

Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87412

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

RECEIVED

MAY 22 2009

HOBBSOCD

Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

June 19, 2008

WELL API NO.

30-025-38962

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

B-2359

7. Lease Name or Unit Agreement Name

State section 1 LA

8. Well Number 22

9. OGRID Number

258350

10. Pool name or Wildcat

Lovington; Drinkard (40490)

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 ☒ Gas Well ☐ Other

2. Name of Operator

Vanguard Permian, LLC

3. Address of Operator

1209 South Main Lovington, NM 88260

4. Well Location

Unit Letter G : 2310 feet from the North line and 2310 feet from the East line

Section 1 Township 17S Range 36E NMPM County LEA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

3827' 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: ☐OTHER: Add pay in Drinkard Formation ☒

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.

Added pay to the Drinkard formation

Perfs: 7838-7860', 7899-7910' - 72 holes, 2 spf, 0.41"

See attached completion reports.

Start Date:

11/21/08

Completed Date:

12/03/08

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

SIGNATURE

TITLE

Vice President

DATE 05/19/09

Type or print name Britt Pence

E-mail address: bpence@vnrlc.com

PHONE: 832-327-2252

For State Use Only

APPROVED BY:

TITLE

PETROLEUM ENGINEER

DATE

SEP 17 2009

Conditions of Approval (if any):

Jm

RECEIVED

MAY 22 2009

HOBBSOCD



STATE SECTION 1 LA #22

Recompletion Report

Drinkard Formation

Daily Report

11/17/2008: Well pumping. MIRU Tyler Well Ser. #103, Unset pmp & POH w/ all rods & pmp. All equip appears to be in good shape. NDWH & RUBOPs (dressed 3-1/2" X 2-7/8"). Unset TAC & POH w/ 2-7/8" tbg TAC & BHA All tbg appears to be good. Secure well. Rack & strap 263 jts 3-1/2" N-80 ws tbg. (approx 8000') SDFN

Daily cost: \$14,700.00

Cum cost \$187,070.00

11/18/2008: CP 0, OW, PU & RIH w/ 4-3/4" coned skirted bit, bit sub, 6- 3-1/2" DC's x-over (damaged, wait on repair 1-1/2 hrs), 245 jts 3-1/2" ws tbg bit swinging @ approx 7500' (elevators dragging replaced w/ 3-1/2" slip type 1-1/2 hrs) Secure well & SDFN.

Daily cost: \$8,350.00

Cum cost: \$195,420.00

11/19/2008: TP 0, CP 0, OW. Con.t in hole w/ 11 more jts 3-1/2" ws tbg. Tag fill @ 7857' KB, RU 2.5 ser. swivel & break circ. w/ 105 bbls 2% KCL wtr. Drill to 7872' KB & plug off. Switch circ. to conv. w/o success. POH w/ ws tbg, DC's & bit. Found bit plugged w/ rubber material. Cleaned bit & RBIH w/ same. Bit swinging @ 7500'. Secure well & SDFN

Daily cost: \$7440.00

Cum Cosr: \$202,860.00

11/20/2008: TP 0, CP 0, OW. Con.t in hole w/ 12 more jts 3-1/2" ws tbg. Tag fill @ 7867' KB. RU 2.5 ser. swivel & break circ. w/ 24 bbls 2% KCL wtr. Drill conv to 7946' KB & CHC 1 hr. returns are frac sand, cement & some rubber pieces. POH & LD 15 jts 3-1/2" ws tbg. Bit swinging @ 7500' to windy to continue. Secure well & SDFN.
PBSD 7946'

Daily cost: \$5320.00

Cum cost: \$208,180.00

11/21/2008: TP 0, CP 0, OW. Con't to POH w/ remaining 3-1/2" ws tbg. LD DCs, bit sub & bit. RU Gray WL & Perf Drinkard 7838-60', 7899-7919'. 72 holes, using 3-1/8" slick guns 2 spf, phased 120 deg, 0.41"

dia, all shots fired. RD WL. RIH w/ 5-1/2" Arrowset PKR, 2-7/8" SN, x-over, 237 jts 3-1/2" ws tbg. PKR swinging @ approx 7200'. Secure well & SDFWE.

Daily Cost: \$14,850.00

Cum Cost: \$223,030.00

11/22-23/2008: No activity. Weekend

11/24/2008: TP vacuum, CP 0. OW. RIH w/ 19 more jts 3-1/2" ws tbg & set PKR @ 7782' KB. RU CUDD Press. Ser. & test lines 5000# OK. Pmp 2500 gals 15% HCL NEFE w/ anti-sludge. Tbg loaded w/ 33 bbls away, formation broke @ 3670# & ramped up. ATP 4205 psig, ATR 2.6 bpm, MTP 4429 psig, MTR 3.2 bpm. Used 116 RCN 7/8" ball sealers to divert. No ball action. Flushed w/ 60.7 bbls 2% KCL wtr. ISIP 4212#, 5 min 3955#, 10 min 3838#, 15 min 3744#. TLTR 130.7 bbls. RD CUDD. 1 hr S/I 2780#. Open well to rev. pit 20/64th. Blew down to 0# in 2-1/2 hrs recovered 40 bbls wtr. RU to swab, 23 runs total, SFL surf, EFL 5450' slight film of oil last run, acid gas present, 82 bw. (122 bbls total) TLLTR 8.7 bbls. S/I well & SDFN.

Daily Cost: \$15,575.00

Cum Cost: \$238,605.00

11/25/2008: TP 275 psig, CP 15 psig. OW & BWD, strong methane gas present. RU to swab, 7 runs total. SFL 4800', EFL 7700'. 95% oil cut last run, strong gas, Rec'd 40 bbls fluid. TLLTR 0. RD swab & shut well in. RU CUDD Press. Ser. Acid frac Drinkard formation 7838-7910' w/ 20% Ultrigel HCL as follows: Test lines 8400 psig OK. Open well Pmp 238 bbl gelled water pad (74 bbls to load tbg) followed by 438 bbls 20% Ultrigel HCL w/ anti-sludge adds. ATP 5316#, ATR 15.0 bpm. MTP 5897#, MTR 17.6 bpm. No diversion. Flushed w/ 74 bbls gelled wtr. ISIP 3861#, 5 min 3557#, 10 min 3510#, 15 min 3463#. TLTR 750 bbls fluid. Leave well shut in for nite. SDFN.

Daily Cost: \$67,900.00

Cum Cost: \$306,505.00

11/27-30/2008: No activity

12/01/2008: TP 600 psig, CP 25 psig. OW & BWD to 0 psig in 40 min, rec'd 15 bbls wtr w/ strong methane gas present. RU to swab 10 runs total, SFL 150', EFL 2000' rec'd 45 bbls fluid, 1% oil cut last run, strong gas present. TLLTR 408 bbls fluid. RD swab. Prepare to pull tbg. Release PKR. POH & LD 256 jts 3-1/2" ws tbg, x-over, 2-7/8" SN & 5-1/2" Arrowset Serv. PKR. RBIH w/ 2 jts 2-7/8" BPMJ, 2- 2-7/8" X 3' PS, 2-7/8" SN, 10 jts 2-7/8" tbg, 2-7/8" x 5-1/2" TAC, 90 jts 2-7/8" tbg, EOT swinging approx 3200'. Secure well & SDFN.

Daily Cost: \$4900.00

Cum Cost: \$316,385.00

12/02/2008: TP 120 psig CP 100 psig. OW & BWD to 0 in 8 min. Strong gas present. Con't in hole w/ 165 more jts 2-7/8" J-55 tbgs. RDBOPs set TAC 18K OK. NUWH. Landed 7583' KB, SN 7520' KB, TAC 7195' KB. Prepare to run pmp. RIH w/ 1-1/4" X 15' GA, 2-1/2" X 1-1/2" X 16' RHBC rblt pmp, 1" X 1' LS w/ right hand back-off, 6- 1-1/4" K-Bars, 130- 3/4" rods, 70- 7/8" rods, 95- 1" rods, 1-1/4" X 18' PR w/ 12" PRL. HWO & space pmp. Leave well pmpng on hand to 'LA' Bttry. RDMO.

Daily Cost: \$5100.00

Cum Cost: \$ \$321,485.00

12/03/2008: Well test, 14 hr., TP 150 psig on Baird BPV. CP 25 psig, 88 bw, 2 bbls oil, 5 mcf. FL 2200'. TLLTR 320 bbls

12/04/2008: Well test, 24 hrs., TP 150 psig, CP 35 psig, 130 bw, 3 bo, 5 mcf. FL 2550' TLLTBR 190 bbls

12/05/2008: Well test. TP 150 psig, CP 45 psig, 120 bw, 12 bo, 5 mcf, FL 6300' TLLTBR 70 bbls. Oil cut @ 09:30 hrs: 70%

12/06/2008: Well test: TP 150 psig, CP 45 spig, 55 bw, 15 bo, 5 mcf. Pmpng on 65% auto

12/07/2008: Well test: TP 150 psig, CP 45 psig, 56 bw, 16 bo, 5 mcf, 65% auto.

12/08/2008: Well test: TP 150 psig, CP 45 psig, 60 bw, 22 bo, 5 mcf, FL 7060', 75% auto

12/09/ 2008: Well test: TP 150 psig, CP 45 psig, 59 bw, 23 bo, 5 mcf, 75%

12/10/2008: Well test: TP 150 psig, CP 47 psig, 64 bw, 24 bo, 5 mcf, 75%

12/11/2008: Well test: TO 150 psig, CP 47 psig, 65 bw, 25 bo, 5 mcf, FL 7090' 75%