

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order DHC-4632
Order Date: August 28, 2013
Application Reference Number: pAXK1320431952

LRE Operating, LLC
1111 Bagby Street, Suite 4600
Houston, TX 77002

Attention: Mike Pippin

Welch RL State Well No. 5
API No: 30-015-37314
Unit F, Section 28, Township 17 South, Range 28 East, NMPM

| | | | |
|----------------|--|------------|----------------|
| Pool Names: | RED LAKE: SAN ANDRES ARTESIA: GLORIETA-YESO | Oil Oil | 97253 96830 |
|----------------|--|------------|----------------|

Reference is made to your recent application for an exception to 19.15.12.9A. NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A. NMAC, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

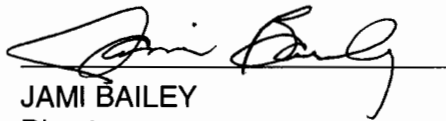
As per the production information provided in application, assignment of allowable and allocation of production from the well shall be as follows:

| | | |
|---------------------------------|-------------|-------------|
| RED LAKE: SAN ANDRES OIL POOL | Pct Gas: 76 | Pct Oil: 79 |
| ARTESIA: GLORIETA-YESO OIL POOL | Pct Gas: 24 | Pct Oil: 21 |

REMARKS: The operator shall notify the Division's district II office upon implementation of commingling operations.

This Order is subject to like approval from the New Mexico State Land Office.

Pursuant to 19.15.12.11B NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Artesia District Office
State Land Office – Oil, Gas and Minerals Division