

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



LRE Operating  
 30-015-37203  
 Williams B Fed #2

WILLIAMS B FEDERAL #2 -- 30-015-37203

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**
- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD
  - Check One Only for [B] or [C]
  - [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
  - [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
  - [D] Other: Specify \_\_\_\_\_

RECEIVED OOD  
 2013 MAY 17 A 10:51

- [2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or  Does Not Apply**
- [A]  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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION 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.**

|                    |                    |                    |              |
|--------------------|--------------------|--------------------|--------------|
| Mike Pippin        | <i>Mike Pippin</i> | Petroleum Engineer | May 16, 2013 |
| Print or Type Name | Signature          | Title              | Date         |

mike@pippinllc.com  
 e-mail Address

District I  
1635 N. French Drive, Hobbs, NM 88240

District II  
1301 W. Grand Avenue, Artesia, NM 88210

District III  
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

APPLICATION FOR DOWNHOLE COMMINGLING

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

WILLIAMS B FEDERAL #2 F SEC. 29 T17S R28E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309867 API No. 30-015-37203 Lease Type:  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<br>(Perforated or Open-Hole Interval)   | 2250'-3164'                                    |                   | 3304'-3508'  |
| Method of Production<br>(Flowing or Artificial Lift)  | Pumping  |                   | Plan to Pump   |
| Bottomhole Pressure<br><small>(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)</small>       | 690 psi ✓                                      |                   | 851 psi ✓  |
| Oil Gravity or Gas BTU<br><small>(Degree API or Gas BTU)</small>  | 34.8   |                   | 38.32  |
| Producing, Shut-In or<br>New Zone   | Producing                                      |                   | SI (Below RBP @ 3250')                               |
| Date and Oil/Gas/Water Rates of<br>Last Production.<br><small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small> | Date: May 2013 ✓<br>RATES: 18 BOPD<br>67 MCF/D |                   | Date: April 10, 2013 ✓<br>Rates: 11 BOPD<br>17 MCF/D |
| Fixed Allocation Percentage<br><small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>                     | Oil 62%<br>Gas 80%                             | Oil %<br>Gas %    | Oil 38%<br>Gas 20%                                   |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  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  No   
 Will commingling decrease the value of production? Yes  No   
 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  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.

SIGNATURE Mike Pippin TITLE Petroleum Engineer - Agent DATE May 16, 2013  
 TYPE OR PRINT NAME Mike Pippin TELEPHONE NO. ( 505 ) 327-4573  
 E-MAIL ADDRESS mike@pippinllc.com

LRE OPERATING, LLC  
**WILLIAMS B FEDERAL #2**  
Artesia; Glorieta-Yeso & Red Lake, San Andres  
F Section 29 T17S R28E  
5/16/2013 – Mike Pippin  
API#: 30-015-37203

## Commingled Allocation Calculations

On 4/20/13, this well was recompleted from the Yeso to the San Andres. Before the workover, on April 10, 2013, the lower zone (Yeso) tested for 11 BOPD & 17 MCF/D from Yeso perms 3304'-3508'.

Following the workover the new and upper zone (San Andres) has averaged 18 BOPD & 67 MCF/D from San Andres perms 2250'-3164'.

Therefore, the total oil (commingled) should be:  $11 + 18 = \underline{29 \text{ BOPD}}$ .  
The total gas (commingled) should be  $17 + 67 = \underline{84 \text{ MCF/D}}$ .

### RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{11}{29} = \underline{38\%}$$

$$\% \text{ Upper Zone} = \frac{18}{29} = \underline{62\%}$$

### RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \frac{17}{84} = \underline{20\%}$$

$$\% \text{ Upper Zone} = \frac{67}{84} = \underline{80\%}$$

# WILLIAMS B FEDERAL #2

Current

ARTESIA; Glorieta-Yeso  
RED LAKE; San Andres

(F) Section 29, T-17-S, R-28-E, Eddy County, NM

Today's Date: 5/16/13  
Spud: 10/13/09  
Completed Yeso: 11/2/09  
Completed SA: 4/20/13

Elevation: 3618' GL

API#: 30-015-37203

12-1/4" hole

8-5/8" 24# Csg @ 385'  
Cmt w/375 sx  
Circ Cmt to Surface

2-7/8" tubing @ 3215'

Queen @ 1104'

Grayburg @ 1522'

San Andres @ 1840'

Red Lake; Queen-Grayburg-San Andres  
Existing Perfs: 2250'-3164'

RBP @ 3250'

Glorieta @ 3228'

Yeso @ 3327'

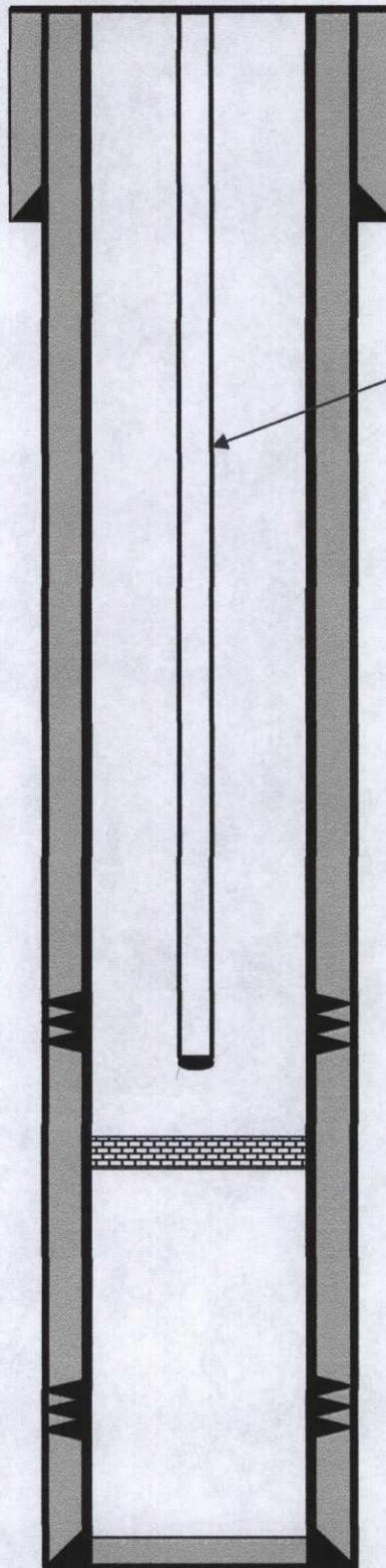
Artesia; Glorieta-Yeso  
Existing Perfs: 3304'-3508'

7-7/8" hole

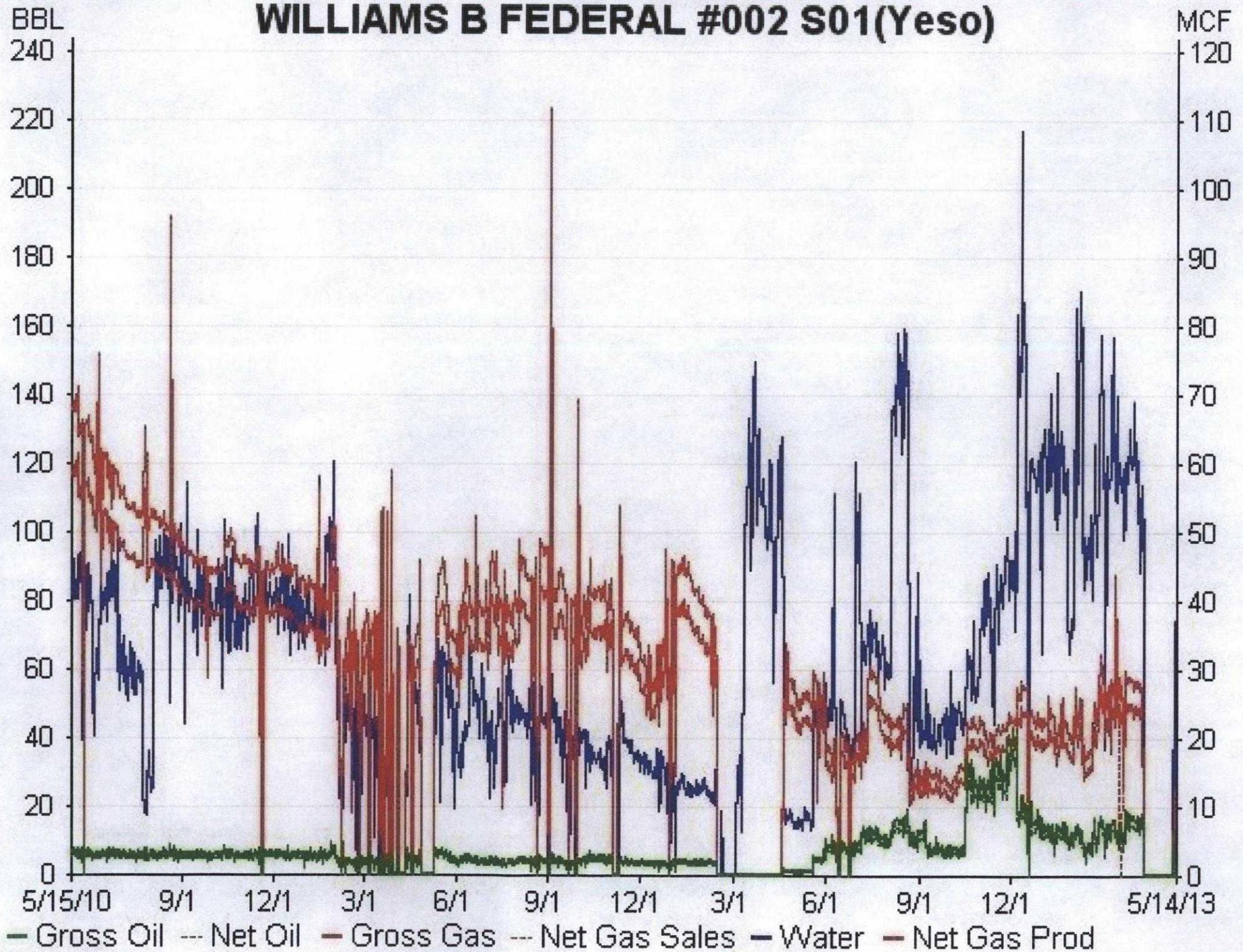
TD 3630'

5-1/2" 17# Csg @ 3615'  
Cmt with 850 sx  
Circ Cmt to Surface

Mike Pippin



# WILLIAMS B FEDERAL #002 S01(Yeso)



— Gross Oil --- Net Oil — Gross Gas --- Net Gas Sales — Water — Net Gas Prod

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
**NMLC-046250 B**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.  
**WILLIAMS B FEDERAL #2**

9. API Well No.  
**30-015-37203**

10. Field and Pool, or Exploratory Area  
**Red Lake, San Andres (97253)  
Artesia, Glorieta-Yeso (96830)  
AND  
Eddy County, New Mexico**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
**LRE OPERATING, LLC**

3a. Address **c/o Mike Pippin LLC**  
**3104 N. Sullivan, Farmington, NM 87401**

3b. Phone No. (include area code)  
**505-327-4573**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**1650' FNL & 1750' FWL Unit F  
Sec. 29, T17S, R28E**

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

| TYPE OF SUBMISSION                                   | TYPE OF ACTION  |
|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off                       |
| <input type="checkbox"/> Subsequent Report           | <input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity                        |
| <input type="checkbox"/> Final Abandonment Notice    | <input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other <u>Commingling</u> |
|  | <input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon  |
|  | <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal  |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

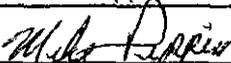
LRE requests administrative approval to downhole commingle the existing (SI) Artesia, Glorieta-Yeso (96830) and the existing producing Red Lake, San Andres (97253). The well was originally completed in the Yeso on 11/2/09 with a recompletion into the San Andres on 4/20/13.

Both intervals have common ownership, & we have not experienced any significant cross flows, & all the fluids are compatible.

Downhole commingling will improve recovery of liquids & gas, eliminate redundant surface equipment, & maximize productivity. Notice has been filed concurrently on form C-107A with the State.

Lime Rock plans to commingle by removing the RBP @ 3250' which is set above the Yeso perfs. Lime Rock is requesting approval to commingle the two pools upon completion of rig operations. The production allocation was calculated using the Yeso test before the recompletion workover of 11 BOPD & 17 MCF/D on 4/10/13 and the average San Andres production after the recompletion of 18 BOPD & 67 MCF/D. The upper zone allocation is, oil - 62% & gas - 80% with the lower zone, oil - 38% & gas - 20%. See the attached C-107A, WBD & other supporting data, which has been filed with the State.

14. I hereby certify that the foregoing is true and correct

|  |  |
|--|--|
| Name (Printed/Typed)<br><b>Mike Pippin</b>   | Title<br><b>Petroleum Engineer (Agent)</b> |
| Signature<br> | Date<br><b>May 16, 2013</b>                |

**THIS SPACE FOR FEDERAL OR STATE USE**

|   |        |      |
|---|--------|------|
| Approved by   | Title  | Date |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office |      |

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

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<br>30-015-37203 |  | <sup>2</sup> Pool Code<br>97253                          |  | <sup>3</sup> Pool Name<br>RED LAKE, San Andres |                                    |
| <sup>4</sup> Property Code<br>309867    |  | <sup>5</sup> Property Name<br><b>WILLIAMS B FEDERAL</b>  |  |  | <sup>6</sup> Well Number<br>2      |
| <sup>7</sup> OGRID No.<br>281994        |  | <sup>8</sup> Operator Name<br><b>LRE OPERATING, LLC.</b> |  |  | <sup>9</sup> Elevation<br>3618' GL |

<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F             | 29      | 17-S     | 28-E  |         | 1650          | NORTH            | 1750          | WEST           | EDDY   |

<sup>11</sup> Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                                     |                               |                                  |                         |
|-------------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>40 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|-------------------------------------|-------------------------------|----------------------------------|-------------------------|

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.

|  |   |
|--|---|
|  | <p><sup>17</sup> <b>OPERATOR CERTIFICATION</b><br/>I hereby certify that the information contained herein is true and complete 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 location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Mike Pippin</i> Date: 1/15/13</p> <p>Mike Pippin<br/>Printed Name</p> |
|  | <p><sup>18</sup> <b>SURVEYOR CERTIFICATION</b><br/>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.</p> <p>11/25/08<br/>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:<br/>Gary G. Eidson</p>  |
|  | <p>12641<br/>Certificate Number</p>   |
|  |   |

DISTRICT I  
1828 N. FRENCH DR., MORGAN, NM 86240

DISTRICT II  
1201 E. GRAND AVENUE, ARTESIA, NM 86210

DISTRICT III  
1000 Elia Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

**OIL CONSERVATION DIVISION**  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

AMENDED REPORT

|                                   |   |                                     |
|-----------------------------------|---|-------------------------------------|
| API Number<br><b>30-015-37203</b> | Pool Code<br>96830                                  | Pool Name<br>Artesia; Glorieta-Yeso |
| Property Code<br>305444           | Property Name<br><b>WILLIAMS B FEDERAL</b>          | Well Number<br>2                    |
| OGED No.<br>255333                | Operator Name<br><b>LIME ROCK RESOURCES A, L.P.</b> | Elevation<br>3618'                  |

Surface Location

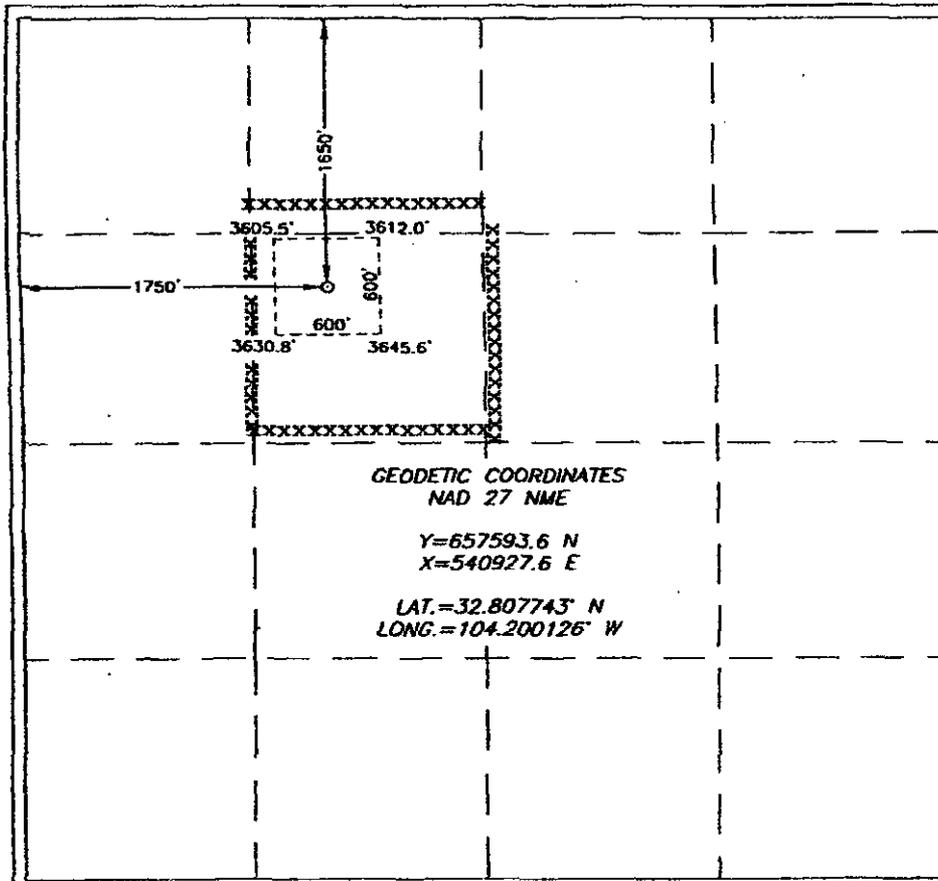
| UL or lot No. | Section | Township | Range | Lot Mn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|--------|---------------|------------------|---------------|----------------|--------|
| F.            | 29      | 17-S     | 28-E  |        | 1650          | NORTH            | 1750          | WEST           | EDDY   |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Mn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|--------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |        |               |                  |               |                |        |

| Dedicated Acres | Job# or Infill | Consolidation Code | 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**



**OPERATOR CERTIFICATION**  
I hereby certify that the information herein is true and complete 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 location pursuant to a contract with an owner of such mineral or working interest, or in a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*George R. Smith* 12/9/09  
Signature Date  
George R. Smith POA Agent  
Printed Name

**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.

**GARY G. EIDSON**  
NOVEMBER 25, 2009  
Date Surveyed  
Signature & Seal of Professional Surveyor  
DSS

Certificate No. **GARY EIDSON 12841**  
**RONALD J. EIDSON 3239**

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

May 16, 2013

NMOCD

Attention: Phil Goetze  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**RE: C-107A TO COMMINGLE TWO POOLS**  
**WILLIAMS B FEDERAL #2** – API#: 30-015-37203  
Unit Letter "F" Section 29 T17S R28E  
Eddy County, New Mexico

Dear Mr. Goetze,

The referenced oil well was completed in the Artesia, Glorieta-Yeso (96830) on 11/2/09. On 4/20/13, the well was recompleted into the Red Lake, San Andres (97253) with the Yeso perms shut-in below a RBP at 3250'. See the attached wellbore diagram. Lime Rock would like to remove the RBP and commingle the two pools.

Lime Rock is requesting approval to commingle these two pools upon completion of rig operations to remove the RBP. The production allocation was calculated using recent average production from the new upper zone and the latest production test from the lower zone before the recompletion. The upper zone allocation is, oil - 62% & gas – 80% with the lower zone, oil – 38% & gas - 20%. See the attached calculations, C-107A, and supporting data.

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

Very truly yours,



Mike Pippin

Petroleum Engineer