

LRE OPERATING, LLC
WILLIAMS B FEDERAL #9
 Artesia; Glorieta-Yeso & Red Lake, San Andres
 E Section 29 T17S R28E
 2/11/2016
 API#: 30-015-39238

Commingled Allocation Calculations

On 9/28/11, the Yeso (lower zone) was completed as a new well. On 11/13/14, the well was recompleted to the San Andres (upper zone) & tested alone on 12/1/14 for 20 BOPD, 30 MCF/D, & 180 BWPD. The Yeso was last tested on 11/12/11 for 38 BOPD, 54 MCF/D, & 304 BWPD. As per EGF, the pool allocations are now being fine-tuned after the DHC.

	Upper Zone (SA)	+	Lower Zone (YESO)	=	Total
Total Oil (bbls/d)	20	+	38	=	58
Total Gas (mcf/d)	30	+	54	=	84
Total Water (bbls/d)	180		304	=	484

OIL

Upper Zone (SA) = 20 BOPD

Lower Zone (Yeso) = 38 BOPD

Total oil = 58 BOPD

$$\% \text{ Upper Zone} = \frac{20}{58} = \underline{35\%}$$

$$\% \text{ Lower Zone} = \frac{38}{58} = \underline{65\%}$$

GAS

Upper Zone (SA) = 30 MCF/D

Lower Zone (Yeso) = 54 MCF/D

Total gas = 84 MCF/D

$$\% \text{ Upper Zone} = \frac{30}{84} = \underline{36\%}$$

$$\% \text{ Lower Zone} = \frac{54}{84} = \underline{64\%}$$

WATER

Upper Zone (SA) = 180 BWPD

Lower Zone (Yeso) = 304 BWPD

Total Water = 484 BWPD

$$\% \text{ Upper Zone} = \frac{180}{484} = \underline{37\%}$$

$$\% \text{ Lower Zone} = \frac{304}{484} = \underline{63\%}$$

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMLC046250B
2. Name of Operator LRE OPERATING LLC Contact: MIKE PIPPIN E-Mail: mike@pippinllc.com		6. If Indian, Allottee or Tribe Name
3a. Address 1111 BAGBY SUITE 4600 HOUSTON, TX 77002	3b. Phone No. (include area code) Ph: 505-327-4573	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 29 T17S R28E SWNW 1650FNL 330FWL		8. Well Name and No. WILLIAMS B FEDERAL 9
		9. API Well No. 30-015-39238-00-S1
		10. Field and Pool, or Exploratory ARTESIA
		11. County or Parish, and State EDDY COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Subsurface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (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 recompleat 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 recompleat 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.)

On 4/13/15, MIRUSU. TOH w/rods, pump, & tbg. Drill out CBP @ 3190' & CO to PBT3613'. On 4/15/15, landed 2-7/8" 6.5# J-55 tbg @ 3494'. Ran pump & rods. Completed well commingled in the Red Lake, San Andres (97253) and the Artesia, Glorieta-Yeso (96830) as per the approved BLM DHC application & State order DHC-4652.

San Andres Perfs: 2004'-3163'
Yeso Perfs: 3210'-3502'

14. I hereby certify that the foregoing is true and correct. Electronic Submission #298387 verified by the BLM Well Information System For LRE OPERATING LLC, sent to the Carlsbad Committed to AFMSS for processing by DINAH NEGRETE on 06/03/2015 (15DCN0119SE)	
Name (Printed/Typed) MIKE PIPPIN	Title PETROLEUM ENGINEER
Signature (Electronic Submission)	Date 04/16/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	DINAH NEGRETE Title SENIOR PAT	Date 06/03/2015
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 Carlsbad

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #298387 that would not fit on the form

32. Additional remarks, continued

Revisions to Operator-Submitted EC Data for Sundry Notice #298387

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	SUBCOM SR	SUBCOM SR
Lease:	NMLC046250B	NMLC046250B
Agreement:		
Operator:	LRE OPERATING, LLC C/O MIKE PIPPIN 3104 N. SULLIVAN FARMINGTON, NM 87401 Ph: 505-327-4573	LRE OPERATING LLC 1111 BAGBY SUITE 4600 HOUSTON, TX 77002 Ph: 713.292.9510
Admin Contact:	MIKE PIPPIN PETROLEUM ENGINEER E-Mail: mike@pippinllc.com Ph: 505-327-4573	MIKE PIPPIN PETROLEUM ENGINEER E-Mail: mike@pippinllc.com Ph: 505-327-4573
Tech Contact:	MIKE PIPPIN PETROLEUM ENGINEER E-Mail: mike@pippinllc.com Ph: 505-327-4573	MIKE PIPPIN PETROLEUM ENGINEER E-Mail: mike@pippinllc.com Ph: 505-327-4573
Location:		
State:	NM	NM
County:	EDDY	EDDY
Field/Pool:	RED LAKE,SAN ANDRES 97253	ARTESIA
Well/Facility:	WILLIAMS B FEDERAL 9 Sec 29 T17S R28E SWNW 1650FNL 330FWL	WILLIAMS B FEDERAL 9 Sec 29 T17S R28E SWNW 1650FNL 330FWL