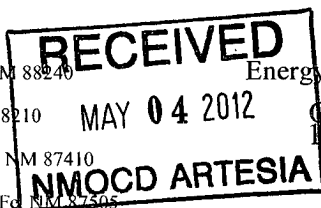


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505



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

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

- A. Applicant VANGUARD PERMIAN LLC 30-015-32190,
whose address is 5647 SAN FELIPE SUITE 3000, HOUSTON TX 77057,
hereby requests an exception to Rule 19.15.18.12 for 30 days or until
JUNE 06, Yr 2012, for the following described tank battery (or LACT):
Name of Lease SOUTH CARLSBAD Name of Pool CARLSBAD:MORROW SOUTH
Location of Battery: Unit Letter F Section 27 Township 23S Range 26E
Number of wells producing into battery 1
- B. Based upon oil production of 0 barrels per day, the estimated * volume
of gas to be flared is 0 MCF; Value 0 per day.
- C. Name and location of nearest gas gathering facility:

- D. Distance _____ Estimated cost of connection _____
- E. This exception is requested for the following reasons: WE WOULD LIKE TO BE ABLE TO FLARE
THIS WELL AS MATTER OF SAFETY. WE ARE WORKING ON IT TO GET READY TO P&A.
AN ATTEMPT WAS MADE TO COMPLETE A GAS ZONE THAT TESTED 700 PPM H2S. THE
WELL WAS SHUT IN DUE TO UNECONOMIC VOLUMES OF GAS PRODUCED.

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation
Division have been complied with and that the information given above
is true and complete to the best of my knowledge and belief.

Signature

Vickie Tompkins

Printed Name

& Title VICKIE TOMPKINS, OFFICE MANAGER

E-mail Address vtompkins@vnrlc.com

Date 04/23/12 Telephone No. 432.362.2209

OIL CONSERVATION DIVISION

Approved Until June 6th 2012

By

RP Dado

Title

Dist. H. Supervisor

Date

05/08/2012

COA: 2nd page

* Gas-Oil ratio test may be required to verify estimated gas volume.

**NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
811 SOUTH FIRST STREET
ARTESIA, NM 88210
(575)748-1283**

CONDITIONS OF APPROVAL for FLARING or VENTING GAS

1. Venting gas is absolutely not allowed.
2. Prior to flaring gas, C-129 must be filed & approved. Blanket approval cannot be given for this operation.
3. Flared volumes of gas are to be metered & reported.
4. Flares WILL be manned at all times. Brush should be cut down to 1 or 2 inches around flare stack at least a radial distance of 2 times the height of the flare stack.
5. Flares WILL NOT be left unattended.
6. No flaring operations to be conducted during red-flag days.
<http://www.gacc.nifc.gov/swcc> (go to "Predictive Services" on SWCC website) to check for red flag warnings.
7. Follow safe practices for flaring guidelines.
8. Permit may be rescinded at any time by NMOCD.
9. If well is able to be connected to a gas gathering system, it will be done so as soon as possible.

Your initials here