Form 3160-5 (August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

SUNDRY NOTICES AND REPORTS ON WELLS

fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

N.M. OIL CONSERVATION DIVISION 811 S. FIRST STREET

FORM APPROVED OMB No. 1004-0137 Expires: July 31, 2010

ARTESIA NM \$8210 rial No. NMNM36648

6. If Indian, Allottee or Tribe Name

	orm for proposals to dr Use Form 3160-3 (APD)						
SUBMIT	IN TRIPLICATE – Other instru	7. If	7. If Unit of CA/Agreement, Name and/or No.				
1. Type of Well							
Oil Well Gas W	ell Other		/ell Name and No. na Federal #15				
2. Name of Operator LRE Operating, LLC			9. A 30-	PI Well No. 005-61670			
3a. Address	3b. F	Phone No. (include area code		Field and Pool or Ex	ploratory Area		
1111 Bagby Street, Suite 4600 Houston, TX 77002	575-	623-8424	Ped	os Slope; ABO W	est (Gas)		
4. Location of Well (Footage, Sec., T., I	R.,M., or Survey Description)		l l	Country or Parish, S			
1444' FSL 1950' FWL Unit K Sec 19 T07S R23	E		Cha	aves County, New	Mexico		
12. CHEC	K THE APPROPRIATE BOX(ES) TO INDICATE NATURE	OF NOTICE, R	EPORT OR OTHER	R DATA		
TYPE OF SUBMISSION	•	TYP	E OF ACTION				
✓ Notice of Intent	Acidize	Deepen .	Production	(Start/Resume)	Water Shut-Off		
	Alter Casing	Fracture Treat	Reclamation	n	Well Integrity		
Subsequent Report	Casing Repair	New Construction	Recomplet		Other		
	Change Plans	Plug and Abandon	_	ly Abandon			
Final Abandonment Notice	Convert to Injection	Plug Back	Water Dis	osal			
All wells on the lease referenced in to They are shut in due to Agave's (Ga Agave is in the process of installing wells to production. The estimated time for the plant to be please see attached letter from Agar Accepted for 12 may 1	s Purchaser) inability to sale the anitrogen rejection unit which we in operation is in the late 4th we Energy.	e gas due to high nitrogen vill enable Lime Rock Res Quarter of this year (2014	VED FOR	perating, LLC and	ONTH PERIOD		
			The second se	adida arras abrina barina bariabar arras	and the same of th		
 I hereby certify that the foregoing is tr Name (Printed/Typed) 	ue and correct.						
Michael Barrett		Title Production	n Supervisor				
Signature Ma	M BJ	Date 07/21/201	14				
	THIS SPACE FOR	R FEDERAL OR STA	TE OFFICE	USE			
	ngel Mayes	Lands A	t Field Ma nd Minera		alc 72314		
Conditions of approval, if any, are attached that the applicant holds legal or equitable ti ntitle the applicant to conduct operations t	tle to those rights in the subject lease	arrant or certify which would Office	Rosv	vell Field Office			
Title 18 U.S.C. Section 1001 and Title 43 I	LS.C. Section 1212 make it a crime	for any nerson knowingly and	willfully to mal	c to any department	or agency of the United States any falso		

Form 3160-18 (October, 1999)



Number	140T40WO				
Page	1	2			

Certified Mail - Return Receipt Requested

UNITED STATES DEPARTMENT OF THE INTERIOR

	IDENTIFICATION
HD	
Lease	NMNM36648
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Unit	

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06 /24 /28146	propriate State Director (s	cc 43 CFR	3165.3). TI	he State Di	rector review d	ecision	may be ap	pealed to t	he Interior Boar	d of Land A	opeals, 801 North	
Channel 106/30/2014	mature of Biffein of Land Mi	nnigementy	athorized Off	ficer		<u> </u>	Date	. /	1	Time		
	Una	-Jon						6 /30	1/2014			
							USE O	NLY				
FOR OFFICE USE ONLY	mber	I I Jate			Type of Inspect	OB						

Additional information for Written Order Number 14OT40WO

Wells and/or Facilities and/or FMPs, continued

Site Name	Well/Facili	ty/FMP 1/4 1/4 Sec Township	Range	Meridian	County	State
CHINA FEDERAL	12	SWNW 19 7S	23E	NMP	CHAVES	NM
CHINA FEDERAL	13	NWSW 20 7S	23E	NMP	CHAVES	NM
CHINA FEDERAL	14	NESE 19 7S	23E	NMP	CHAVES	NM
CHINA FEDERAL	15	NESW 19 7S	23E	NMP	CHAVES	NM
CHINA FEDERAL	2	SWNW 18 7S	23E	NMP	CHAVES	NM
CHINA FEDERAL	3	SWNW 17 7S	23E	NMP	CHAVES	NM
CHINA FEDERAL	4	NESW 17 7S	23E	NMP	CHAVES	NM
CHINA FEDERAL	5	NWSE 18 7S	23E	NMP	CHAVES	NM
CHINA FEDERAL	7	NESW 18 7S	23E	NMP	CHAVES	NM
CHINA FEDERAL	8	NENE 19 7S	23E	NMP	CHAVES	NM
CHINA FEDERAL	9	SWNW 20 7S	23E	NMP	CHAVES	NM
(FACILITY)	Α	NESW 17 7S	23E	NMP	CHAVES	NM ·
(FACILITY) .	В	SWNW 17 7S	23E	NMP	CHAVES	NM
(FACILITY)	С	NESW 18 7S	23E	NMP	CHAVES	NM
(FACILITY)	D	NWSE 18 7S	23E	NMP	CHAVES	NM
(FACILITY)	Ε	SWNW 18 7S	23E	NMP	CHAVES	NM
(FACILITY)	F	NWNE 18 7S	23E	NMP	CHAVES	NM
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(FACILITY)	Н	NESW 19 7S	23E	NMP	CHAVES	NM
(FACILITY)	ı	NESE 19 7S	23E	NMP	CHAVES	NM
(FACILITY)	J	SWNW 19 7S	23E	NMP	CHAVES	NM
(FACILITY)	K	SWNW 20 7S	23E	NMP	CHAVES	NM
(FACILITY)	L	NWSW 20 7S	23E	NMP	CHAVES	NM
(FACILITY)	M	NWNE 20 7S	23E	NMP	CHAVES	NM
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BLM Remarks, continued

43 CFR 3162.3-4 (c) REQUIRES THAT WELL(S) INCAPABLE OF PRODUCTION IN PAYING QUANTITIES BE PROMPTLY PLUGGED AND ABANDONED AND REQUIRES APPROVAL FOR ANY WELL TEMPORARILY ABANDONED FOR MORE THAN 30 DAYS, THEREFORE YOU ARE ORDERED TO DO ONE OF THE FOLLOWING:

1. IF YOU DECIDE TO RETURN THE WELL TO PRODUCTION, SUBMIT A SUNDRY NOTICE (FORM 3160-5, ORIGINAL AND 3 COPIES) OF INTENT WITHIN 30 DAYS OF RECEIPT OF THIS LETTER INCLUDE THE DATE YOU ANTICIPATE THE WELL BEING PLACED BACK IN SERVICE. 43 CFR 3162.4-1(c) ALSO REQUIRES YOU TO NOTIFY THE AUTHORIZED OFFICER, NOT LATER THAN THE FIFTH BUSINESS DAY AFTER PRODUCTION IS RESUMED FOR ANY WELL WHICH HAS BEEN OFF PRODUCTION FOR MORE THAN 90 DAYS, THE DATE ON WHICH SUCH PRODUCTION WAS RESUMED. NOTIFICATION MAY BE BY LETTER OR SUNDRY NOTICE, OR ORALLY FOLLOWED BY LETTER OR SUNDRY NOTICE.

2. IF THE WELL IS TO BE USED FOR BENEFICIAL PURPOSES, SUBMIT A SUNDRY NOTICE (FORM 3160-5, ORIGINAL AND 3 COPIES) WITHIN 30 DAYS OF RECEIPT OF THIS LETTER AND INCLUDE INFORMATION CONCERNING FUTURE USE. A BRIEF DESCRIPTION OF YOUR PROPOSED PLANS AND ECONOMIC FEASIBILITY AND AN ANTICIPATED DATE FOR PLACING THE WELL IN BENEFICIAL USE WILL SUFFICE.

3. IF YOU DECIDE TO PLUG AND ABANDON THE WELL, SUBMIT A SUNDRY NOTICE FORM 3160-5, ORIGINAL AND 3 COPIES) WITHIN 30 DAYS OF RECEIPT OF THIS LETTER AND DESCRIBE THE PROPOSED PLUGGING PROGRAM.

FOR MONITORING AND TRACKING PURPOSES; SUBMIT APPROPRIATE PAPERWORK TO THIS OFFICE ATTENTION: ROBERT E, HOSKINSON Sr. IF YOU HAVE ANY QUESTIONS, CONTACT:

Oscar Torres Petroleum Engineering Technician 2909 West Second Street Roswell, NM 88201 Office: (575) 627-0249 Cell: (575) 208-8701 105 South Fourth Street

Arresia, New Mexico 88210

(575) 748-4555

Fax (575) 748-4275

July 22, 2014

VIA EMAIL: Mbarrett@limerockresources.com

Mr. Mike Barrett

Lime Rock Resources

RE: Transwestern Pipeline Gas Quality Issue Posting

Dear Mr. Barrett,

As per your request, please find attached the Gas Quality Issue Posting dated April 21, 2011 by Transwestern Pipeline. This notice effectively forced Agave to curtail gas receipts on our gathering systems in the Bitter/Lakes and Red Bluff areas in Chaves County, New Mexico.

Agave has executed a new Gas Purchase agreement with Lime Rock Resources dated January 1 2013. The new Nitrogen treating/blending facility has an expected operational date of November 1st 2014. The major delay in the start-up of this facility is due to BLM rights of way re-routes associated with the electrical service provider Central Valley Electric.

Best Regards,

J.B. Smith

President

Agave Energy Company

CC: Tim Miller – Lime Rock/Resources

Melanie Brantley-Agave Energy Company

From: Hearn, Steven < Steven Hearn@energytransfer.com >

To: J.B. Smith

Sent: Fri Sep 14 12:35:25 2012 Subject: TW Gas Quality Posting

JB.

See Below. This was the posting for the Gas Quality issue

Notice Text:April 21, 2011

To: All Transwestern Pipeline Customers

Reason: Panhandle Lateral Receipt Locations Gas Quality

Sections 2.1 and 2.3 of the General Terms and Conditions of the tariff set forth the gas quality standards and provide that Transwestern can accept gas that deviates from the specifications to the extent that the gas can be blended and does not prevent delivery to downstream locations.

Based on current gas flows and gas quality readings, Transwestern is taking the following additional steps to maintain a blended gas stream on the Panhandle Lateral in line with the tariff standards.

Effective as soon as possible, but not later than Tuesday April 26, 2011, operators should limit Nitrogen content to no greater than 5.0% at any individual receipt point into the Panhandle lateral. Transwestern believes that, given current conditions, this action will result in a blended gas stream in line with tariff standards.

If Transwestern determines that the circumstances or operational conditions have changed or are not being met, then Transwestern may take such action as it deems appropriate, in its sole discretion, to remedy the situation. This may include acting without further notice to shut-in the relevant receipt point(s).