

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0137
Expires. March 31, 2007
5 Lease Serial No.
NMNM63011

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side.

5. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
VANGUARD PERMIAN LLC

3a. Address
5847 SAN FELIPE SUITE 300, HOUSTON, TX 77057

3b. Phone No. (include area code)
832-327-2252

8. Location of Well (Footage, Sec., T., R., M., or Survey Description)
UL K, SEC. 11, T-19S, R-31E, 990 FSL & 990 FWL

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement, Name and/or No.

24. Well Name and No.
YATES FEDERAL #2

25. API Well No
30-015-26648

26. Field and Pool, or Exploratory Area
SHUGART; YATES-7RS-QU-GB

27. County or Parish, State
Eddy County, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	CHANGE OF OPERATOR
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

21. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

As required by 43 CFR 3100.0-5(a) and 43 CFR 3162.3, we are notifying you of a change of operator on the above referenced lease.

We, as new operator, accept all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the lease or portion of lease described. We meet all federal bonding requirements as follows (43 CFR 3104):

Bond Coverage: Individually Bonded
 BLM Bond File No.: ~~006097~~ *OK JB* NMB000761, NMB000811

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

The effective date of this change is November 1, 2010.

AR Date 10/12/2011
Accepted for record

22. I hereby certify that the foregoing is true and correct
 Name (Printed/Typed) Britt Penie Title SVP of Operations
 Signature *Britt Penie* Date 11/15/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____
 _____ Date _____
 Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office _____

APPROVED

OCT 5 2011

/s/ JD Whitlock Jr

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Conditions of Approval

Vanguard Permian LLC

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. All above ground structures and equipment on the lease shall be painted Shale Green (5Y 4/2). This is to be done within 90 days, if you have not already done so.
3. Submit for approval of water disposal method.
4. Submit updated facility diagrams as per Onshore Order #3
5. This agency shall be notified of any spill or discharge as required by NTL-3A.
6. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
7. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
8. Subject to like approval by NMOCD.