

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE
APPLICATION OF LIME ROCK RESOURCES
II-A, L.P. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14955

AFFIDAVIT OF CHARLES REAGAN

STATE OF TEXAS }
 }ss
COUNTY OF HARRIS }

AFFIANT, CHARLES REAGAN, first being duly sworn on oath states:

1. I am a Petroleum Landman, residing in Midland, Texas, and am employed by Lime Rock Resources II-A, L.P., the applicant in this case, in that capacity.
2. I have previously testified before the New Mexico Oil Conservation Division and had my credentials as a petroleum landman accepted as a matter of record.
3. I am familiar with all land matters associated with land matters concerning this application, including mineral and oil and gas leasehold ownership, and pooling requirements of the New Mexico Oil Conservation Division.
4. Applicant seeks an order pooling all mineral interests from the surface of the earth to an approximate depth of 5,100 feet sufficient to test the Yeso formation with its Horseshoe 30 State #1 Well, underlying the SE/4 NW/4 of Section 30, Township 17 South, Range 28 East, N.M.P.M. Eddy County, New Mexico.
5. Exhibit 1 attached hereto is a list of working interest ownership and percentage of interest in the proposed well.
6. Exhibit 2 attached hereto is a summary of contacts and communications with interest owners listed on Exhibit 1 and their responses.
7. In my opinion Lime Rock Resources II-A, L.P. has made a diligent and good faith effort to obtain the voluntary joinder of all mineral interest owners in the proposed spacing and proration unit, and should any owners who have not consented to drilling of the Horseshoe 30 State # 1 well join in the drilling of the well, we will notify the Division of that joinder.

OCD Case# 14955
Lime Rock Resources II-A, L.P.
February 20, 2013
Ex# 1

8. Lime Rock Resources II-A, L.P. requests the following with respect to operation of the well:

- a. That Lime Rock Resources II-A, L.P. be named the operator of the well;
- b. That the order of the Division provide for a risk factor charge of the maximum cost plus 200%;
- c. That the order of the Division provide for overhead charges of:
 - drilling rate of \$7,650.00 per month; and
 - producing rate of \$765.00 per month.

9. The foregoing overhead rates are equivalent to those charged by operators in the area for wells of the depth proposed for the Horseshoe 30 State #1 well, and further request that the rates be adjusted under the COPUS accounting procedure.

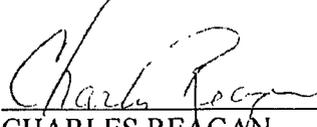
10. All parties being pooled were notified shown by the Affidavit of Ernest L. Padilla.

11. All interest owners were also notified of the hearing also shown by the Affidavit of Ernest L. Padilla.

12. Exhibits 1 and 2 were prepared by me or under my supervision.

13. In my opinion granting of this application is in the best interest of conservation and prevention of waste of oil and gas resources.

FURTHER AFFIANT SAYETH NAUGHT.



CHARLES REAGAN

SWORN TO AND SUBSCRIBED to before me this 20th day of February, 2013 by CHARLES REAGAN.



Notary Public

My Commission Expires:

June 20, 2015

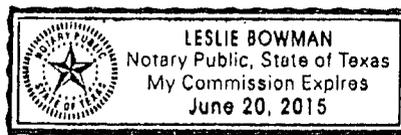


Exhibit "1"

Attached to and made a part of "Affidavit of Charles Reagan" for the Horseshoe 30 State #1 Well,
located in the SE/4 of the NW/4 of Section 30, 17S, 28E, Eddy Co., NM

Working Interest Owner	Interest	Comments
Lime Rock Resources A, L.P.	25.00%	Operator
Apache Corporation	25.00%	Signed
Chisos, Ltd	12.50%	Signed
Conoco Phillips Company	12.50%	Non-responsive
Cross Border Resources, Inc.	12.50%	Non-consent
Magnum Hunter Production, Inc.	12.50%	Non-consent
	100.00%	



VIA FEDERAL EXPRESS

Tracking № 794486059310

January 10, 2013

Conoco Phillips Company
Attn: Thomas J. Scarbrough
600 North Dairy Ashford, 2WL-15058
Houston, Texas 77075

RE: **HORSESHOE 30F STATE #1 WELL PROPOSAL**
SE/4 NW/4 of Section 30
T17S, R28E, Eddy Co., New Mexico – Red Lake Prospect

Dear Working Interest Owner:

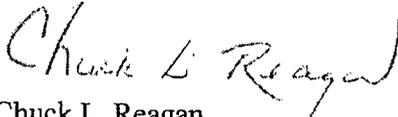
LRE Operating, LLC, (“Lime Rock”), as Operator, hereby proposes the drilling of the referenced well in accordance with Article VI B.1. of that certain Operating Agreement dated April 30, 2012 between LRE Operating, LLC, as operator, and Magnum Hunter Production, Inc., et al, as non-operators.

Enclosed please find Lime Rock’s AFE № D11036R reflecting the estimated costs to drill and complete the captioned well to an approximate depth of 5,000’ or a depth sufficient to test the Lower Yeso Formation, whichever is the lesser depth. The well location is shown on the enclosed survey plat.

Please indicate your election in the space provided below by having the appropriate party sign, and return the signed copy of this letter along with the AFE to my attention by mail.

Should you have any questions concerning this proposal please contact one of the following: operations engineer, Sid Ashworth at (713) 292-9526, geologist, Stan Bishop at (713) 292-9515, or the undersigned at (713) 292-9548.

Very truly yours,
LIME ROCK RESOURCES


Chuck L. Reagan
Senior Landman

CLR/vm

Enclosures

ELECTIONS:

Well Proposal

_____ Elects to participate in the drilling of the Horseshoe 30F State #1 Well

_____ Elects **NOT** to participate in the drilling of the Horseshoe 30F State #1 Well

I/We hereby elect to:

_____ Accept proportionate share of non-consenting party's working interest in the
Horseshoe 30F State #1 Well

_____ Limit participation to original working interest in the Horseshoe 30F State #1 Well

Conoco Phillips Company

By: _____

Printed Name: _____

Its: _____

Date: _____





Shipment Receipt

Address Information

Ship to:	Ship from:
Attn: Thomas J. Scarbrough	Victoria Martinez
Conoco Phillips Company	Lime Rock Resources
600 North Dairy Ashford,	1111 Bagby Street
2WL-15058	
	Suite 4600
HOUSTON, TX	Houston, TX
77075	77002
US	US
000-000-0000	7133605725

Shipment Information:

Tracking no.: 794486059310
 Ship date: 01/10/2013
 Estimated shipping charges: 14.18

Package Information

Service type: Standard Overnight
 Package type: FedEx Envelope
 Number of packages: 1
 Total weight: 1 LBS
 Declared Value: 0.00 USD
 Special Services: Adult signature required
 Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information:

Bill transportation to: Lime Rock Energy-871
 Your reference: LRE-Redlake-Horseshoe 30F St#1
 P.O. no.:
 Invoice no.:
 Department no.:

Thank you for shipping online with FedEx ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details.
 The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable FedEx Service Guide or the FedEx Rate Sheets for details on how shipping charges are calculated.



794486059310

Ship (PHU) date
Thur 1/10/2013 7:42 pm

Limo Rock Resources
Victoria Martinez
1111 Bagby Street
Suite 4600
Houston, TX US 77002
713 380-5725



Delivered
Signed for by: D.STEELE

Actual delivery :
Mon 1/14/2013 9:42 am

Conoco Phillips Company
Attn: Thomas J. Scarszough
600 North Dairy Ashford, 2WL-
15058
HOUSTON, TX; US 77075
000 000-0900

Travel History

Date/Time	Activity	Location
- 1/14/2013 - Monday		
9:42 am	Delivered	HOUSTON TX
7:40 am	On FedEx vehicle for delivery	HOUSTON TX
- 1/12/2013 - Saturday		
3:55 pm	At local FedEx facility	HOUSTON TX
- 1/11/2013 - Friday		
9:27 pm	Delivery exception Customer not available or business closed	HOUSTON TX
8:47 pm	On FedEx vehicle for delivery	HOUSTON TX
4:53 pm	At local FedEx facility	HOUSTON TX
12:08 pm	At local FedEx facility	HOUSTON TX
12:07 pm	Delivery exception Package at station, arrived after courier dispatch	HOUSTON TX
12:04 pm	Delivery exception Package at station, arrived after courier dispatch	HOUSTON TX
12:03 pm	At local FedEx facility	HOUSTON TX
8:37 am	Delivery exception Incorrect address	HOUSTON TX
7:10 am	At local FedEx facility	HOUSTON TX
3:34 am	Departed FedEx location	FORT WORTH TX
- 1/10/2013 - Thursday		
11:52 pm	Arrived at FedEx location	FORT WORTH TX
10:48 pm	At local FedEx facility	HOUSTON TX
9:45 pm	At destination sort facility	HOUSTON TX
9:14 pm	Left FedEx origin facility	HOUSTON TX
7:42 pm	Picked up	HOUSTON TX
10:16 am	Shipment information sent to FedEx	

Local Scan Time

Shipment Facts

Tracking number	794486059310	Service	FedEx Standard Overnight
Weight	0.5 lbs	Signature services	Adult signature required
Delivery attempts	2	Delivered To	Shipping/Receiving
Total pieces	1	Total shipment weight	0.5 lbs / 0.2 kgs
Terms	Not Available	Shippor reference	LRE-Redlake-Horseshoe 30F Si#1
Packaging	FedEx Envelope	Special handling section	Deliver Weekday, Adult Signature Required