

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



WILLIAMS B FEDERAL #10 -- 30-015-41778

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]

- [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 _____

-DHC -4746
 -LRE Operating, LLC
 281994

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[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

WCH
 - Williams B
 Federal #10
 30-015-41778
 Pool
 - Ned Lake's SW
 Andrus
 97253
 - Antesia Clariston
 Yes
 96830

[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 *Mike Pippin* Petroleum Engineer March 25, 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

March 25, 2015

NMOCD
c/o Phil Goetze
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: C-107A TO COMMINGLE TWO POOLS
WILLIAMS B FEDERAL #10– API#: 30-015-41778
Unit Letter "F" Section 29 T17S R28E
Eddy County, New Mexico

Dear Mr. Goetze,

The referenced oil well was completed on January 13, 2014 in the Artesia, Glorieta-Yeso (96830). The attached NOI sundry to recompleate this well to the Red Lake, San Andres (97253) has been submitted to the BLM in Carlsbad, NM. Interests in these two pools are identical, and the BLM has been notified.

The most recent Yeso production test was on 3/24/15 for 10 BOPD, 23 MCF/D, & 17 BWPD. After the recompletion to San Andres and a test of the San Andres alone, the CBP between the two pools will be removed and the two pools downhole commingled. The production allocations for each pool will then be calculated by subtracting the current (Yeso) production from the total well production after about two months of commingled production. We plan to submit these calculations and the resulting allocations to the district office.

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

Very truly yours,



Mike Pippin

Petroleum Engineer

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE

District III
1000 Rio Urabe Road, Abasco, NM 87410

Single Well

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Establish Pre-Approved Pools

EXISTING WELLBORE

Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

IRE, OPERATING, LLC c/o Mike Pippin LLC (agent), 3104 N. Sullivan, Farmington, NM 87401
Operator Address

WILLIAMS B FEDERAL #10 F SEC. 29 T17S R28E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309867 API No. 30-015-41778 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Red Lake; San Andres		Artesia: Glorieta-Yeso
Pool Code	97253		96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	~2024'-3101'		3350'-3510'
Method of Production (Flowing or Artificial Lift)	Prospective		Pumping
Bottomhole Pressure <small>(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)</small>	741 PSI		851 PSI
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	34.8		38.32
Producing, Shut-In or New Zone	Proposed New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: RATES:	Date: Rates:	Date: March 24, 2015 Rates: 10 BOPD 23 MCF/D 17 BWP/D
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation, will be required.)</small>	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

NMOC 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 25, 2015

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

E-MAIL ADDRESS mike@pippinllc.com

	County	EDDY	Well Name	Williams B Federal #10	Field:	Redlake Glorieta-Yeso NE	Well Sketch:	AFE R15016 LRE Operating, LLC
	Surface Lat:	32.8077012°N	BH Lat:	32.8077012°N	Survey:	S29-T175-R28E Unit F	API #	30-015-41778
	Surface Long:	104.1983183°W	BH Long:	104.1983183°W		1650' FNL & 2285' FWL	OGRID #	281894

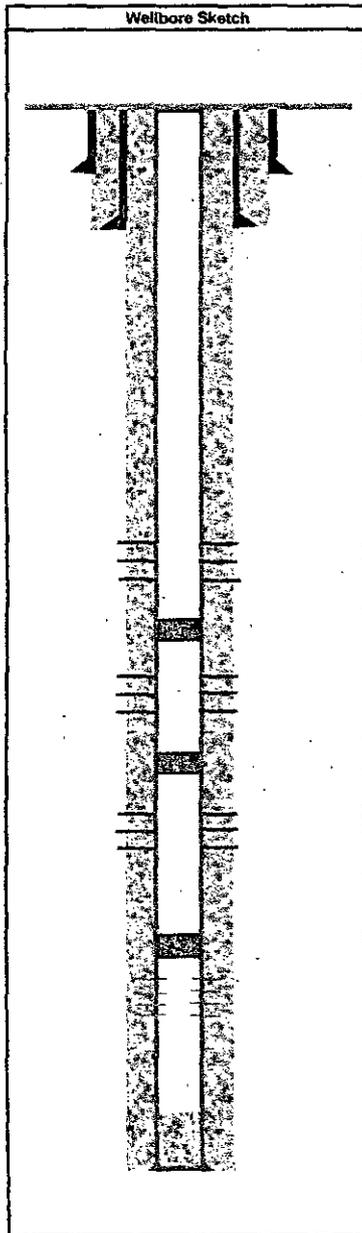
Directional Data:			
KOP			
Max Dev.:			
Dleg sev.:			
Dev @ Paris			
Ret to Vert:			

Drilling / Completion Fluid	
Drilling Fluid:	10.2 PPG Brine / Salt Gel
Drilling Fluid:	
Completion Fluid:	2% KCL
Completion Fluid:	
Packer Fluid:	NA

Tubular Data							
Tubulars	Size	Weight	Grade	Thread	TVD	MD	TOC
Conductor	14"	68.7#	B	Weld	40'	40'	SURF
Surface	8 5/8"	24#	J-55	STC	426'	426'	SURF
Intermediate							
Production	5 1/2"	17#	J-55	LTC	3,615'	3,615'	SURF
Liner							

CEMENT DATA							
	L/sks	Yld	Wt	T/sks	Yld	Wt	XS
Surface	300	1.35	14.8	NA	NA	NA	58 sx
Intermediate							
Liner							
Production	310	1.9	12.8	375	1.33	14.8	183 sx

Wellhead Data	
Type:	
WP:	
Tree Cap	Flange:
	Thread:
Tbg Hanger:	
BTM Flange:	
BPV Profile:	NA
Elevations:	GR - RKB = 11.8'
RKB:	3630.2
GL:	3,618.4'



Completion Information					DETAILS	
DEPTHS (MD)	FORMATION TOPS / WELL INFO	PERFORATIONS		# of HOLES		
		from	to			
0						
40'	20" Hole				14" Conductor Pipe	
426'	12 1/4" Hole				8-5/8" Surf Csg Circ 58 sx Cmt to surf	
561'	Seven Rivers					
1,122'	Queen					
1,513'	Grayburg					
1,862'	San Andres					
Lufkin 228-256-100 pumping unit with 30 HP motor						
2 7/8" tbg, TAC at 1924', SN at 3131', 4' slotted sub, 1 jt MA w BP at 3166'						
121-7/8" KD rods, 4-1.5" Kbars, 2.5"x2"x20" RHBC-HVR Pump, 88" SL, 10 SPM						
	San Andres	2,024'	2,320'	34	296, 1500g 15% HCL, 30,000 # 100 Mesh	
CBP at 2340'						
	San Andres	2,360'	2,661'	31	179,340 # 40/70, 7000 bbls water, 80 + BPM	
CBP at 2700'						
	San Andres	2,740'	3,101'	36	301', 1500 g 15% HCL, 30,000 # 100 Mesh	
CBP at 2700'						
	San Andres	2,740'	3,101'	36	257,040 # 40/70, 8100 bbls water, 80 + BPM	
CBP at 2700'						
	San Andres	2,740'	3,101'	36	361', 1500 g 15% HCL, 30,000 # 100 Mesh	
3,280'	Glorieta				313,740 # 40/70, 8800 bbls water, 80 + BPM	
3,350'	Yeso					
CBP at 3300'						
	Stage 1 Yeso Frac	3,350'	3,510'	33	160' Stg1 - See Frac Design	
PBD						
3,610'	PROD CSG				above 5-1/2" Float Collar	
5-1/2" Prod Csg. Circ 183 SX Cmt to Surf						
Comments: NM OCD CLP					Plug back Depth:	MD
					Total Well Depth:	3,615' 3615' MD
					Prepared By:	Date:
					Eric McClusky	18-Mar-15

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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.

5. Lease Serial No.
NMLC046250B

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
WILLIAMS B FEDERAL 10

2. Name of Operator
LRE OPERATING, LLC

Contact: MIKE PIPPIN
E-Mail: mike@pippinllc.com

9. API Well No.
30-015-41778

3a. Address
C/O MIKE PIPPIN 3104 N. SULLIVAN
FARMINGTON, NM 87401

3b. Phone No. (include area code)
Ph: 505-327-4573

10. Field and Pool, or Exploratory
RED LAKE, SAN ANDRES 97253

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 29 T17S R28E SENW 1650FNL 2285FWL

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 checked="" 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 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 checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recomplete 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 recompletion 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.)

THIS IS A REQUEST TO RECOMPLETE THIS YESO WELL TO THE SAN ANDRES.

MIRUSU. TOH w/rods, pump, & tbg. Set a 5-1/2" CBP @ ~3300' & PT to ~3500 psi. (Existing Yeso perms are at 3350'-3510'). Perf upper SA @ ~2740'-3101' w/~36 holes. Treat new perms w/~1500 gal 15% HCL & frac w/~30,000# 100 mesh & ~313,740# 40/70 Ottawa sand in slick water. Set a 5-1/2" CBP @ ~2700' & PT to ~3500 psi. Perf middle SA @ ~2360'-2661' w/~31 holes. Treat new perms w/~1500 gal 15% HCL & frac w/~30,000# 100 mesh & ~257,040# 40/70 Ottawa sand in slick water. Set a 5-1/2" CBP @ ~2340' & PT to ~3500 psi. Perf lower SA @ ~2024'-2320' w/~34 holes. Treat new perms w/~1500 gal 15% HCL & frac w/~30,000# 100 mesh & ~179,340# 40/70 Ottawa sand in slick water. CO after frac & drill out CBPs @ 2340' & 2700', & CO to CBP @ 3300'. Land 2-7/8" 6.5# J-55 production tbg @ ~3166'. Run pump & rods. Release workover rig. Complete as a single San Andres

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #295641 verified by the BLM Well Information System
For LRE OPERATING, LLC, sent to the Carlsbad

Name (Printed/Typed) MIKE PIPPIN Title PETROLEUM ENGINEER

Signature (Electronic Submission) Date 03/20/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ Date _____

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 _____

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.

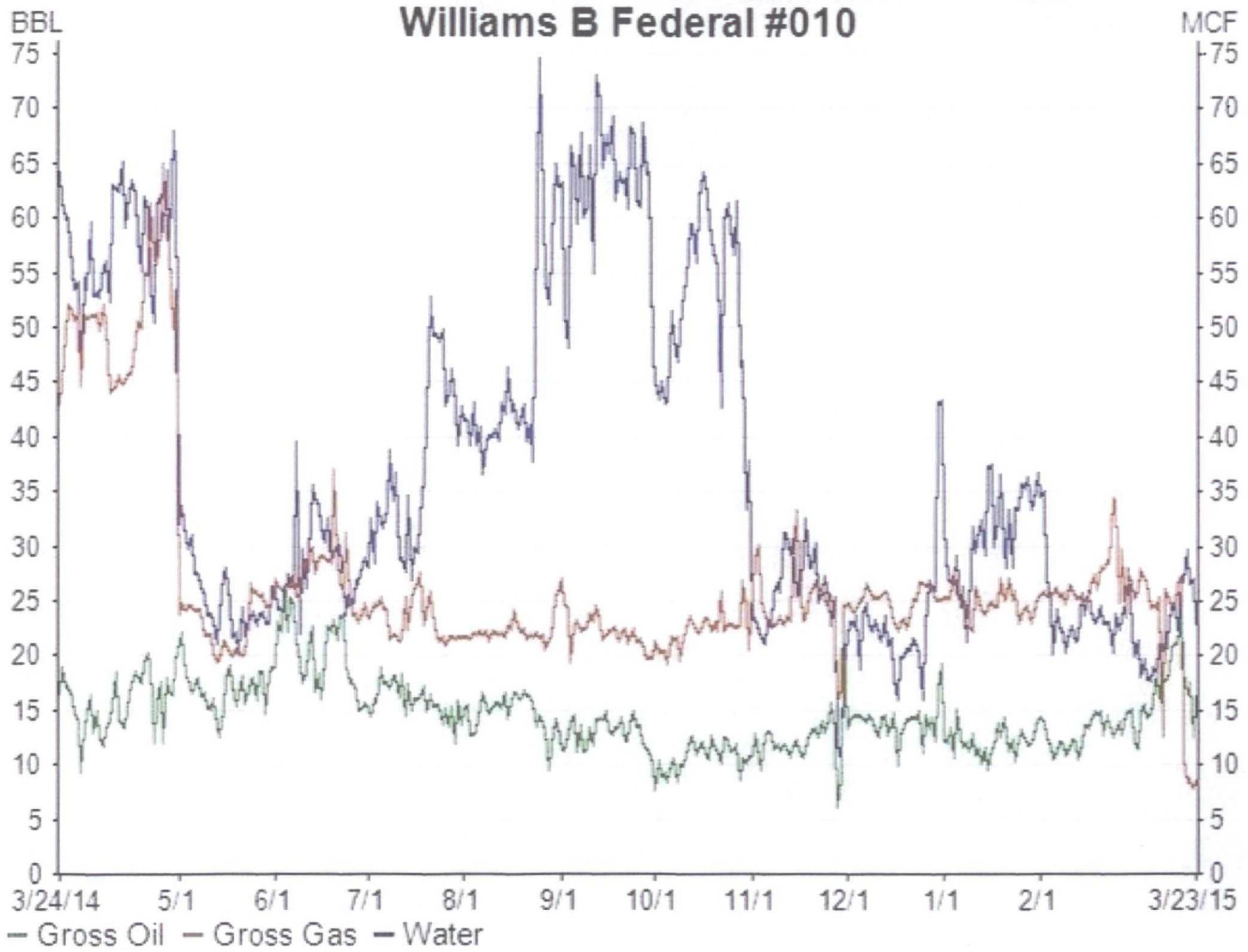
**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #295641 that would not fit on the form

32. Additional remarks, continued

oil well. See the attached wellbore diagram: Following a test of the SA alone and the approval of both the State & BLM DHC applications, the CBP @ 3300' will be removed and the well DHC.

Williams B Federal #010



— Gross Oil — Gross Gas — Water

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

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

¹ API Number 30-015-41778		² Pool Code 97253		³ Pool Name Red Lake, San Andres	
⁴ Property Code 309867		⁵ Property Name WILLIAMS B FEDERAL			⁶ Well Number 10
⁷ OGRID No. 281994		⁸ Operator Name LRE OPERATING, LLC.			⁹ Elevation 3624' GL

¹⁰ Surface Location

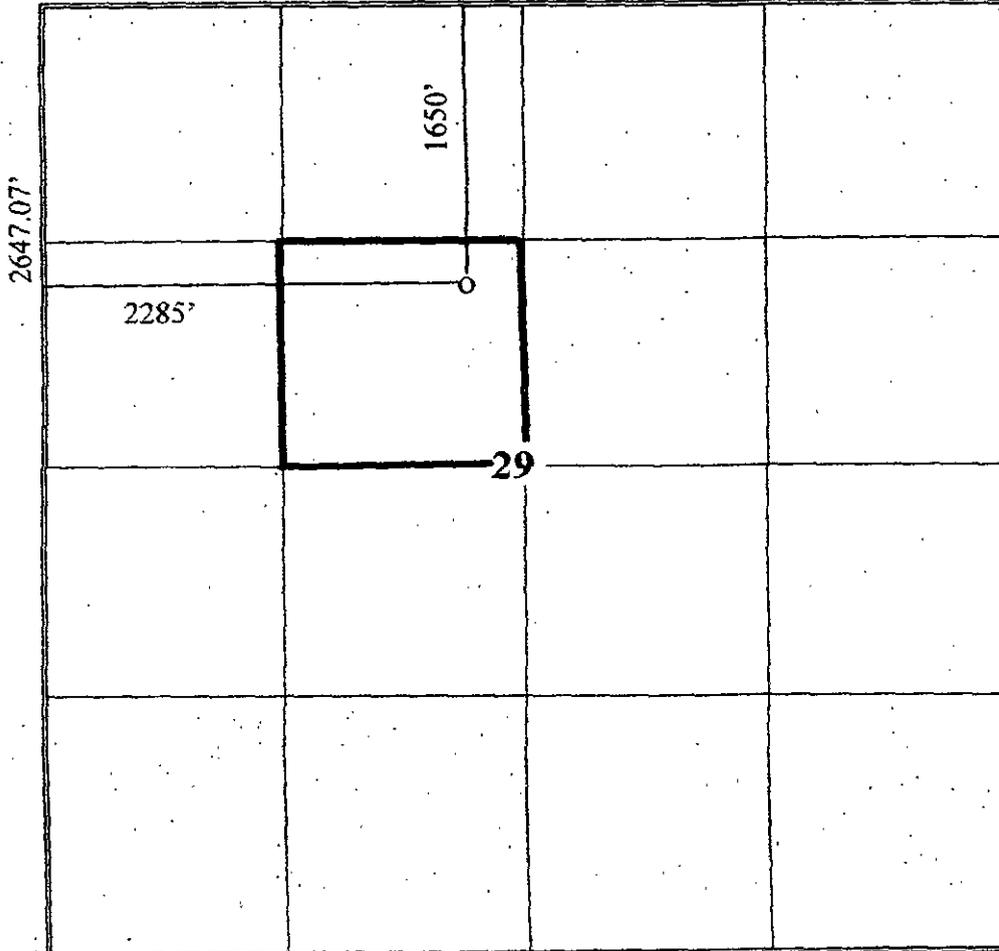
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
F	29	17-S	28-E		1650	NORTH	2285	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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. 2627.42'



¹⁷ OPERATOR CERTIFICATION
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: *Mike Pippin* Date: 3/20/15
Printed Name: Mike Pippin

¹⁸ SURVEYOR CERTIFICATION
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.

7/11/13
Date of Survey
Signature and Seal of Professional Surveyor:
Filmon 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 15, 2009
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015- 41978		Pool Code 96830	Pool Name Artesia; Glorieta-Yeso (O)
Property Code 309867	Property Name WILLIAMS B FEDERAL		Well Number 10
OGRID No. 281994	Operator Name LRE OPERATING, LLC		Elevation 3624.1

Surface Location

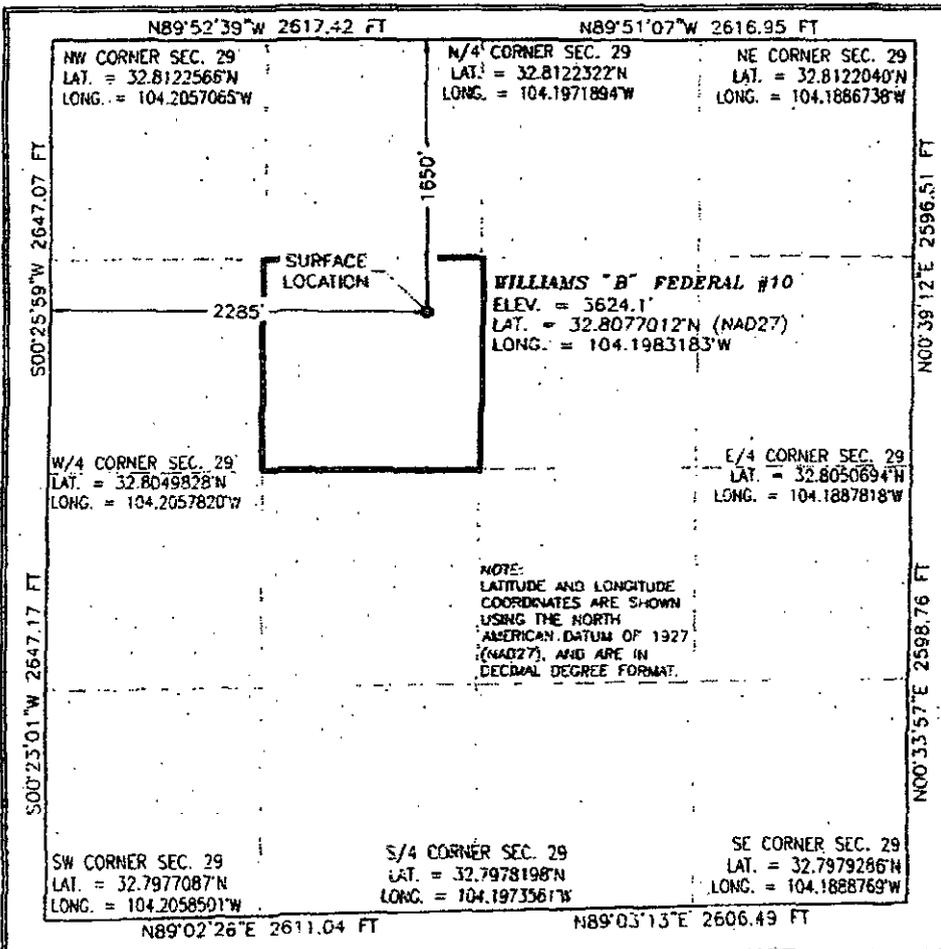
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	17 S	28 E		1650	NORTH	2285	WEST	EDDY

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 40	Joint or Infill	Consolidation Code	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.



OPERATOR CERTIFICATION
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 undivided 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.

Brian Wood
Signature
Date 8-19-13
Printed Name Brian Wood
brian@permitswest.com

SURVEYOR CERTIFICATION
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.

JULY 11, 2013
Date of Survey
Signature and Seal of Professional Surveyor
Certificate Subject: WILLIAMS B FEDERAL #10, PLS 12797
SURVEY NO. 928A