

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order DHC-4609
Order Date: March 28, 2013
Application Reference Number: pPRG1307152925

LRE Operating, LLC
3104 N. Sullivan Avenue
Farmington, NM 87401

Attention: Mike Pippin

Jeffers 36 State Well No.4
API No: 30-015-34626
Unit B, Section 36, Township 17 South, Range 27 East, NMPM
Eddy County, New Mexico

Pool	RED LAKE; QUEEN-GRAYBURG-SAN ANDRES	Oil	51300
Names:	RED LAKE: GLORIETA-YESO, NE	Oil	96836

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.

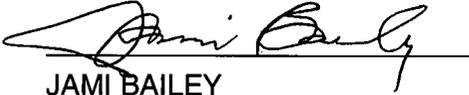
In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

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 Red Lake; Queen-Grayburg-San Andres production shall be assigned to the Artesia; Glorieta-Yeso NE Pool. The production allocation percentages of oil and gas between these pools shall be supplied to the Division's Santa Fe office within 60 days following completion of this well or workover.

REMARKS: The operator shall notify the Division's District II office upon implementation of commingling operations.

This approval is subject to the approval by the New Mexico State Land Office prior to commencement of commingling operations.

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.



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Artesia
State Land Office - Oil, Gas, and Minerals Division