

ABOVE THIS LINE FOR DIVISION USE ONLY



WILLIAMS B FEDERAL #12 -- 30-015-42117

## 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] *Operator: LRE Operating LLC*  
 [A] Location - Spacing Unit - Simultaneous Dedication *well: Williams B Federal #12*  
☐ NSL ☐ NSP ☐ SD *API: 30-015-42117*  
 Check One Only for [B] or [C] *Pool: Artesia Glorita - Yeso*  
 [B] Commingling - Storage - Measurement *Red Lake San Andres*  
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM *#: 96830*  
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery *97253*  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR  
 [D] Other: Specify \_\_\_\_\_
- [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 Petroleum Engineer March 23, 2015  
 Print or Type Name Signature Title Date  
mike@pippinllc.com  
e-mail Address

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

RECEIVED OCD

July 14, 2015

2015 JUL 15 P 2:55

NMOCD  
c/o Mike McMillan  
1220 South St. Francis Drive  
Santa Fe, NM 87505

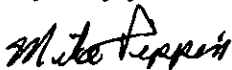
**RE: Amendment to DHC-4744**  
**WILLIAMS B FEDERAL #12**– API#: 30-015-42117  
Unit Letter "G" Section 29 T17S R28E  
Eddy County, New Mexico

Dear Mr. McMillan,

LRE Operating, LLC would like to amend downhole commingle order DHC-4744 to reflect the correct upper zone State pool. The upper zone State pool should be the Red Lake, San Andres (97253). See the attached amended C-102. The BLM and the District office in Artesia have been notified of this amendment.

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

Very truly yours,



Mike Pippin

Petroleum Engineer

**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

**AS DRILLED**

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 30-015-42117	<sup>2</sup> Pool Code 96830	<sup>3</sup> Pool Name Artesia, Glorieta-Yeso
<sup>4</sup> Property Code 309867	<sup>5</sup> Property Name <b>WILLIAMS B FEDERAL</b>	<sup>6</sup> Well Number 12
<sup>7</sup> OGRID No. 281994	<sup>8</sup> Operator Name <b>LRE OPERATING, LLC.</b>	<sup>9</sup> Elevation 3664' 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
G	29	17-S	28-E		2310	NORTH	2460	EAST	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
G	29	17-S	28-E		2277	NORTH	2264	EAST	EDDY

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

2616.95'

	<sup>17</sup> <b>OPERATOR CERTIFICATION</b> 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. Signature: <u>Mike Pippin</u> Date: <u>4/11/14</u> Mike Pippin Printed Name
	<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> 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. Date of Survey: <u>8/19/12</u> Signature and Seal of Professional Surveyor: Filmont F. Jaramillo 12797 Certificate Number

**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 &amp; Natural Resources Department

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

**AS DRILLED**

Form C-102

Revised October 12, 2005

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☒ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-42117	<sup>2</sup> Pool Code 97253	<sup>3</sup> Pool Name Red Lake, San Andres
<sup>4</sup> Property Code 309867	<sup>5</sup> Property Name WILLIAMS B FEDERAL	
<sup>7</sup> OGRID No. 281994	<sup>8</sup> Operator Name LRE OPERATING, LLC.	
		<sup>6</sup> Well Number 12
		<sup>9</sup> Elevation 3664' GL

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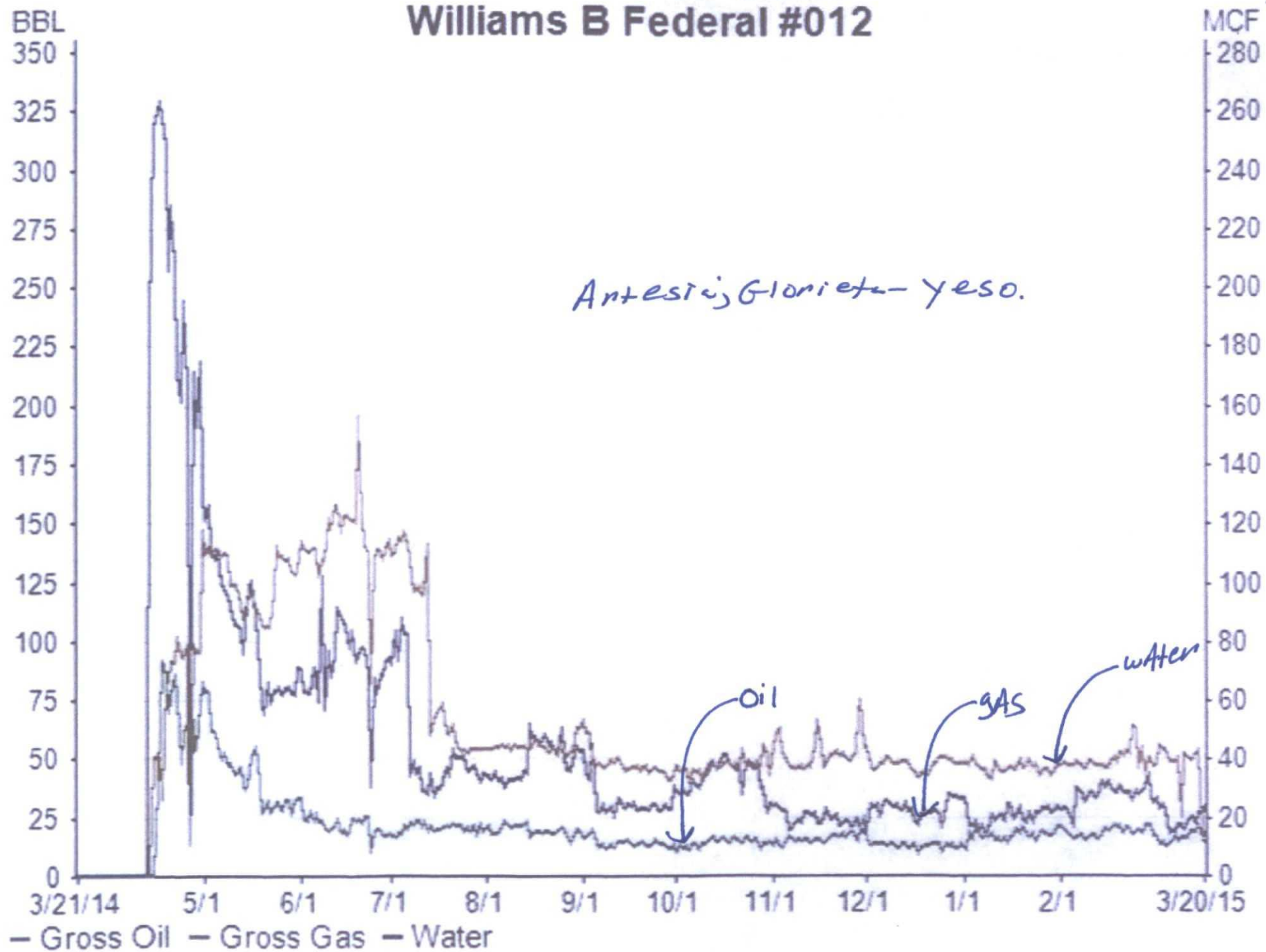
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-------------------------------------	-------------------------------	----------------------------------	-------------------------

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.

2616.95'

					<sup>17</sup> <b>OPERATOR CERTIFICATION</b> <i>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.</i> <div style="text-align: right;">7/14/15</div> <div>Signature _____ Date _____</div> <div>Mike Pippin Printed Name</div>
<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> <i>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.</i> <div style="text-align: right;">8/19/12</div> <div>Date of Survey _____</div> <div>Signature and Seal of Professional Surveyor: Filmont F. Jaramillo</div> <div>12797</div> <div>Certificate Number</div>					

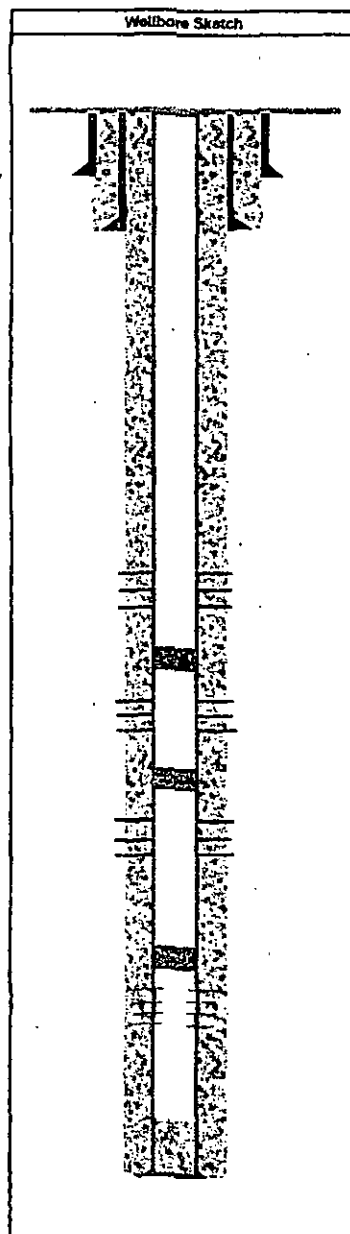
# Williams B Federal #012



<b>LIME ROCK RESOURCES</b>	County	EDDY	Well Name	Williams B Federal #12	Field	Redlake Glorieta-Yaso NE	Well Sketch	AFE R15015 LRE Operating, LLC
	Surface Lat:	32.8056829°N	BH Lat:	32.7977067°N	Survey:	S29-T175-R28E Unit G	API #	30-015-42117
	Surface Long:	104.1967750°W	BH Long:	104.2058501°W		2310' FNL & 2460' FEL	OGRID #	281984

<b>Directional Data:</b>		<b>Tubular Data:</b>		<b>Wellhead Data:</b>	
KOP	561' MD	Tubulars	Size Weight Grade Thread TVD MD TOC	Type:	
Max Dev.:	11 Deg	Conductor	14" 68.7# B Weld 40' 40' SURF	WP:	
Dleg sev.	3.35	Surface	8 5/8" 24# J-55 STC 436' 436' SURF	Tree Cap	Flange:
Dev @ Perfs	9 Deg	Intermediate			Thread:
Ret to Vert:	2106' MD	Production	5 1/2" 17# J-55 LTC 3,607' 3,621' SURF	Tbg Hanger:	
		Liner		STM Flange:	

<b>Drilling / Completion Fluid</b>		<b>CEMENT DATA</b>	
Drilling Fluid:	10.2 PPG Brine / Salt Gel	Surface	L/bs Yld Wt T/bs Yld Wt XS
Drilling Fluid:		Surface	300 1.35 14.8 NA NA NA 59 sx
Completion Fluid:	2% KCL	Intermediate	
Completion Fluid:		Liner	
Packer Fluid:	NA	Production	310 1.9 12.8 335 1.33 14.8 163 sx



Completion Information					
DEPTHS (MD)	FORMATION TOPS / WELL INFO	PERFORATIONS		# of HOLES	
		from	to		DETAILS
0					
40'	20" Hole				14" Conductor Pipe
436'	12 1/4" Hole				8-5/8" Surf Csg Circ 59 sx Cmt to surf
582'	Seven Rivers				
1,164'	Queen				
1,579'	Grayburg				
1,922'	San Andres				
ALX 320-256-120 pumping unit with 30 HP motor					
2 7/8" tbg, TAC at 1810', SN at 3150', 4" slotted sub, 1 ft MA w BP at 3185'					
28- 1" KD bare, 33-1" KD 6 guides/rod, 24- 7/8" KD 6 guides/rod, 39-7/8" KD bare, 4-1.5" Kbars,					
2.5"x2"x20' RHBC-HVR Pump, 107" SL, 9 SPM					
	San Andres	1,810'	2,339'	36	204' Pay, 1500g/15% HCL, 30,000 # 100 Mesh
CBP at 2380'					
	San Andres	2,416'	2,699'	31	179,340 # 40/70, 7000 bbls water, 80 + BPM
CBP at 2724'					
	San Andres	2,754'	3,117'	34	283', 1500 g 15% HCL, 30,000 # 100 Mesh
					257,040 # 40/70, 8100 bbls water, 80 + BPM
					363', 1500 g 15% HCL, 30,000 # 100 Mesh
					313,740 # 40/70, 8800 bbls water, 80 + BPM
3,290'	Glorieta				
3,398'	Yaso				
CBP at 3350'					
	Stage 1 Yaso Frac	3,398'	3,525'	33	127' Sig1 - See Frac Design
	PBTD				
3,621'	PROD CSG				above 5-1/2" Float Collar
					5-1/2" Prod Csg. Circ 163 SX Cmt to Surf
Comments: NM OCD CLP				Plug back Depth:	MD
				Total Well Depth:	3611' TVD 3625' MD
				Prepared By:	Date:
				Eric McClusky	18-Mar-15

District I  
1425 N. Francis Drive, Hobbs, NM 88240

District II  
1261 W. Grand Avenue, Alamogordo, NM 88310

District III  
1600 Rio Grande Blvd., Alamogordo, NM 87108

District IV  
1220 E. 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-107A  
Revised June 10, 2003

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 #12 G SEC. 29 T17S R28E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309867 API No. 30-015-42117 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Red Lake; Queen-Grayburg-San Andres		Artesia; Glorieta-Yeso
Pool Code	51300		96830
Top and Bottom of Pay Section (Performed or Open-Hole Interval)	-2064'-3117'		3398'-3524'
Method of Production (Flowing or Artificial Lift)	Prospective		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)	741 PSI		851 PSI
Oil Gravity or Gas BTU (Degree API or Gas BTU)	34.8		38.32
Producing, Shut-In or New Zone	Proposed New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicants shall be required to attach production estimates and supporting data.)	Date: RATES:	Date: RATES:	Date: March 8, 2015 Rates: 17 BOPD 40 MCF/D 20 BWPD
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 ☒ 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 March 23, 2015

TYPE OR PRINT NAME Mike Pippin TELEPHONE NO. ( 505 ) 327-4573

E-MAIL ADDRESS mike@pippinllc.com

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

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

**David R. Catanach, Division Director**  
Oil Conservation Division



Administrative Order DHC-4744

Order Date: March 26, 2015

Application Reference Number: pMAM1508530904

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

Attention: Mr. Mike Pippin

Williams B Federal Well No. 12  
API No: 30-015-42117  
Unit G, Section 29, Township 17 South, Range 28 East, NMPM  
Eddy County, New Mexico

Pool	RED LAKE; QUEEN-GRAYBURG-SA	Oil	51300
Names:	ARTESIA; GLORIETA-YESO (O)	Oil	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 application, the assignment of allowable and allocation of production from the well shall be based on the subtraction method. The total well production minus the Artesia; Glorieta-Yeso Pool production shall be assigned to the Red Lake; Queen-Grayburg-SA Pool. The final production allocation percentages of oil and gas between these pools shall be supplied to the Division's Engineering and Geological Services Bureau within 60 days following completion of this well or workover.



It is also understood that notice of this application, pursuant to Division Rule 19.15.4.12A.(6), is not required since the interest ownership between the subject pools to be commingled are common throughout.

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 Bureau of Land Management.

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.



David R. Catanach  
Director

DC/mam

cc: Oil Conservation Division – Artesia District Office  
Bureau of Land Management – Carlsbad