

ABOVE THIS LINE FOR DIVISION USE ONLY

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



RECEIVED OOD
Lime Rock
Falcon 31c Fed #
27 AUG 27

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]

12-3-18527 E

Eddy
Fed

- [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 _____

- [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.

David Catanach
Print or Type Name

David Catanach
Signature

9/27/11
Date

Agent for Lime Rock Resources A, L.P.
Title

drctanach@netscape.com
E-Mail Address

September 27, 2011

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey, CPG
Division Director

Re: Application for Unorthodox Well Location
Falcon 3 K Federal Well No. 28
API No. (N/A)
2310' FSL & 2390' FWL (Unit K)
Section 3, T-18 South, R-27 East, NMPM,
Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Lime Rock Resources A, L.P. ("Lime Rock") respectfully requests administrative approval of an unorthodox oil well location for its proposed Falcon 3 K Federal Well No. 28. This well will initially be drilled as a development oil well in the Red Lake Glorieta-Yeso Pool (51120) at an unorthodox well location 2310 feet from the South line and 2390 feet from the West line (Unit K) of Section 3, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. The well will also be completed, at a later time, in the Red Lake Queen-Grayburg-San Andres Pool (51300). The well will be dedicated to the NE/4 SW/4 of Section 3 thereby forming a standard 40-acre oil spacing and proration unit in the Red Lake Glorieta-Yeso Pool. The well will also be dedicated to an existing 40-acre spacing and proration unit in the Red Lake Queen-Grayburg-San Andres Pool comprising the NE/4 SW/4 of Section 3. This unit is currently dedicated to Lime Rock's Falcon 3 K Federal No. 16 (API No. 30-015-29574) located 1850 feet from the South line and 2120 feet from the West line.

Both the Red Lake Glorieta-Yeso and Red Lake Queen-Grayburg-San Andres Pools are currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

The proposed Falcon 3 K Federal Well No. 28 was moved 80 feet to the east from a standard well location in order to avoid a pipeline that traverses this quarter-quarter section in a north-south direction. Lime Rock also examined other possible standard locations within the NE/4 SW/4, but due to topographic considerations was unable to

stake this well at a standard location. (See attached vicinity & location verification maps.)

The affected offset acreage comprises the SW/4 NE/4 and NW/4 SE/4 of Section 3, Township 18 South, Range 27 East. Lime Rock currently operates wells on both these tracts that produce from the Red Lake Queen-Grayburg-San Andres Pool. There is currently no production on the affected offset tracts in the Red Lake Glorieta-Yeso Pool. Please note however, that the working interest ownership between the NE/4 SW/4 of Section 3 and the two affected offset tracts is not common. Consequently, Lime Rock is providing notice of this application to all working interest owners in the two affected offset tracts. These owners are identified on the notice list accompanying this application.

Attached is a Form C-102, vicinity map, location verification map, offset letter and notice list.

In summary, approval of the application will provide Lime Rock the opportunity to recover additional oil and gas reserves from the Red Lake Glorieta-Yeso and Red Lake Queen-Grayburg-San Andres Pools underlying the NE/4 SW/4 of Section 3 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Lime Rock Resources A, L.P.
1111 Bagby Street
Suite 4600
Houston, Texas 77002

Xc: OCD-Artesia

State of New Mexico

DISTRICT I
1625 N. FRENCH DR., HOUBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Well Name
	51120; 51300	Red Lake Queen-Grayburg-San Andres
Property Code	Property Name	Well Number
	FALCON 3 K FEDERAL	28
OGRID No.	Operator Name	Elevation
255333	LIME ROCK RESOURCES A, L.P.	3562'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	3	18-S	27-E		2310	SOUTH	2390	WEST	EDDY

Bottom Hole Location If Different From Surface

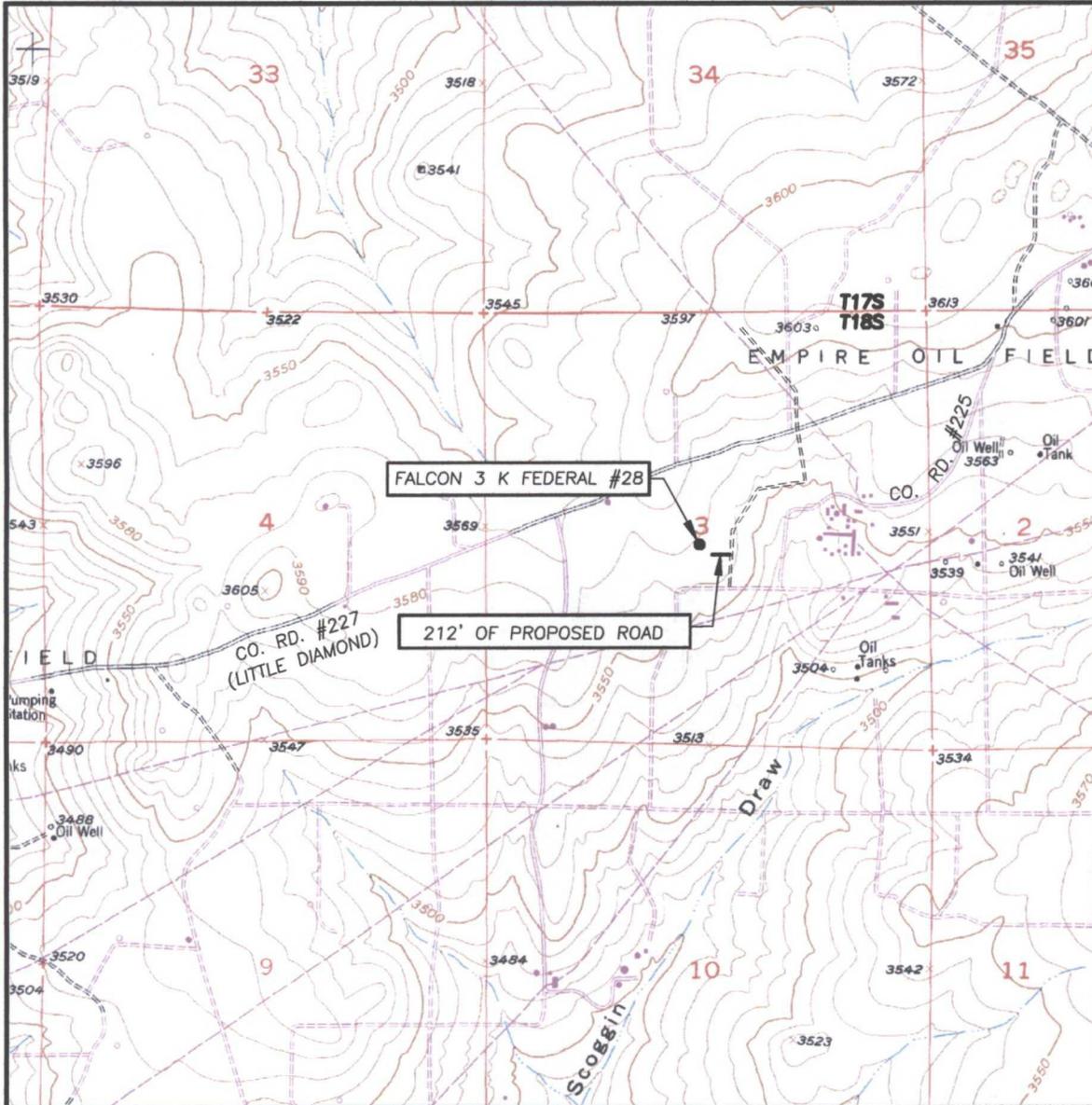
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint 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

LOT 4	LOT 3	LOT 2	LOT 1
GEODETIC COORDINATES NAD 27 NME Y=645894.3 N X=520497.0 E LAT.=32.775637° N LONG.=104.266645° W			
<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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 to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p>			
<p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><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></p> <p style="text-align: center;">FEBRUARY 14, 2011</p> <p>Date Surveyed _____ LA</p> <p>Signature & Seal of Professional Surveyor </p> <p>Certificate No. GARY EIDSON 12641 PROFESSIONAL SURVEYOR RONALD E. EIDSON 3239</p>			

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
SPRING LAKE, N.M. - 10'

SEC. 3 TWP. 18-S RGE. 27-E

SURVEY _____ N.M.P.M. _____

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 2310' FSL & 2390' FWL

ELEVATION 3562'

OPERATOR LIME ROCK REOURSRES A, L.P.

LEASE FALCON 3 K FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
SPRING LAKE, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

September 27, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET WORKING INTEREST OWNERS (SEE ATTACHED LIST)

Re: Lime Rock Resources A, L.P.
Application for Unorthodox Well Location
Falcon 3 K Federal Well No. 28
2310' FSL & 2390' FWL (Unit K)
Section 3, T-18 South, R-27 East, NMPM,
Red Lake Glorieta-Yeso Pool (51120)
Red Lake Queen-Grayburg-San Andres Pool (51300)
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Lime Rock Resources A, L.P. with the New Mexico Oil Conservation Division for authorization to drill its Falcon 3 K Federal Well No. 28 at an unorthodox oil well location 2310 feet from the South line and 2390 feet from the West line (Unit K) of Section 3, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, to test the Red Lake Glorieta-Yeso and Red Lake Queen-Grayburg-San Andres Pools. The subject well will be dedicated to the NE/4 SW/4 of Section 3 in both the Red Lake Glorieta-Yeso and Red Lake Queen-Grayburg-San Andres Pools. The proposed unorthodox location is necessary due to topographical restrictions within this 40-acre tract.

As the owner of an interest that may be affected by the proposed unorthodox location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach-Agent
Lime Rock Resources A, L.P.
1111 Bagby Street
Suite 4600
Houston, Texas 77002

Enclosure

Lime Rock Resources A, L.P.
Application for Unorthodox Location
Falcon 3 K Federal No. 28
Notification List

Working Interest Owners: NW/4 SE/4 of Section 3, T-18S, R-27E

Surface to 2,500'

Lime Rock Resources "II-A", L.P.
1111 Bagby Street, Suite 4600
Houston, Texas 77381

Below 2,500' (Save & Except the Abo Formation)

Occidental Permian Ltd.
P.O. Box 4294
Houston, Texas 77210

Lime Rock Resources "II-A" L.P.

Working Interest Owners: SW/4 NE/4 of Section 3, T-18S, R-27E

Surface to the Top of the San Andres Formation

Lime Rock Resources II-A, L.P.

From the top of the San Andres Formation to the Base of the Yeso Formation

Lime Rock Resources II-A, L.P.

Devon Energy Production Company, LP
20 North Broadway
Oklahoma City, Oklahoma 73102

The Salient Zarvona Energy Fund, LP
4265 San Felipe, Suite 1040
Houston, Texas 77027

Overton Energy Investments VI, LLC
4265 San Felipe, Suite 1040
Houston, Texas 77027

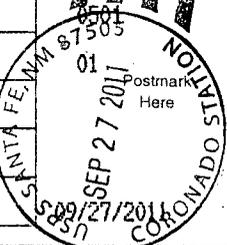
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Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.23



Sent To **The Salient Zarvona Energy Fund**
 Street, Apt. No. or PO Box No. **4265 San Felipe, Suite 1040**
 City, State, ZIP+4 **Houston, Texas 77027**

PS Form 3800, August 2006 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.23



Sent To **Occidental Permian Ltd.**
 Street, Apt. No. or PO Box No. **P.O. Box 4294**
 City, State, ZIP+4 **Houston, Texas 77210**

PS Form 3800, August 2006 See Reverse for Instructions

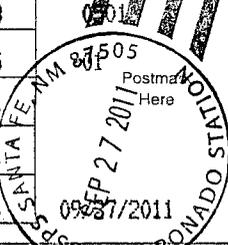
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Sent To **Overton Energy Investments VI**
 Street, Apt. No. or PO Box No. **4265 San Felipe, Suite 1040**
 City, State, ZIP+4 **Houston, Texas 77027**

PS Form 3800, August 2006 See Reverse for Instructions

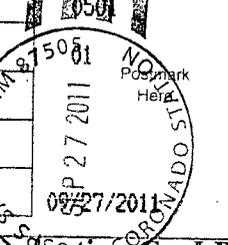
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OKLAHOMA CITY OK 73102

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Certified Fee		\$2.85
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.23



Sent To **Devon Energy Production Co. LP**
 Street, Apt. No. or PO Box No. **20 North Broadway**
 City, State, ZIP+4 **Oklahoma City, Oklahoma 73102**

PS Form 3800, August 2006 See Reverse for Instructions