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State of New Mexico
 Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 June 19, 2008

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/>		WELL API NO. 30-025-39047 <input checked="" type="checkbox"/> 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> 6. State Oil & Gas Lease No. B-1429
2. Name of Operator Vanguard Permian, LLC <input checked="" type="checkbox"/>		7. Lease Name or Unit Agreement Name State Section 12 <input checked="" type="checkbox"/> 8. Well Number #1 <input checked="" type="checkbox"/>
3. Address of Operator 1209 South Main, Lovington, NM 88260		9. OGRID Number 258350 <input checked="" type="checkbox"/> 10. Pool name or Wildcat Lovington GB/SA (40580)
4. Well Location Unit Letter <u>E</u> : <u>1650</u> feet from the <u>North</u> line and <u>330</u> feet from the <u>East</u> line <input checked="" type="checkbox"/> Section <u>12</u> Township <u>17S</u> Range <u>36E</u> NMPM County- <u>Lea</u>		
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3825 GR		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☒ PLUG AND ABANDON ☐
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
 DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ P AND A ☐
 CASING/CEMENT JOB ☐

OTHER: Perf and Test GB/SA for possible DHC

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

See attached information for testing Lovington GB/SA (40580) for commingle with Lovington Paddock.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Vice President DATE 1/08/09

Type or print name Britt Pence E-mail address: bpence@vnrllc.com PHONE: 832-327-2252

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE FEB 20 2009

Conditions of Approval (if any):

Lovington Paddock Shut-In

State Sec 12 #1 – Completion Report

11/24/2008: Well open to test tank. RU Key Ser. Unit #416. POH w/ rods & pmp. Visual inspection good. NDWH & RUBOPs Unset TAC & POH w/ 2-7/8" tbg, TAC & BHA. Visual inspection good. RU Gray W/L & set 5-1/2" CBP @ 5750' KB. RD W/L. Rack 210 jts 3-1/2" N-80 ws tbg (approx 6500'). Secure well & SDFN.

Daily Cost: \$12,350.00

Cum Cost: \$1,156,818.00

11/25/2008: CP 0 psig, RU pmp truck & pmp 46 bbls 2% KCL wtr dn csg valve. Caught press. & tstd CBP to 1000# for 15 min. OK. Release pmp truck. RU Gray W/L & Perf San Andres as follows: 4671-76', 4836-53', 4864-73', 5000-03', 5011-20', 5028-37', 5050-55', 5068-70', 5073-83', 5117-19', 5123-30', 5134-43', 5162-64', 5171-73', 5182-85', & 5431-36' (198 holes total) w/ 3-1/8" slick guns, 2 spf, phased 120 deg, 0.41" premium charges. 5 runs, all shots fired, no immediate pressure. RD W/L. PU & RIH w/ 5-1/2" arrowset PKR, 2-7/8" SN, x-over & 147 jts 3-1/2" N-80 ws tbg. Pkr swinging @ approx. 4600'. Secure well & SDFN

Daily Cost: \$19,790.00

Cum Cost: \$1,176,608.00

12/01/2001: TP 80 psig, CP 15 psig. OW & BWD to 0 psig 4 min. strong methane gas present. 0 fluid. RU to swab 16 runs total, SFL 300' EFL 2400' 3% oil cut 1st run, strong gas present, rec'd 72 bbls fluid TLLTBR 0. RD swab. POH & LD 100 jts 3-1/2" ws tbg. EOT swinging @ approx. 1475'. Secure well & SDFN.

Daily Cost: \$5550.00

Cum Cost: \$1,201,608.00

12/02/2008: TP 80 psig, CP 75 psig, OW & BWD to 0 in 4 min. strong methane gas present. Con't out of hole & LD remaining ws tbg & tools (release all down hole rentals). Change to 2-7/8" BOP rams. RBIH w/ 2 jts 2-7/8" BPMJ, 2- 2-7/8" X 3' PS, 2-7/8 SN, 24 jts 2-7/8" N-80 tbg, 2-7/8" X 5-1/2" TAC, 145 jts 2-7/8" N-80 tbg. RDBOPs, set TAC 18K & NUWH. Landed 5388' KB, SN 5319' KB, TAC 4563' KB. Prepare to run tbg. RIH w/ 1-1/4" X 15' GA, 2-1/2" x 1-3/4" X 16' RHBC rblt pmp 1" X1' LS w/ righthand back-off, 6-1-1/4" K-Bars, 101- 3/4" rods, 104- 7/8" rods, 2- 7/8" subs (4,8'), 1-1/4" X 18' PR w/ 12' PRL. HWO & space pmp out. Load tbg & test pmp to 500# OK. Leave well pmping to swab tanks 10 0 spm 100' SL. RDMO (laid down 29 jts 2-7/8" tbg & 36- 7/8" rods)

Daily Cost: \$6700.00

Cum Cost: \$1,208,308.00

12/03/2008: Well test. 12 hrs. TP 150 psig on Baird BPV. CP 15 psig. 120 bbls water, trace of oil, gas present. FL 2000'

12/04/2008: Well test, 24 hrs., TP 150 psig, CP 30 psig, 326 bw, 0 bo, backside s/i. FL 2200'

12/05/2008: Well test: TP 150 psig, CP 35 psig, 338 bw, 0 bo, backside s/i. FL 2260'

12/06/2008. Well test: TP 150 psig, CP 35 psig, 340 bw, 0 bo, bs s/i.

12/07/2008: Well test: TP 150 psig, CP 35 psig, 335 bw, 0 bo, bs s/i

12/08/2008: Well test: TP 150 psig, CP 38 psig, 342 bw, 0 bo (stain), bs s/i. FL 2440'

12/09/2008: Well test: TP 150 psig, CP 37 psig, 338 bw, 0 bo (heavy film) bs s/i, FL 2500'

12/10/2008: Well test : TP 150 psig, CP 38 psig, 335 bw, 1 bo, bs s/i, FL 2560'

12/11/2008: Well test: TP 150 psig, CP 38 psig, 337 bw, 1 bo, bs s/i, MIRU Lucky Rig 107. BWD. POH w/ rods & pmp. NDWH, uset TAC & RUBOPs. POH w/ tbg & BHA. RBIH w/ 2-7/8" notched collar, 2-7/8" X 4' sub, 2-7/8" SN, 10 jts 2-7/8" tbg, 2-7/8" X 5-1/2" arrowset ser. PKR, 166 jts 2-7/8" tbg. EOT 5541', PKR 5225'. Space tbg, set PKR & shut BOPs. RU to swab. 5 runs, SFL 1300' EFL 5500' 1% oil cut last run, rec'd 24 bbls black acid water. Wait 30 min 1 run SFL 4500' rec'd 4 bbls black water, LD swab SI & SDFN.

Daily Cost: \$4050.00

Cum cost: \$1,212,358.00

12/12/2008: TP 20 psig, CP 10 psig. BWD. RU to swab, 1st run, SFL 4500' & swabbed from SN, rec'd 3 bbls fluid w/ 45% oil cut. 1 hr 2nd run, SFL 4700' & swabbed from SN, rec'd 2.5 bbls fluid w/ 45% oil cut. 1 hr, 3rd run same as 2nd. RD swab. RIH w/ 1" X 1' strainer nipple. 2-1/2" X 1-1/2" X 16' RHBC rag ring pmp, 1" X 1' LS (right hand back-off) 6- 1-1/4" K-Bars, 101- 3/4" rods, 113- 7/8" rods, 2- 7/8" subs (4,8'), 1-1/4" X 18' PR w/ 12' PRL. HWO & space pmp, Load tbg & tst 500# OK. leave well pmpng to swab tanks 6.0 SPM, 100' SL, 50% auto.

Daily cost: \$4310.00

Cum cost: \$1,216,668.00

12/13/2008: Well test: 11 hrs. TP 120 psig, CP 15 psig. 7 bw, 5 bo, bs s/i.

12/14/2008: Well test: 24 hrs TP 30-110 psig, CP 18 psig. 5 bw, 3 bo.

12/15/2008: Well test: TP 25-90 psig, CP 20 psig. 5 bw, 3 bo. Prepare well to acidize SA 5431-36' this P.M.

12/16/2008: Swab report: TP 38 psig, CP 20 psig. 2 runs SFL 3500', EFL 5450', 20% oil cut last run, 0 mcf, rec'd 6 bbla fluid. TLLTBR 24 bbls. Swabbed 8 more runs each hr. Tagged fluid @ 5000' each time & swabbed from the SN each time. Dry swabs last 2 runs. 0 mcf. Rec'd 10 more bbls fluid. TLLTBR 14 bbls. S/I SDFN.

Daily cost: \$4150.00

12/17/2008: Early report: TP 0 psig, CP 30 psig. Backside FL 550' from surf. RU to swab 1st run 5000' & swabbed from SN. rec'd less than 1 bbl fluid 5% oil cut. Waiting on instruction. Will swab each hr.

12/18/2008: CP 20 psig. BWD, RU Gray W/L, RIH w/ 5-1/2" 6K Weatherford Comp. BP. Set plug @ 5250' & setting tool did not release. Worked wireline & broke loose @ 2500# pulled. POH w/ wireline & found line to be parted @ rope socket. RD W/L. RIH w/ 4-3/4" OS w/ 3-1/8" grapple, bumper sub & 167 jts 2-7/8" tbg. Caught fish @ 5250. Found plug to be set. Torqued on tools & released. POH w/ tbg & LD fish (CCL, wt. bar & #10 Baker setting tool). RBIH w/ 1st 5-1/2" cement retainer & 146 jts 2-7/8" tbg. Retainer swinging @ 4650' just above top perfs. S/I SDFN

Daily Cost: \$8,250.00

12/19/2008: TP 0, CP 0. Con't in hole w/ 10 more jts 2-7/8" tbg. Retainer @ 4950.0' RU Rising Star Cement & pmp 1 bbl fresh wtr thru retainer OK. Set retainer @ 4950.0'. Test lines 4500# OK. Pmp 10 bbls fresh wtr to est. rate & press. 2 bpm @ 1000# OK Shut dn & batch up 150 sx (35 bbls) 'C' neat cement. Pmp slurry: 2 bpm @ 760#. Start displacement using 22 bbls fresh wtr : 2.4 to 1.2 bpm @ 1860 to 3020#. Shut dn & wash up. Resume displacement, 1.3 to 1.1 bpm @ 2880 to 3800#. Shut dn & sting out of retainer. Rev. to pit. 1st stage: 28 sx rev to pit, 24 sx in csg below retainer, 97 sx in formation @ 3250# squeezed. POH w/ tbg & tools. PU & RBIH w/ 2nd 5-1/2" retainer. & 146 jts 2-7/8" tbg, pmp 1 bbl fresh wtr thru retainer OK. Set retainer @ 4600' & pmp 5 bbls fresh wtr to est rate & press: 1.3 bpm @ 2200# OK. Shut dn & batch up 150 sx (35 bbls) 'C' cement, pmp slurry 1.1 to 1.4 bpm @ 1680 to 2230#. Start displacement: 25 bbls fresh wtr, 1.4 bpm @ 1700 to 3780#. Shut dn & wash up to pit. Sting out of retainer Rev out & shut dn. 2nd stage: 6 sx rev out, 27 sx in csg below retainer, 117 sx in formation @ 3300# squeezed. RD cementers. POH w/ tbg & tools. Secure well & SDFN.

Daily cost: \$19,400.00

12/20/2008: WOC. Rack 185 jts 2-7/8" ws tbg

12/20/2008: MIRU Knight Oil Tool Rev Unit RIH w/ 4-3/4" skirted bit, bit sub, 6 jts 3-1/2" DCs & 140 jts 2-7/8" ws tbg. Tag cement @ 4585'. Start motors & break circ w/ 10 bbls away. Drill dn to 4600' & tag retainer: 4 hrs to cut out retainer. Drill cement to 4695'. CHC (circ hole clean). Pull bit to 4560' Secure well & SDFN.

Daily cost: \$15,550.00

12/22/2008: TP 0, CP 0. RBIH & tag cement @ 4695.0'. Drill dn to 4875' & fall out, press test csg 750# for 15 min OK. Con't in hole & tag 2nd retainer @ 4950.0' Drill out retainer (3-1/2 hrs). Drill cement dn to 5160.0' & CHC @ 21:00 hrs, pull bit to 4600.0'. Secure well & SDFN

Daily cost: \$12,800.00

12/23/2008: TP 0, CP 0. RBIH & tag cement @ 5160.0'. Drill dn to 5186.0' & fall out, press. test csg 750# for 15 min OK. Con't in hole & tag comp. plug @ 5250.0' Drill out plug. LD swivel. Con't in

hole & tag CIBP @ 5745.0'. CHC. POH w/ 2-7/8" tbg, LD DCs & tools. RD KOT rev unit. (to present)

12/24/2008: Over nite flow back: Rec'd 17 bbls fluid 0 oil cut. TLLTBR 125 bbls RU to swab 6 runs total, SFL 1200', EFL 4000', slight oil cut last run, 0 mcf, rec'd 36 bbls wtr. TLLTBR 89 bbls. RD swab. Unset PKR POH laying dn all ws tbg & tools. RBIH w/ 2-7/8" knotted collar, 2-7/8" x 4' sub, 2-7/8" SN, 10 jts 2-7/8" tbg, 2-7/8" X 5-1/2" TAC, 166 jts 2-7/8" tbg, EOT 5541', SN 5537', TAC 5225'. RDBOPs, Space tbg & set TAC 18K, NUWH. RIH w/ 1" X 1' strainer nipple, 2-1/2" X 1-1-3/4" X 16' RHBC pmp, 1" X 1' LS w/ right hand back-off. 6- 1-1/4" K-bars, 101- 3/4" rods, 113- 7/8" rods, 2- 7/8" subs (4,8'), 1-1/4" X 18' PRL, w/ 12' PRL. HWO & space pmp. Load tbg & tst 500# OK. Leave well pmpng to swab tanks. 6 0 spm, 100" SL, 50% auto. SDFH.

Daily cost: \$4850.00

12/25/08: Well Test, 120bw, 0 oil, No gas

12/26/08: Well Test, 70bw, 0 oil, 0 gas

12/27/08: Well test, 2bw, 0 oil, 0 gas

12/28/08 Well test, 10bw@40%, 0 oil, 0 Gas

12/29/08: Well Test, 7bw@40%, 0 oil, 0 gas

12/30/2008: TP 75 psig against BBPV, CP 12 psig w/ b/s shut in 6 bw, 1 bo, 0 gas present FL 5475'. Left well shut in 2 hrs & shot FL again. FL 5415'. Well pmpng on 20% auto.

12/30/08: Well test, 6bw @ 30%, 1bbls oil, 0 gas