

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD
Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

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 page 2		7. If Unit of CA/Agreement, Name and/or No. Chalk Bluff Draw Federal 1
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	8. Well Name and No. See Attached List	
2. Name of Operator Vanguard Operating, LLC	9. API Well No. See Attached List	
3a. Address 5847 San Felipe, Suite 3000 Houston, Texas 77057	3b. Phone No. (include area code) (832) 377-2243	10. Field and Pool or Exploratory Area See Attached List
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) See Attached List		11. Country or Parish, State Eddy, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<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 checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. 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 recompleat 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

This is notification of Change of Operator on the above referenced well.

Vanguard Operating, LLC, as new operator, accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on this lease or portion of lease described.

Bond Coverage: BLM Bond File No. NMB000797, Surety Bond No. B006616

Bond Coverage Carlsbad Field Office: BLM Bond File No. NMB000817, Surety Bond No. B006679

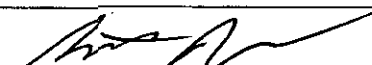
Change of Operator Effective: October 5, 2015

Former Operator: LRE Operating, LLC

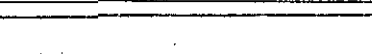
NM OIL CONSERVATION
ARTESIA DISTRICT

MAR 29 2016

RECEIVED
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Britt Pence	Title Executive Vice President, Operations
Signature 	Date 10.5.15

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by 	Title Executive Vice President, Operations
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 Carlsbad Field Office

Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

ATTACHMENT TO LEASE SERIAL NO. NMNM 97122

WELL NAME	API NUMBER	EXPLORATORY AREA	UNIT/LTR	SEC	TWN	RNG	LOCATION
CHALK BLUFF FEDERAL #1	3001500789	RED LAKE-QUEEN-GRAYBURG-SA	K	5	18S	27E	2055 FSL 1980 FWL
CHALK BLUFF FEDERAL #2	3001529706	RED LAKE-QUEEN-GRAYBURG-SA	F	5	18S	27E	1980 FNL 2310 FWL
CHALK BLUFF FEDERAL #4	3001529707	RED LAKE-QUEEN-GRAYBURG-SA	F	5	18S	27E	1650 FNL 1650 FWL
CHALK BLUFF FEDERAL #5	3001529650	RED LAKE-QUEEN-GRAYBURG-SA	C	5	18S	27E	990 FNL 2310 FWL
CHALK BLUFF FEDERAL #6	3001529651	RED LAKE-QUEEN-GRAYBURG-SA	C	5	18S	27E	330 FNL 1650 FWL

Vanguard Operating, LLC
March 16, 2016
Change of Operator
Conditions of Approval

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. Submit for approval of water disposal method.
3. Submit updated facility diagrams as per Onshore Order #3
4. This agency shall be notified of any spill or discharge as required by NTL-3A.
5. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
6. 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.
7. Subject to like approval by NMOCD.
8. All Reporting to ONRR (OGOR Reports) must be brought current within 30 days of this approval including any past history.
9. If this well is incapable of producing in paying quantities submit NOI to plug and abandon this well or obtain approval to do otherwise within 90 days.
10. Submit plan for approval of well operations for all TA/SI wells within 30 days of this approval to change operator.
11. If not in place acquire operating rights on this lease within 30 days with BLM office in Santa Fe, NM.

JAM 031616