JPRG 1322057789

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -



mike@pippinllc.com

e-mail Address

WILLIAMS A FEDERAL #7 - 30	1220 South St. Francis Drive, 5 -015-36512	Santa Fe, NM 87505	
		PLICATION CHECKLIS	T
THIS CHECKLIST IS MANDA		LICATIONS FOR EXCEPTIONS TO DIVISION RUL	LES AND REGULATIONS
[DHC-Downhol [PC-Pool C [WF	rd Location] [NSP-Non-Standa le Commingling] [CTB-Leas commingling] [OLS - Off-Lea [X-Waterflood Expansion] [F [SWD-Sait Water Disposal]	AT THE DIVISION LEVEL IN SANTA FE ard Proration Unit] [SD-Simultaneous a Commingling] [PLC-Pool/Lease Cose Storage] [OLM-Off-Lease Measu and PMX-Pressure Maintenance Expansion [IPI-Injection Pressure Increase] ification] [PPR-Positive Production	ommingling] rement] n]
	ICATION - Check Those Whice Control of the Control		RECEI
	e Only for [B] or [C] ommingling - Storage - Measur DHC		RECEIVED OCD
[C] In	<u> </u>	crease - Enhanced Oil Recovery /D	115 21 OD
[D] O	ther: Specify		
[2] NOTIFICATION [A]	REQUIRED TO: - Check The Working, Royalty or Overrice	nose Which Apply, or Does Not Appl Jing Royalty Interest Owners	ly Williams A Fed #1 30-015-3651
[B] [Offset Operators, Leasehold	ers or Surface Owner	30-015-3651. LRE Operat
[C] [Application is One Which R	equires Published Legal Notice	·
[D] [Notification and/or Concurre U.S. Bureau of Land Management - Commi	ent Approval by BLM or SLO ssioner of Public Lands, State Land Office	
[E] [For all of the above, Proof o	f Notification or Publication is Attache	d, and/or,
[F] [Waivers are Attached		
	RATE AND COMPLETE IN ON INDICATED ABOVE.	FORMATION REQUIRED TO PRO	OCESS THE TYPE
approval is accurate and c		ormation submitted with this application vledge. I also understand that no action is are submitted to the Division.	
Note: Sta	tement must be completed by an ind	ividual with managerial and/or supervisory ca	pacity.
Mike Pippin Print or Type Name	Milo Replin Signature	Petroleum Engineer Title	August 5, 2013 Date

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

August 5, 2013

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

RE: C-107A TO COMMINGLE TWO POOLS

WILLIAMS A FEDERAL #7- API#: 30-015-36512

Unit Letter "K" Section 29 T17S R28E

Eddy County, New Mexico

Dear Mr. Goetze.

The referenced oil well was completed on January 8, 2009 in the Artesia, Glorieta-Yeso (96830). LRE has applied for approval to open a new upper pool, the Red Lake, Queen-Grayburg-San Andres (51300). See the attached NOI C-103. 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 2 BOPD and 12 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

Petroleum Engineer

Mike Paper

District I

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-107A Revised June 10, 2003

District II

District III

E-MAIL ADDRESS <u>mike@pippinllc.com</u>

Oil Conservation Division

1220 South St. Francis Dr.

APPLICATION TYPE X Single Well

Establish Pre-Approved Pools Santa Fe, New Mexico 87505 **EXISTING WELLBORE** District IV APPLICATION FOR DOWNHOLE COMMINGLING X Yes 1220 S. St. Francis Dr., Santa Fe, NM 87505 LRE OPERATING, LLC c/o Mike Pippin LLC (agent), 3104 N. Sullivan, Farmington, NM 87401 Address Eddy WILLIAMS A FEDERAL #7 K SEC. 29 T17S R28E Well No. Unit Letter-Section-Township-Range Lease OGRID No. <u>281994</u> Property Code <u>309877</u> API No. <u>30-015-36512</u> Lease Type: <u>X</u> Federal _State ___Fee **DATA ELEMENT UPPER ZONE** INTERMEDIATE ZONE **LOWER ZONE** RED LAKE; -Queen-ARTESIA: Glorieta-Yeso Pool Name Grayburg-San Andres 96830 51300 Pool Code ~1886'-3071' 3321'-3510' Top and Bottom of Pay Section (Perforated or Open-Hole Interval) Plan to Pump Pumping Method of Production (Flowing or Artificial Lift) 690 psi 851 psi **Bottomhole Pressure** perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone) Oil Gravity or Gas BTU (Degree API or Gas BTU) 34 8 38.32 Producing, Shut-In or New Zone Producing New Zone Date and Oil/Gas/Water Rates of Last Production. Date: 7/21/13 Date: Date: v zones with no production history applicant shall be required to attach production Rates: 2 BOPD RATES: estimates and supporting data.) Rates: 12 MCF/D Oil Fixed Allocation Percentage (Note: If allocation is based upon something of Oil Gas Oil Gas Gas than current or past production, supporting data o % % explanation will be required.) ADDITIONAL DATA Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? No_ Are all produced fluids from all commingled zones compatible with each other? Yes X No ____ No X Will commingling decrease the value of production? 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 If application is to establish Pre-Approved Pools, the following additional information will be required: List of other orders approving downhole commingling within the proposed Pre-Approved Pools List of all operators within the proposed Pre-Approved Pools Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application. Bottomhole pressure data I hereby certify that the information above is true and complete to the best of my knowledge and belief. TITLE Petroleum Engineer - Agent DATE August 5, 2013 SIGNATURE TYPE OR PRINT NAME_ Mike Pippin TELEPHONE NO. (505) 327-4573



CBP at 2200'

CBP at 2540'

CBP at 2814'

CBP at 3250'

LRE Operating, LLC Proposed 4 Stage San Andres Recompletion & Commingle With Yeso AFF # R13020

Williams A Federal #7 Sec 29-17S-28E (K) 2060' FSL, 2260' FWL Elevation - 3,692' API #: 30-015-36512 **Eddy County, NM**

GEOLOGY

	Zone	TOD
	Queen	1,186'
	Grayburg	1,611'
	San Andres	1,921'
8-5/8", 24#, J-55, ST&C Casing @ 439'. Cmt w 375 sks. Circulated 75 sx to surface.	Glorietta	3,299
	Yeso	3,412'

2-7/8"; 6.5#, J-55 Tubing, TAC @ 1776', SN @3500', 4' slotted sub, 1 jt MA w BP @ 3535'

	SURVEYS									
	Degrees	Depth								
	1/2°	450'								
	1/4°	942'								
1	1/4°	1,444'								
	1/2°	1,949'								
	3/4°	2,495								
	3/4°	2,954								
	1°	3,563'								

-	San Andres Peris: Stage # 4
	1,886' - 2,111'
	(1 SPF, 0.42" EHD - 23 holes

San Andres Peris: Stage #3

2,233' - 2,521'(1 SPF, 0.42" EHD - 26 holes)

San Andres Perfs: Stage #2 2.560' - 2.781'

(1 SPF, 0.42" EHD - 27 holes)

San Andres Perfs: Stage # 1 2,850' - 3.071'(1 SPF, 0.42" EHD - 22 holes)

Stim info: 2500 g 15% NEFE HCL & 35 bio balls; Frac w/40,500 # 16/30 Brady & 13,500 # 16/30 Resin in 20# Xlinked get

Stim Info: 3000 g 15% NEFE HCL & 39 bio balls: Frac w/69,500 # 16/30 Brady & 18,000 # 16/30 Resin in 20# Xlinked gel

Stim Info: 2500 g 15% NEFE HCL & 41 bio balls; Frac w/58,500 # 16/30 Brady & 18,000 # 16/30 Resin in 20# Xlinked get

Glorieta/Yeso Perfs: 3,321' to 3,435' (1 & 2 Shots per foot, Total of 25 Holes) (4/19/12)

Stim Info: 3000 gal 7-1/2% HCL Acid & 98 bio balls; Frac w/ 61,063 gal 25# x-linked gel + 2000#'s 100 Mesh sand in pad, 108,509#'s 16/30 Brady sand + 25,900#'s 16/30 Resin at 55 BPM. (4/20/12)

Stim Info: 2500 g 15% NEFE HCL & 33 bio balls; Frac w/58,500 #

16/30 Brady & 18,000 # 16/30 Resin in 25# Xlinked gel

Yeso Perfs: 3,443'; 46' - 50'; 52' - 59'; 66'; 70' -73'; 79' - 83' & 96' - 3,510' (1 SPF, 39 holes) (12/30/08)PBTD @ 3,549'

5-1/2"; 17#; K-55; ST&C Casing @ 3,590'. 350 sks lead and 400 sks tail. Circulated 25 sx to surface.

Stim Info: 1750 gal 15% NEFE; 15k gal 20% HCl, 20k gal 40# linear gel, 20k gal 15 HCl. (1/6/09)

TD @ 3,600' (11/25/2008)

Form 3160-5 (November 1994)

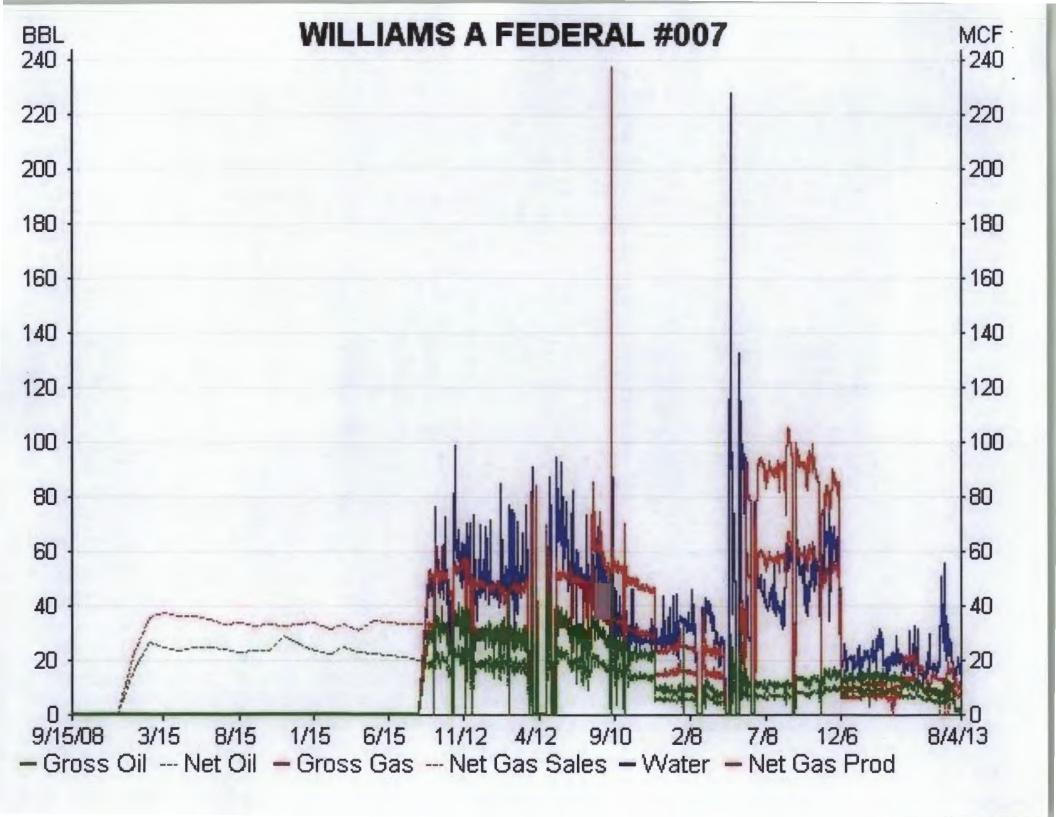
UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB No. 1004-0135 Expires July 31, 1996

Lease Serial No.

SUNDRY NOTICES AND REPORTS ON WELLS							NMNM 048344				
Do not use this form for proposals to drill or reenter an						6. l	6. If Indian, Allottee or Tribe Name				
abandoned well. Use Form 3160-3 (APD) for such proposals.											
SUBMIT IN TRIPLICATE – Other instructions on reverse side							7. If Unit or CA/Agreement, Name and/or No.				
SUBMII IN IRIPL	CATE - Other Instructi	ons	on revers	9 \$10	1e	_					
1. Type of Well											
☑ Oil Well ☐ Gas Well	Other					8. \	8. Well Name and No.				
2. Name of Operator							WILLIAMS A FEDERAL #7				
LILL OF LIVE INC., LLO							API Well No.				
3a. Address c/o Mike Pippin L	1	·					30-015-36512				
3104 N. Sullivan, Farmingto		05-32	27-4573			┥.	D. Field and Pool, or Exploratory Area				
4. Location of Well (Footage, Sec.,	T., R., M., or Survey Description)					1	artesia: Glorieta-Yeso (96830)				
						-		een-Grayburg-San Andres (5	1300)		
2060' FSL & 2260' FWL Uni	t K OGRID#:	2819	394			AND	ND .				
Sec. 29, T17S, R28E						Edd	y Coun	ity, New Mexico			
12. CHECK APPROPRIATE BOX	K(ES) TO INDICATE NATUR	RE OF	NOTICE, RI	EPOR	RT, OR O	THER	DATA				
TYPE OF SUBMISSION	TYPE OF ACTION										
X Notice of Intent	Acidize	Deep	oen		Production	n (Start	(Resume)	Water Shut-Off			
231	Alter Casing		ture Treat		Reclamati			☐ Well Integrity			
Subsequent Report	Casing Repair] New	Construction		Recomple			Other Recomplete to)		
	Change Plans		and Abandon	_	Temporar	•	ndon	San Andres & DHC			
Final Abandonment Notice 13. Describe Proposed or Completed Operation	Convert to Injection		Back		Water Dis	-					
If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertic Attach the Bond under which the work will be performed or provide the Bond No. on tile with BLM/BIA. Required sof Following completion of the involved operations if the operation results in a multiple completion or recompletion in a new Testing has been completed. Final Abandonment Notices shall be filled only after all requirements, including reclamation, determined that the site is ready for final inspection.) LRE would like to recomplete this Yeso oil well to the San Andres as follows: MIR equipment. Set a 5-1/2" CBP @ ~3250' & PT to ~3500 psi. Perf lower SA @ ~28 w/~2500 gal 15% HCL acid & frac w/~77,000# 16/30 sand in X-linked gel. Set a 5 psi. Perf middle SA @ ~2560'-2781' w/~27 holes. Stimulate w/~2500 gal 15% HCL in X-linked gel. Set a 5-1/2" CBP @ ~2540' & PT to ~3500 psi. Perf upper SA @ w/~3000 gal 15% HCL acid & frac w/~88,000# 16/30 sand in X-linked gel. Set a 5 psi. Perf upper SA @ ~1886'-2111' w/~23 holes. Stimulate w/~2500 gal 15% HC X-linked gel. CO after frac, drill CBPs & 2200', 2540', 2814', & 3250' & CO to PBT Land 2-7/8" tbg @ ~3535' & run pump & rods. Release workover rig & complete a well. The existing Glorieta-Yeso perfs @ 3321'-3510'. This work will not comment the NMOCD and BLM have been approved.								all be filled within 30 days 3160-4 shall be filled once ered, and the operator has w/all production (~22 holes. Stimulate 2) ~2814' & PT to ~3500 or w/~77,000# 16/30 sand w/~26 holes. Stimulate 2) ~2200' & PT to ~3500 or w/~54,000# 16/30 sand days and sand sand sand sand sand sand sand	nd ite) id in oil		
Name (Prinsed/Typed) Mike	Petrole	eum Engineer (Agent)									
Signature Date								ugust 4, 2013			
								13			
THIS SPACE FOR FEDERAL OR STATE USE											
Approved by			Title				Date				
Conditions of approval, if any, are attached certify that the applicant holds legal or equivalent would entitle the applicant to condu											

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



Fonn 3160-5 (November 1994)

UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVED OMB No. 1004-0135 Expires July 31, 1996

BUREAU OF LAND MANAGEMENT

Lease Serial No.

SUNDRY	NMNM 048344									
Do not use this	6. If Indian, Allottee or Tribe Name									
abandoned well.										
SUBMIT IN TRIPL 1. Type of Well	ICATE – Other instruc	tions	on reverse	e side	7. If Unit or C	A/Agreement, Name and/or No.				
X Oil Well Gas Well	Other				8. Well Name	and No.				
Name of Operator					WILLIAMS A FEDERAL #7					
LRE OPERATING, LLC					9. API Well N	0.				
3a. Address c/o Mike Pippin L	LC 3	b. Pl	one No. (includ	le area code)		30-015-36512				
3104 N. Sullivan, Farmingto			27-4573		10. Field and Pool, or Exploratory Area					
4. Location of Well (Footage, Sec.,	T., R., M., or Survey Description)			Artesia: Glorieta-Yeso (96830)					
						en-Grayburg-San Andres (51300)				
2060' FSL & 2260' FWL Uni	tK OGRID#:	281	994		AND					
Sec. 29, T17S, R28E					Eddy Count	y, New Mexico				
12. CHECK APPROPRIATE BOX	X(ES) TO INDICATE NATU	RE OF	NOTICE, RE	EPORT, OR OT	HER DATA					
TYPE OF SUBMISSION	TYPE OF ACTION									
X Notice of Intent	Acidize [] Dee	-		n (Start/Resume)					
Subsequent Report	Alter Casing Casing Repair] Nev	Construction	Reclamatio Recomplete	;	Well Integrity Other DHC				
Final Abandonment Notice	Change Plans Convert to Injection	_ `	g and Abandon Back	☐ Temporarily ☐ Water Disp						
13. Describe Proposed or Completed Operation										
If the proposal is to deepen directionally Attach the Bond under which the work Following completion of the involved op Testing has been completed. Final Ab determined that the site is ready for final inspe-	y or recomplete horizontally, give sub- will be performed or provide the Bor erations. If the operation results in a andonment Notices shall be filed only	surface le nd No d multiple	ocations and meas on file with BLM/ completion or rec	ored and true vertice BIA. Required sub- completion in a new	al depths of all per sequent reports shall interval, a Form 3	minent markers and zones. be filed within 30 days 160-4 shall be filed once				
LRE requests administrative approval to downhole commingle the existing Artesia, Glorieta-Yeso (96830) and the proposed Red Lake, Queen-Grayburg-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 be subtracting the current (Yeso) production of 2 BOPD and 12 MCF/D from the total well production after about two months of commingled production. 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	g is true and correct									
Name (Printed/Typed)	Dinafa	Title	:	Detect	-	(A 4)				
Mike Signature	Petroleu	m Engineer	(Agent)							
M	No tedein	•	Αι	igust 5, 201	3					
	THIS SPACE	FOR	EDERAL OR	STATE USE						
Approved by			Title	***************************************	Date					
Conditions of approval, if any, are attached certify that the applicant holds legal or equ which would entitle the applicant to conduct	itable title to those rights in the subje									

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

API Number

30-015-36512

Property Code

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

Red Lake, Queen-Grayburg-San Andres

☐ AMENDED REPORT

⁶ Well Number

WELL LOCATION AND ACREAGE DEDICATION PLAT

⁵ Property Name

² Pool Code

51300

309877	7	i				W	ILLIAMS A	FEDERAL					7
⁷ OGRID N	Vo.	8 Operator Name						⁹ Elevation					
281994	1	LRE OPERATING, LLC.							3	3692' GL			
							10 Surface	Location					
UL or lot no.	Section	Township	Ran	nge	Lot Id	dn	Feet from the	North/South line	Fe	et from the	East/We	est line	County
K	29	17-S	28-E	3			2060	SOUTH		2260	WE	ST	EDDY
		11 Bottom Hole Location If Different From Surface											
UL or lot no.	Section	Township			Lot Id	_	Feet from the	North/South line				est line	County
12 Dedicated Acres 40			¹⁴ Consolidati				ler No.						
	vill be ass	signed to	this comp	oletion	n until	all	interests have	been consolidate	d or a	non-standa	rd unit ha	s been ap	proved by the
division.				2	9					I hereby certific to the best of nowns a working the proposed belocation pursuinterest, or to a creater heretofoe. Signature Mike Pipp Printed Name	fy that the inform my knowledge ar mg interest or unit bottom hole local aumi to a contract a voluntary pool ore entered by the	nation contains and belief, and s leased mineral ation or has a r A with an owne ling agreemen e division.	TIFICATION ed herein is true and complete that this organization either I interest in the land including right to drill this well at this er of such a mineral or working u or a compulsory pooling 8/5/13 Date
2260	0,		o							I hereby ce plat was p made by m	ertify that th lotted from j ne or under t ue and corre	ie well loca field notes my supervi	TIFICATION ation shown on this of actual surveys ision, and that the west of my belief.
				2060						1	d Seal of Prof	essional Sur	veyor:

State of New Mexico Form C-102 District | 1625 M. French Dr. Hotte, NN 60240 Energy, Minerals & Natural Resources Department Revised October 12, 2005 Submit to Appropriate District Office District II OIL CONSERVATION DIVISION State Lease - 4 Copies 1501 V. Orand Avenue, Arteste, SM 88210 Fee Lease - 8 Copies 1220 South St. Francis Dr. 1000 Rio Bruzos Rd., Aston, NM 87410 Santa Fe, NM 87505 Pietrial IT 1820 S. St. Premois Dr., Santa Fe, HM 87605 ☐ AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT WILLIAMS A FEDERAL 2 Elevation 3692 LIME ROCK RESOURCES A, L.P. 1º Surface Location 29 17-5 28-E 2060 **SOUTH** 2260 **EDDY** Bottom Hole Location If Different From Surface will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the 17 OPERATORS CERTIFICATION C. Tim Millea 14 SURVEYOR CERTIFICATION LAT N32*48'13.0" LON W104*11"56.5" 2260' MAY 17, 2005 EN MEXICO 5412