	2413 SUSPENS	E ENGINEER PG OTHET TO BACK TBLOSS 8313
		(1)(3)
	I	NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505
WILLIA	MS B FEDERAL #1	
		ADMINISTRATIVE APPLICATION CHECKLIST
т	THIS CHECKLIST IS M/	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
vhhu.	[DHC-Dowr [PC-Po	ndard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] Nole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] of Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] ified Enhanced Oli Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF AP	PLICATION - Check Those Which Apply for [A] 30615-35627
	[A]	Location - Spacing Unit - Simultaneous Dedication $LRE open ty = $ NSL NSP SD $Williams B Federal Dedication Williams B$
		One Only for [B] or [C]
	[B]	Commingling - Storage - Measurement
	[C]	M DHC       CTB       PLC       PC       OLS       OLM         Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
	[D]	Other: Specify
[2]	NOTIFICATI [A]	ON REQUIRED TO: - Check Those Which Apply, or  Does Not Apply Working, Royalty or Overriding Royalty Interest Owners
	[B]	Offset Operators, Leaseholders or Surface Owner
	[C]	Application is One Which Requires Published Legal Notice
	[D]	Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
	[E]	For all of the above, Proof of Notification or Publication is Attached, and/or,
	[F]	Waivers are Attached
[3]		CURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE TION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.  $\Lambda$ 

Mike Pippin	Mike Propin	Petroleum Engineer	July 23, 2013
Print or Type Name	Signature	Title	Date
		mike@ninninllc.c	

e-mail Address

## LRE OPERATING, LLC Mike Pippin 3104 N. Sullivan Avenue Farmington, NM 87401 505-327-4573 (phone) mike@pippinllc.com

July 23, 2013

NMOCD c/o Phil Goetze 1220 South St. Francis Drive Santa Fe, NM 87505

> RE: C-107A TO COMMINGLE TWO POOLS <u>WILLIAMS B FEDERAL #1</u>- API#: 30-015-35627 Unit Letter "E" Section 29 T17S R28E Eddy County, New Mexico

Dear Mr. Goetze,

The referenced oil well was completed on August 15, 2007 in the Artesia, Glorieta-Yeso (96830). LRE currently has full approval to open a new upper pool, the Red Lake, San Andres (97253). We would like to commingle the two pools after recompletion operations are complete. Interests in these two pools are identical. A commingle application has also been submitted to the BLM.

LRE is requesting approval to commingle the two pools upon completion of rig operations to complete the well in the upper pool. The production allocations will be calculated by subtracting the current (Yeso) production of 3 BOPD and 15 MCF/D from the total well production after about two months of commingled production. We plan to submit these calculations and the resulting allocations to the district office after the well has been on line for about 2 months.

Please contact me at 505-327-4573 should you have any questions.

Very truly yours,

Mike Pippin

Mike Pippin

Petroleum Engineer

1220 S. St. Francis Dr., Santa Fe, NM 87505	APPLICATION FOR DOWNHOLE COMMINGLING	<u>X Yes</u> <u>No</u>
District IV		EXISTING WELLBORE
1000 Rio Brazos Road, Aztec, NM 87410	Santa Fe, New Mexico 87505	Establish Pre-Approved Pools
District III	1220 South St. Francis Dr.	<u>X</u> Single Well
District II 1301 W. Grand Avenue, Artesia, NM 88210	<b>Oil Conservation Division</b>	APPLICATION TYPE
	Energy, Minerals and Natural Resources Department	Revised Julie 10, 2005
District I 1625 N. French Drive, Hobbs, NM 88240	State of New Mexico	Form C-107A Revised June 10, 2003
The second se	Charles of Diana Manian	Earm C 107 A

LRE OPERATING, LLC c/o Mike Pippin LLC (agent), 3104 N. Sullivan, Farmington, NM 87401 Operator Address

WILLIAMS B FEDERAL #1		E SEC. 29 T17S R28E	Eddy
Lease	Well No.	Unit Letter-Section-Township-Range	County

OGRID No. 281994 Property Code 309867 API No. 30-015-35627 Lease Type: X Federal \_\_\_\_\_ State \_\_\_\_ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	RED LAKE; -San Andres		ARTESIA: Glorieta-Yeso
Pool Code	97253		96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2052'-3201'		3233'-3503'
Method of Production (Flowing or Artificial Lift)	Plan to Pump		Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	690 psi		851 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	34.8		38.32
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: RATES:	Date: Rates:	Date: 6/12/13 Rates: 3 BOPD 15 MCF/D
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas	Oil Gas % %	Oil Gas

ADDITIONAL DATA			
Are all working, royalty and overriding royalty interests identical in all commingled zones?	Yes_	X	No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?	Yes_		No
Are all produced fluids from all commingled zones compatible with each other?	Yes_	<u>x</u>	No
Will commingling decrease the value of production?	Yes_		No <u>X</u>
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?	Yes_	x	_No
NMOCD Reference Case No. applicable to this well:			
Attachments:			
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.			
Production curve for each zone for at least one year. (If not available, attach explanation.)			
For zones with no production history, estimated production rates and supporting data.			
Data to support allocation method or formula.			

Notification list of working, royalty and overriding royalty interests for uncommon interest cases. Any additional statements, data or documents required to support commingling.

### PRE-APPROVED POOLS

List of other orders approving List of all operators within the	downhole commingling within proposed Pre-Approved Pools	the propos	the following additional information will be required: ed Pre-Approved Pools ovided notice of this application.	
I hereby certify that the inf	ormation above is true and	complete to	the best of my knowledge and belief.	
SIGNATURE	Mike Papin		Petroleum Engineer - Agent DATE July 23, 2013	
TYPE OR PRINT NAME	Mike Pippin		TELEPHONE NO. ( <u>505</u> ) <u>327-4573</u>	

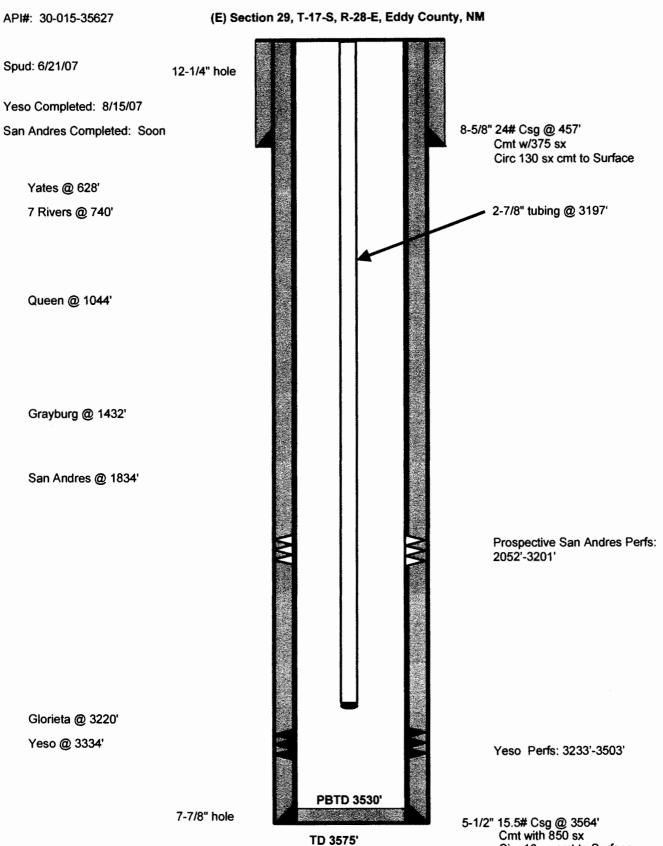
E-MAIL ADDRESS \_\_\_\_\_mike@pippinllc.com

# WILLIAMS B FEDERAL #1

### Current 7/23/13

Artesia; Glorieta-Yeso

Red Lake; San Andres



Circ 16 sx cmt to Surface

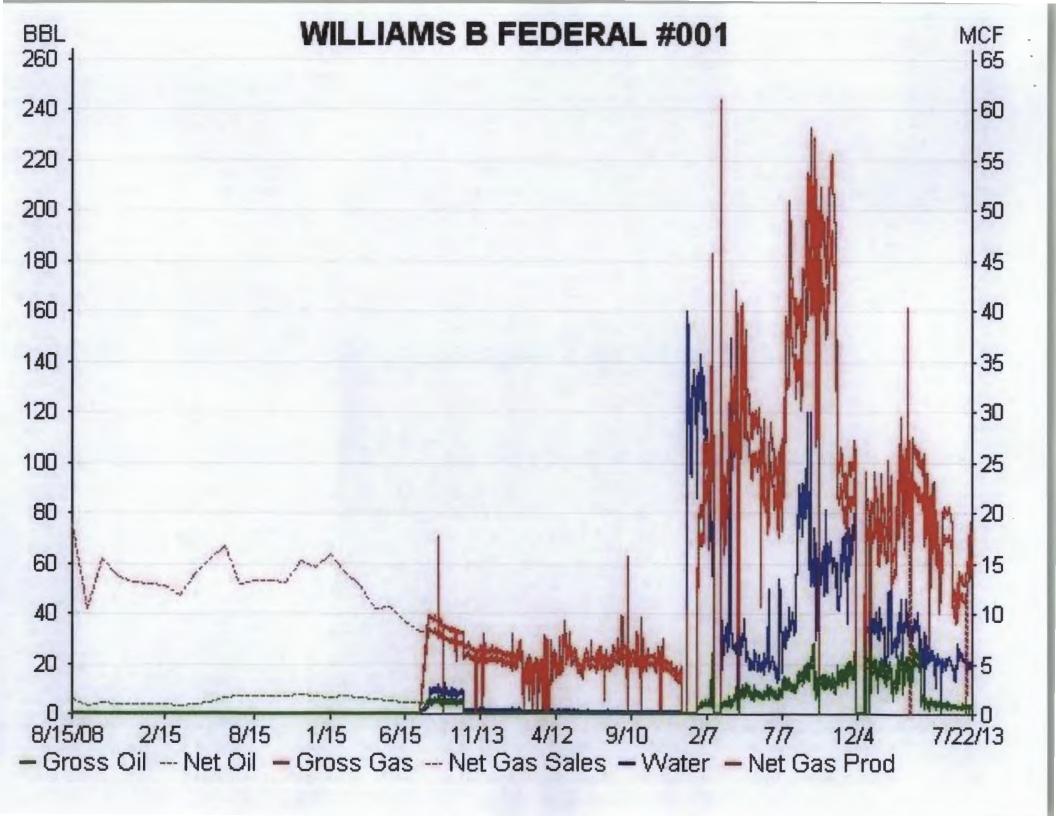
	BUR SUNDRY I ot use this	UNITED STATES ARTMENT OF THE INT REAU OF LAND MANAGI NOTICES AND REPORT form for proposals to Use Form 3160-3 (APD)	EMENT S ON WELLS drill or reenter an		ON Exp 5. Lease Serial N	IRM APPROVED B No. 1004-0135 pires July 31, 1996 No. IMLC-046250-B lottee or Tribe Name
SUBMI	T IN TRIPL	ICATE – Other instru	ctions on reverse	side	7. If Unit or C.	A/Agreement, Name and/or No.
1. Type of Well	-	<b>—</b>			8. Well Name	and No.
X Oil Well	Gas Well	Other				AMS B FEDERAL #1
2. Name of Operator					3	
LRE OPERATIN 3a. Address C/O M		10	3b. Phone No. (include	area code)	1	30-015-35627
3a. Address C/O M 3104 N. Sullivar			505-327-4573	, al ca coac)	10. Field and Po	ool, or Exploratory Area
		T., R., M., or Survey Description			Artesia, Glori	eta-Yeso (96830)
	, or or other				1	an Andres (97253)
1650' FNL & 990	)' FWL Unit	E			AND	
Sec. 29, T17S, F	R28E				Eddy Count	y, New Mexico
12. CHECK APPRO	PRIATE BO	X(ES) TO INDICATE NAT	TURE OF NOTICE, RE	PORT, OR OT	THER DATA	
TYPE OF SUBM	IISSION	TYPE OF ACTION				
X Notice of Intent	ort	Acidize Alter Casing Casing Repair	Deepen Fracture Treat New Construction	Production Reclamation Recomplet		Water Shut-Off Well Integrity
Final Abandonm		Change Plans Convert to Injection	Plug and Abandon Plug Back	Temporari	iy Abandon bosal	
If the proposal is to Attach the Bond under Following completion of	deepen directionall which the work of the involved op pleted. Final Ab	ons (clearly state all pertinent deta y or recomplete horizontally, give s will be performed or provide the perations. If the operation results in pandonment Notices shall be filed of ection.)	subsurface locations and measur Bond No. on file with BLM/E a multiple completion or reco	red and true vertic 3LA. Required sub ompletion in a new	cal depths of all per osequent reports shall v interval, a Form 3	ninent markers and zones. be filed within 30 days 160-4 shall be filed once

LRE OPERATING, LLC currently has full approval to recomplete into the San Andres. Field operations should commence in a few weeks.

LRE requests administrative approval to downhole commingle the existing Artesia, Glorieta-Yeso (96830) and the proposed Red Lake, San Andres (51300). Both intervals have common ownership (Catagory 1), we have not experienced any significant cross flows, & all the fluids are compatible. Downhole commingling will maximize the ultimate recovery of oil & gas, eliminate redundant surface equipment, & maximize productivity. Notice has been filed concurrently on form C-107A with the State. LRE is requesting approval to commingle the two pools upon completion of rig operations, which will reduce the environmental impact. The production allocation will be calculated by subtracting the total well production after about two months of commingled production from the current (Yeso) production of 3 BOPD and 15 MCF/D. We plan to submit these calculations and the resulting allocation to your office after the well has been on line for about 2 months.

14. I hereby certify that the foregoing is true an	d correct			
Name (Printed/Typed)	Titl	e		
Mike Pippin			Petroleum E	Engineer (Agent)
Signature Mike Pa	Apin Dat	e	July	23, 2013
	THIS SPACE FOR	FEDERAL OR ST	ATE USE	
Approved by		Title		Date
Conditions of approval, if any, are attached. Approval certify that the applicant holds legal or equitable title a which would entitle the applicant to conduct operations	o those rights in the subject lease			
Title 18 U.S.C. Section 1001, makes it a crime for fraudulent statements or representations as to any			any department or a	agency of the United States any false, fictitious o

		REGEN	(FD.)
Form 3164 5 (November 1994)	UNITED STATES		OMB No. 1004-0135
(1970)	DEPARTMENT OF THE		2013 Expires July 31, 1996
	BUREAU OF LAND MANA		
Do no	SUNDRY NOTICES AND REPO t use this form for proposals	to drill or reporter and	TESIA 6. If Indian, Allottee or Tribe Name
	oned well. Use Form 3160-3 (Al		
			7. If Unit or CA/Agreement, Name and/or
SURMIT	IN TRIPLICATE Other inst	tructions on reverse sid	le
1. Type of Well	Gas Weil 🔲 Other		8. Well Name and No.
2. Name of Operator			WILLIAMS B FEDERAL #
LRE OPERATING	G. LLC		3
	ke Pippin LLC	3b. Phone No. (include are	a code) 30-015-35627
	Farmington, NM 87401	505-327-4573	10. Field and Pool, or Exploratory Area
4. Location of Well (	Foolage, Sec., T., R., M., or Survey Descr	iption)	Artesia, Glorieta-Yeso (96830)
			Red Lake, San Andres (97253)
1650' FNL & 990'			AND
Sec. 29, T17S, R	2812		Eddy County, New Mexico
12. CHECK APPRO	PRIATE BOX(ES) TO INDICATE N	IATURE OF NOTICE, REPOR	RT, OR OTHER DATA
TYPE OF SUBM	ISSION TYPE OF ACTIO	N	
X Notice of Intent	Acidize	Deepen	Production (Start/Resume) 🔲 Water Shut-Off
	Alter Casing	X Fracture Treat	Reclamation Well Integrity
Subsequent Repor		New Construction	Recomplete X Other Recomplete Temporarily Abandon San Andres
Final Abandonme	nt Notice Convert to Injectio	Plug and Abandon	Temporarily Abandon San Andres Water Disposal
			of any proposed work and approximate duration thereof.
	man dimetionally or recomplete borizontally up		
Attach the Bond under Following completion of	which the work will be performed or provide the involved operations. If the operation result cted. Final Abandonment Notices shall be fail	the Bond No on file with BLM/BIA. ts in a multiple completion or recomplet	nd true vertical depths of all pertinent markers and zones. Required subsequent reports shall be filed within 30 days tion in a new interval, a Form 3160-4 shall be filed once g reclamation, have been completed, and the operator has
Anach the Bood under Following completion of Testing has been compl determined that the site is r LRE would like to 1/2" CBP @ ~322 NEFE HCL acid & middle SA @ abo sand in X-linked of Stimulate w/~300 & PT to ~3500 ps frac w/~82,000# 1	which the work will be performed or provide the involved operations. If the operation result cred. Final Abandonment Notices shall be fill eady for final inspection.) Tecomplete this Yeso oil well to be & PT to ~3500 psi. Perf low & frac w/~81,000# 16/30 sand in ut 2630'-2871' w/~26 holes. S gel. Set a 5-1/2" CBP @ ~2610 0 gal 15% NEFE HCL acid & fr i. Perf upper SA @ about 2050 16/30 sand in X-linked gel.	the Bond No on file with BLM/BIA. Is in a multiple completion or recomplet ed only after all requirements, including or the San Andres as follow ver SA @ about 2918'-320 n X-linked gel. Set a 5-1/, timulate w/~3000 gal 15% 0' & PT to ~3500 psi. Peri rac w/~67,000# 16/30 san 2'-2351' w/~20 holes. Stir	Required subsequent reports shall be filed within 30 days tion is a new interval, a Form 3160-4 shall be filed once g reclamation, have been completed, and the operator has ws: MIRUSU. TOH w/rods & pump. Set 01' w/~30 holes. Stimulate w/~3000 gal 15 2" CBP @ ~2894' & PT to ~3500 psi. Per 5 NEFE HCL acid & frac w/~73,000# 16/30 f upper SA @ about 2380'-2591' w/~22 ho od in X-linked gel. Set a 5-1/2" CBP @ ~2 mulate w/~3000 gal 15% NEFE HCL acid
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District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Form C-102 Revised October 12, 2005 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

#### AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT <sup>1</sup> API Number <sup>2</sup> Pool Code <sup>3</sup> Pool Name 97253 Red Lake, San Andres 30-015-35627 <sup>4</sup> Property Code <sup>6</sup> Well Number <sup>5</sup> Property Name 309867 WILLIAMS B FEDERAL 1 <sup>7</sup>OGRID No. <sup>8</sup> Operator Name <sup>9</sup> Elevation 281994 **LRE OPERATING, LLC** 3607' GL <sup>10</sup> Surface Location Range North/South line UL or lot no. Section Township Lot Idn Feet from the Feet from the East/West line County Ε 29 17-S 28-E 1650 NORTH 990' WEST EDDY <sup>11</sup> Bottom Hole Location If Different From Surface UL or lot no. Lot Idn Feet from the North/South line Feet from the Section Township Range East/West line County 12 Dedicated Acres <sup>13</sup> Joint or Infill 14 Consolidation Code 15 Order No. 40 No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division. <sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete 650' to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this on pursuant to a contract with an owner of such a mineral or working st, or to a voluntary pooling agreement or a compulsory pooling 5/27/13 Date 990' Mike Pippin Printed Name 29 <sup>18</sup>SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. 9/11/00 Date of Survey Signature and Seal of Professional Surveyor: Dan R. Reddy 5412 Certificate Number

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AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT <sup>1</sup>API Number <sup>3</sup> Pool Name <sup>2</sup> Pool Code Artesia, Glorieta-Yeso 30-015-35627 96830 <sup>4</sup> Property Code <sup>6</sup> Well Number <sup>5</sup> Property Name 309867 WILLIAMS B FEDERAL 1 <sup>9</sup> Elevation <sup>7</sup>OGRID No. <sup>8</sup> Operator Name 281994 **LRE OPERATING, LLC** 3607' GL <sup>10</sup> Surface Location Feet from the North/South line UL or lot no. Section Township Range Lot Idn Feet from the East/West line County 990' Ε 29 17-S 28-E 1650 NORTH WEST EDDY <sup>11</sup> Bottom Hole Location If Different From Surface UL or lot no. North/South line Section Township Range Lot Idn Feet from the Feet from the East/West line County 12 Dedicated Acres 14 Consolidation Code 13 Joint or Infill 15 Order No. 40 No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division. <sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete 650' to the best of my knowledge and belief, and that this organization either ns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working to a voluntary pooling agreement or a compulsory pooling 12/29/11 Date 990' Mike Pippin Printed Nan 29 <sup>18</sup>SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. 9/11/00 Date of Survey Signature and Seal of Professional Surveyor: Dan R. Reddy 5412 Certificate Number