | | true and corre | rvision, and that the ot to the best of m | y belief. |
| | | | AT.=32'23 NG.=103'(| | | | <u>.</u> | Banc P. | RIL 10, 2006 | -JR 1/06 |

DISTRICT I 1825 H. FRENCH DR., BOBBS, MM 45849

DISTRICT II 1301 V. GRAND AVENUE, ABTERIA, NM 45210

DISTRICT III 1000 Rio Bruxos Rd., Aziec. NM 67410

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-102 Revised October 12, 2005 Submit to Appropriate District Office State Lesse – 4 Copies Feo Lesse – 3 Copies

DISTRICT IV

WELL LOCATION AND ACREAGE DEDICATION PLAT

C AMENDED REPORT

| 30-025-37827 | 50350 | | | | | |
|---------------|-------------------------------------|------------|---------------|-----------|--|--|
| Property Code | Proj | | J Well Number | | | |
| 3/2404 | COL | COLE STATE | | | | |
| OGRID No. | | rator Name | | Elevation | | |
| 258350 | RANGE OPERATING NEW MEXICO, INC. 34 | | | | | |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feat from the | North/South line | Feet from the | Bast/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A | 16 | 22-S | 37-E | | 330 | NORTH | 990 | EAST | LEA |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot idn | Fest from the | North/South line | Feet from the | East/West line | County |
|-----------------|----------|----------|--------------------|----------|---------------|------------------|---------------|----------------|--------|
| } } | | | | | 1 | | } | 1 | |
| Dedicated Acres | Joint or | | i nsolidation (| lada Dur | ler No. | • | 1 | | |
| 1 . | Joine of | | anouascen (| | ACF 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 CERTIFIC | ATION |
|---|---|
| 990' I hereby certify that the berein is true and complete to my innovidge allo belief, and t or unleased mineral interest in including the proposed bottom or thas a right to drill this work over or a contract owner of such mineral or workd over or a such mineral or workd | the best of hat this ding interest the land hole location to this with an ing interest, ment or a |
| compulsory pooling order barets | fore entered |
| hall H.L.s 1 | 0/23/14 |
| RANDALL Hicks | Date / |
| Printed Name | - |
| SURVEYOR CERTIFIC | ATION |
| GEODETIC COORDINATES NAD 27 NME thereby certify that the shown on this plat was plotted notes of actual surveys made b under my supervision, and that true and certret to the best of | from field y me or the same is |
| Y=510517.7 N X=861471.8 E | |
| LAT.=32'23'53.11" N LONG = 103'09'44.00" W | 6 JR |
| LONG.=103'09'44.00" W Date Surveyed Signatures & Scale Of The Professional Surveyed Signatures & Scale Of The Professional Surveyed State of the Survey State of the Surveyed State of the Surveyed State of the Survey | |
| | 119/06 |
| | de la companya de la |
| Certificate No. GARY HIDSON | 12641 |
| | 1 |

nail b)

| DISTRICT III 1900 Rio Brazos Re | , ARTESIA, MY d., Arteo, N | | OIL | 1220 | SOUTH | I ST. I | ON DIVIS FRANCIS DR. exico 87505 | ION Subm | Bevised Oct. it to Appropriate I State Leas Fee Loas | District O He – 4 Co |
|------------------------------------|---|----------|----------------|-----------------------------------|---------------|------------|--|--|--|--|
| DISTRICT IV | | NH 57508 | WELL LO | | · · | ACREA | GE DEDICATI | | C AMEND | ED REP |
| 30-025- | Number Radon | | 22 | Pool Co SOD | de | F | unont ' yat | Pool Name 45 , 7Rivus, 6 | li dan | |
| Property C | | <u> </u> | 0-4 | -800 | | operty Nam | ie l | a Minus 0 | Well Nur | |
| 312404 | | | | | | E STA | | | 18 | |
| 000000 No 258350 | | | RAN | GE C | | NG NE | W MEXICO, II | ۹ C. | Elevation 340 | |
| ~ 0 0 0 0 0 | • | 1 | · · · · | · · | | ace Loca | | | | (1) 1 1 |
| UL or lot No. | Section | Township | P Range | Lot I | | from the | North/South line | Peet from the | Bast/West line | Count |
| A | 16 | 22- | S 37-E | | | 330 | NORTH | 990 | EAST | ., LE |
| | | | Bottom | Hole | Location | If Diffe | rent From Sur | face | | |
| UL or lot No. | Section | Townshi | p Range | Lot 1 | dn Feel (| from the | North/South line | Feet from the | East/Vest live | Coup |
| Dedicated Acres | Joint o | | Consolidation | Cada | Order No. | | <u> </u> | | | |
| | | | | LUNC | | | | | | |
| | | | | | | | | herein is true my inswiedge organisation ei er unlessed m including the or has a right iocation pursu | OR CERTIFICA' certify that the ini and complete to the and bollef, and the ther swas a workin increal interest in the proposed bottom ho to drill this well a unit to a contract w mineral or working | farmation to best of t this g interest to location t this this interest |
| | | | | | | | - N | I hereby berein is true my knowledge organization ei er unlessed m including the or has a right iocation pursue owner of such or to a volunt compulsory po- by the division | certify that the ind and complete to the and bollef, and the ther owns a workin increal interest in the proposed bottom ho proposed bottom ho to drill this well a nat to a contract we mineral or working ary pooling agreement oling order horetofo | armation to best of t this g interest a land to location t this the an t interest are entere |
| | | | | | | | - N | i hereby berein is true my knowledge organisation or unleased in including the or has a right location pursu owner of such or to a volunt compulsory po- by the division Rall Signature RANDAL Printed Nam | certify that the ind and complete to the and bollef, and the ther owns a workin increal interest in the proposed bottom ho proposed bottom ho to drill this well a nat to a contract we mineral or working ary pooling agreement oling order horetofo | farmation to best o t this g interest is land to location to this the an tit an tit an tit or a re entered |
| | | | GEODETIC C | | | | - N | I hereby berein is true my knowledge organization ei er unleased m including the or has a right location pursue or to a volunt compulsory po- by the division RAMDAL Brinted Nam SURVEY(both on this shown on this | certify that the ind and complete to the and bollef, and the ther evens a workin increal interest in the proposed bottom to to drill this well a and to a contract we mineral or workin mineral or workin mineral or workin mineral or workin or the second second of the second second second of the second second second of the second second second of the second second second second of the second second second second of the second second second second second second second second second second second second second second second se | armation to best of t this g interevent to location t this to location t this til or a re entered t the to are to be to location to be to location to be to be to location to be to be to location to location to location to be to location to be to location to location to location to location to location to location to location to be to location to location to location to location to location to location to location to location to be to be to location to be to location to be to location to location to be to location to be to location to |
| | | | | 7 NME 517.7 | <u>-</u> N | | - N | I hereby berein is true my knowledge organization ei er unleased m including the or has a right location pursu owner of subt compulsary po- by the division <i>RAMDAL</i> Printed Nam SURVEY(I hereby shown on this notes of actua under my sup | certify that the ind and complete to the and bellef, and the ther orns a workin increal interest in the proposed bottom ho to drill this well a and to a contract well a and to a contract well and to a contract well and to a contract well and the a contract well and and the a contra | armation to best o t this g interest as land to location to this the an tit an tit or a re entere here a here the an tit or a the an tit or a |
| | | | NAD 2 Y=510 | 7 NME 517.7 471.8 3'53.1 | E 1" N | | - N | i hereby berein is true my knowledge organization ei er unleased m including the or has a right location pursu owner of sub to to a volunt compulsary po- by the division <i>RAMDAL</i> Signature <i>RAMDAL</i> Printed Nam SURVEY(I hereby shown on this notes of ectus under my sub | certify that the ind and complete to the and bollef, and the ther owns a workin incral interest in the to defill this well a and to a contract w mineral or working ary pooling agreeme obling order heretefor | armation to best of t this g interest to location to location to this the an tit an tit an tit or a re entere ///4 ate |

, ·



1

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 #18 (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 <u>csledge@vnrllc.com</u> or for technical questions please contact Randall Hicks at 832.377.2207 or rhicks@vnrllc.com.

Respectfully submitted,

Vanguard Permian, LLC he ilge

Carol M. Sledge, CPL Senior Landman

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

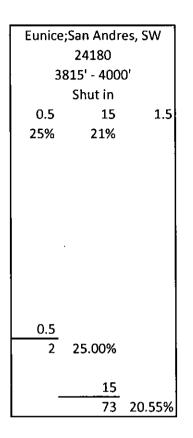
5847 San Felipe, Suite 3000 - Houston, Texas 77057 - Phone (832) 327-2255 - Fax (532) 327-2250 - www.vnriic.com

Cole State #18 API # 30-025-37827

.

.

| Pool Name | Eumon | t; Yates, 7R | -Queen | Г | Penrose | Skelly;Gray | burg |
|-------------------------------|---------------|--------------|--------|---|---------------|-------------|--------|
| Pool Code | | 22800 | | | | 50350 | |
| Pay Interval | 3470' - 3515' | | | | 3684' - 3772' | | |
| Status | Producing | | | | Shut in | | |
| Rates from 24 hr tests, O,G,W | 1 | 43 | 1 | | 0.5 | 15 | 1.5 |
| Allocation % | 50% | 59% | | | 25% | 21% | |
| | | | | | | | 1 |
| | | | | | Con | nbined Test | s |
| | | | | | 2 | 73 | 2.5 |
| Pool 24 hrTest | 1 | | | | | | |
| Combined Test | 2 | 50.00% | | | | | |
| Pool 24 hrTest | | 43 | | | | | |
| Combined Test | - | 73 | 58.90% | | 0.5 | | |
| | | | | F | 2 | 25.00% | |
| Pool 24 hrTest | | | | | | | |
| Combined Test | | | | | | 15 | |
| | | | | | - | 73 | 20.55% |
| Pool 24 hrTest | | | | | | | |
| Combined Test | • | | | | | | |
| | · · | | | - | | | |



McMillan, Michael, EMNRD

| From: | Randall Hicks <rhicks@vnrllc.com></rhicks@vnrllc.com> |
|--------------|--|
| Sent: | Thursday, November 13, 2014 9:13 AM |
| То: | McMillan, Michael, EMNRD; Martin, Ed |
| Subject: | DHC applications Lea Co. NM - State Wells |
| Attachments: | Cole State #18 DHC Application Packet.pdf; Cole State #18 Landman Letter.pdf; Cole State #18 Production Spreadsheet.xlsx; NMOCD DHC Letter Cole State #18.pdf |

Gentlemen,

Attached is the Cole State #18 well needing a DHC permit. This well is very similar to the previous two 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 Eunice; San Andres, SW (24180) and the Penrose-Skelly; Grayburg (50350) was split evenly because they were both completed in 2006 and have been producing together for the last 8 years. As you can tell from the production test of 1 BOPD and 30 MCF/D for these combined pools, an even split will make no significant difference in the allocated production for each pool.

The 24 hr production test for the combined San Andres and Grayburg 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. This is also true for the Eumont; Yates, 7R-Queen production graph.

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

÷