

DATE IN <u>9.3.10</u>	SUSPENSE	ENGINEER <u>DB.</u>	LOGGED IN <u>9.3.10</u>	TYPE <u>NSL</u>	APP NO. <u>1024632371</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



Line Rock
Jeffers 325 State #2

ADMINISTRATIVE APPLICATION CHECKLIST *30-015-37045*

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

6273

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 _____
- [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.

Mike Pippin Engineer 9-1-10
 Print or Type Name Signature Title Date

mike@pippinllc.com
 e-mail Address

LIME ROCK RESOURCES A, L.P.

c/o Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) 505-564-8656 (fax)
Email: mike@pippinllc.com

RECEIVED OCD

2010 SEP -1 P 1:20

August 31, 2010

CERTIFIED MAIL:

Engineering Bureau
David Brooks
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87504

RE: Application for Administrative Approval of Unorthodox Location

Lime Rock Resources' **Jeffers 32 State #2**

Surface: 1563' FSL & 2207' FEL (J) Sec. 32 T17S R28E, Eddy County, NM

Bottom Hole: 1644 FSL & 2312' FEL (J) Sec. 32 T17S R28E, Eddy County, NM

Artesia, Glorieta-Yeso (96830)

Dear Mr. Brooks:

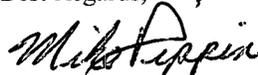
Lime Rock Resources hereby requests administrative approval for an unorthodox location for the above referenced well. Attached for your reference are the following exhibits:

1. Well location plat, as drilled (NMOCD Form C-102)
2. List of Offset Operators
3. Operator & Production map
4. Topographic map

The rules state that a well should not be closer than 330 feet to the South and North quarter-quarter lines nor closer than 330 feet to the East and West quarter-quarter lines of an oil 40 acre pro-ration Unit. Lime Rock drilled the referenced well from a surface location that was outside the prescribed window and utilized a directional drilling company in an effort to deviate the hole to be inside the prescribed 40-acre drilling window. This was initiated because there were multiple pipelines on the surface of the desired bottom hole location. However, the directional drilling company placed the bottom hole 6' too short of the south window line and 2' short of the west window line. In other words, the bottom hole is 324' from the south quarter-quarter line and 328' from the west quarter-quarter line.

By certified mail, a copy of this application and request for administrative approval has been sent to all of the Artesia, Glorieta-Yeso (96830) offset operators/owners on the attached list. Lime Rock Resources would like to request your Administrative Approval for the unorthodox location based on the above information. Should you need any additional information please feel free to contact me at (505) 327-4573.

Best Regards,



Mike Pippin
Petroleum Engineer

Enclosures

cc: Jacque Reeves

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

AS DRILLED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-37045		² Pool Code 96830		³ Pool Name <i>under</i> Artesia, Glorieta-Yeso			
⁴ Property Code 305440		⁵ Property Name JEFFERS 32 STATE				⁶ Well Number 2	
⁷ OGRID No. 255333		⁸ Operator Name LIME ROCK RESOURCES A, L.P.				⁹ Elevation 3670' GL	

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	32	17-S	28-E		1563'	SOUTH	2207	EAST	EDDY

¹¹ 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
J	32	17-S	28-E		1644	SOUTH	2312	EAST	EDDY

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.

	<p>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.</p> <p>Signature: <i>Mike Pippin</i> Date: 8/20/10</p> <p>Mike Pippin Printed Name</p>
	<p>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.</p> <p>6/23/08 Date of Survey</p> <p>Gary Eidson Signature and Seal of Professional Surveyor</p> <p>12641 Certificate Number</p>

LIME ROCK RESOURCES A, L.P.

c/o Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) 505-564-8656 (fax)
Email: mike@pippinllc.com

**OFFSET OPERATORS NOTIFICATION LIST
JEFFERS 32 STATE #2 -- NSL Application**

OFFSET OPERATORS:

BP America Production Company
P.O. Box 1089
Eunice, NM 88231

Marbob Energy Corp. (Pitch)
P.O. Box 227
Artesia, NM 88211-0227

Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154

Chaparral Energy LLC
701 Cedar Lake Blvd.
Oklahoma City, OK 73114

Yates Petroleum Corp.
105 S. 4th Street
Artesia, NM 88210

Lobos Energy
c/o RKI Exploration & Production LLC
3817 NW Expressway, Suite 950
Oklahoma City, OK 73112

Marathon Oil Co.
5555 San Felipe
Houston, Texas 77056

2PC Delaware, LLC
c/o Apache
2000 Post Oak Blvd., Suite 100
Houston, Texas 77056

Khody Land & Minerals
3817 NW Expressway, Suite 950
Oklahoma City, OK 73112-1488

Jeffers 32 State #2 - Offsetting Spacing Unit Operators or Owners

For NM State Pool: Artesia, Glorieta-Yeso (96830)

Section 32 T17S R28E.

Eddy County, New Mexico

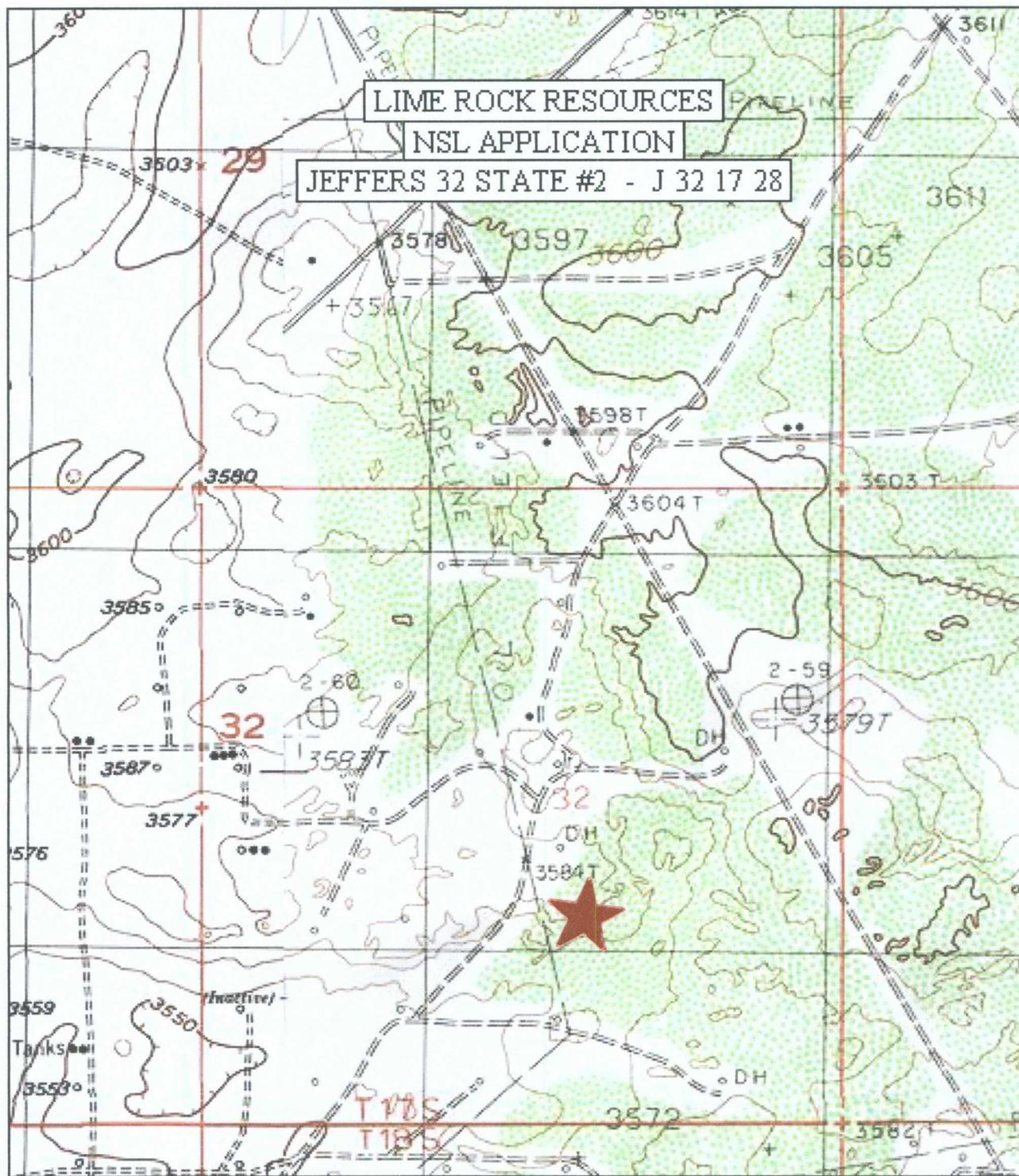
Spacing Unit: 40 acres

August 31, 2010

R-17-S

R-28-E

<p>Marbob Energy Corp.</p> <p><u>AA STATE #1</u> 1ST DEL = 9/09 50 BOPD & 63 MCF/D CUM: 11.819 BO & 12.4 MMCF</p> <p>★</p>	<p>BP America 2PC Delaware, LLC Marbob Energy Corp Marathon Oil Co. Khody Land & Minerals</p> <p>NO YESO WELLS</p>	<p>BP America 2PC Delaware, LLC Marbob Energy Corp Marathon Oil Co. Khody Land & Minerals</p> <p>NO YESO WELLS</p>
<p>32</p>		
<p>BP America RKI Expl. (Lobos) Marathon Oil Co. Yates</p> <p>NO YESO WELLS</p>	<p>Lime Rock</p> <p>★ Jeffers 32 State #2</p>	<p>★ <u>KERSEY STATE #5</u> APD Approved</p> <p><u>KERSEY STATE #1</u> 1ST DEL = 6/08 ★ 1.7 BOPD & 59 MCF/D CUM: 1808 BO & 4.5 MMCF</p> <p><u>KERSEY STATE #3</u> 1ST DEL = 7/07 ★ 10 BOPD & 20 MCF/D CUM: 21 MBO & 34 MMCF</p> <p>Lime Rock</p>
<p>BP America RKI Expl. (Lobos) Marathon Oil Co. Yates</p> <p>NO YESO WELLS</p>	<p>BP America Chesapeake Chaparral</p> <p>NO YESO WELLS</p>	<p>Lime Rock</p> <p>★ <u>KERSEY STATE #4</u> Completed 8/17/10 Not 1st Delivered Yet</p>



TN * MN
 $8\frac{1}{2}^\circ$

Map created with TOPO!® ©2003 National Geographic (www.nationalgeogra

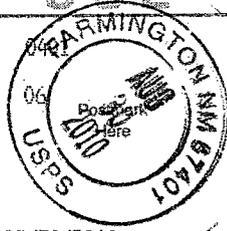
7007 2560 0002 3427 4263

U.S. Postal Service
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OFFICIAL USE
EUNICE NM 88231

Postage	\$ 1.05
Certified Fee	\$2.80
Return Receipt Fee (Endorsement Required)	\$0.00
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 43.85



Sent To **BP America Prod. Co.**
 Street, Apt. No., or PO Box No. **PO Box 1089**
 City, State, ZIP+4 **Eunice NM 88231**

PS Form 3800, August 2005 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 43.85



Sent To **Marathon Oil Co.**
 Street, Apt. No., or PO Box No. **5555 San Felipe**
 City, State, ZIP+4 **Houston, TX 77056**

PS Form 3800, August 2005 See Reverse for Instructions

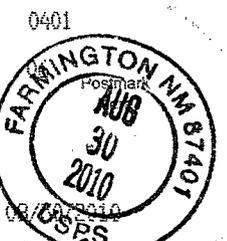
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Certified Fee	\$2.80
Return Receipt Fee (Endorsement Required)	\$0.00
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 43.85



Sent To **Marbob Energy Corp & Pch**
 Street, Apt. No., or PO Box No. **PO Box 2270**
 City, State, ZIP+4 **Artesia NM 88211-0227**

PS Form 3800, August 2005 See Reverse for Instructions

7007 2560 0002 3427 4294

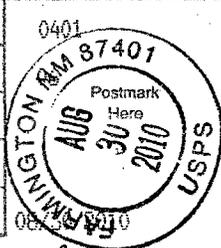
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ARTESIA NM 88210

Postage	\$ 1.05
Certified Fee	\$ 2.80
Return Receipt Fee (Endorsement Required)	\$ 0.00
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 3.85



Sent To *Yates Petroleum Corp.*
 Street, Apt. No., or PO Box No. *105 S 4th St*
 City, State, ZIP+4 *Artesia NM 88210*

PS Form 3800, August 2006 See Reverse for Instructions

7007 2560 0002 3427 4294

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For delivery information visit our website at www.usps.com

OKLAHOMA CITY OK 73112

Postage	\$ 1.05
Certified Fee	\$ 2.80
Return Receipt Fee (Endorsement Required)	\$ 0.00
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 3.85



Sent To *Khody Land & Minerals*
 Street, Apt. No., or PO Box No. *3817 NW Expressway Ste 950*
 City, State, ZIP+4 *Oklahoma City OK 73112-1488*

PS Form 3800, August 2006 See Reverse for Instructions

7007 2560 0002 3427 4606

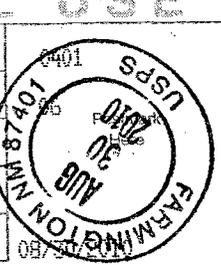
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For delivery information visit our website at www.usps.com

HOUSTON TX 77056

Postage	\$ 1.05
Certified Fee	\$ 2.80
Return Receipt Fee (Endorsement Required)	\$ 0.00
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 3.85



Sent To *2 PC Delaware LLC % Apache*
 Street, Apt. No., or PO Box No. *2000 Post Oak Blvd Ste 100*
 City, State, ZIP+4 *Houston TX 77056*

PS Form 3800, August 2006 See Reverse for Instructions

7007 2560 0002 3427 4620

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For delivery information visit our website at www.usps.com

OKLAHOMA CITY OK 73112

Postage	\$ 1.39
Certified Fee	\$ 2.80
Return Receipt Fee (Endorsement Required)	\$ 0.00
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 4.19



Sent To *RKI Exploration & Lobo Energy*
 Street, Apt. No., or PO Box No. *3817 NW Expressway Ste 950*
 City, State, ZIP+4 *Oklahoma City OK 73112*

PS Form 3800, August 2006 See Reverse for Instructions

7007 2560 0002 3427 4270

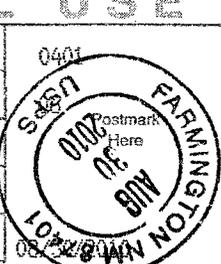
CERTIFIED MAIL RECEIPT

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OKLAHOMA CITY OK 73154

Postage	\$ 1.05
Certified Fee	\$ 2.80
Return Receipt Fee (Endorsement Required)	\$ 0.00
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 3.85



Sent To *Chesapeake Operating LLC*
 Street, Apt. No., or PO Box No. *PO Box 18496*
 City, State, ZIP+4 *Oklahoma City OK 73154*

PS Form 3800, August 2006 See Reverse for Instructions

7007 2560 0002 3427 4287

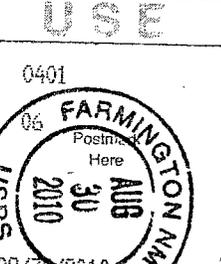
CERTIFIED MAIL RECEIPT

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For delivery information visit our website at www.usps.com

OKLAHOMA CITY OK 73114

Postage	\$ 1.05
Certified Fee	\$ 2.80
Return Receipt Fee (Endorsement Required)	\$ 0.00
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 3.85



Sent To *Chaparral Energy LLC*
 Street, Apt. No., or PO Box No. *701 Cedar Lake Blvd*
 City, State, ZIP+4 *Oklahoma City OK 73114*

PS Form 3800, August 2006 See Reverse for Instructions

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, September 21, 2010 4:43 PM
To: 'mike@pippinllc.com'
Subject: Lime Rock Resources - Jeffers 32 State #2; NSL Application

Dear Mr. Pippin

I have in hand the referenced application.

I note that your statement concerning notice of offsetting owners does not include a statement that the noticed parties were advised that if they have any objection to the application, they must file their objection with OCD within 20 days of the date that OCD receives the application, nor do you include a copy of a cover letter to the noticed parties containing that admonition. OCD Rule 15.13.D require that the applicant certify to OCD that the noticed parties have been admonished of the necessity to file objections within 20 days.

Please advise us if the noticed parties were admonished as required.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Mike Pippin [mike@pippinllc.com]
Sent: Tuesday, September 21, 2010 6:23 PM
To: Brooks, David K., EMNRD
Subject: RE: Lime Rock Resources - Jeffers 32 State #2; NSL Application
Attachments: LETTER TO CHESAPEAKE.doc

I'm sorry that I did not include a copy of at least one of the letters that went out to the offsetting owners. Attached is the letter that went out to Chesapeake. If you need a copy of the other letters, I can e-mail or send you hard copies, which ever you prefer. Again, I'm sorry for the omission.

-----Original Message-----

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Tuesday, September 21, 2010 4:43 PM
To: mike@pippinllc.com
Subject: Lime Rock Resources - Jeffers 32 State #2; NSL Application

Dear Mr. Pippin

I have in hand the referenced application.

I note that your statement concerning notice of offsetting owners does not include a statement that the noticed parties were advised that if they have any objection to the application, they must file their objection with OCD within 20 days of the date that OCD receives the application, nor do you include a copy of a cover letter to the noticed parties containing that admonition. OCD Rule 15.13.D require that the applicant certify to OCD that the noticed parties have been admonished of the necessity to file objections within 20 days.

Please advise us if the noticed parties were admonished as required.

Sincerely

David K. Brooks
Legal Examiner

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LIME ROCK RESOURCES A, L.P.

c/o Mike Pippin PE
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) - 505-564-8656 (fax)
Email: mike@pippinllc.com

August 31, 2010

CERTIFIED MAIL:

Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154

RE: Application for Administrative Approval of Unorthodox Location

Lime Rock Resources' Jeffers 32 State #2

Surface: 1563' FSL & 2207' FEL (J). Sec. 32 T17S R28E, Eddy County, NM

Bottom Hole: 1644 FSL & 2312' FEL (J) Sec. 32 T17S R28E, Eddy County, NM
Artesia, Glorieta-Yeso (96830)

Dear Sir or Madam:

Enclosed please find a copy of the above captioned application that has been sent to the NMOCD for administrative approval. Should you not agree with the request, please notify the NMOCD within 20 days of the date of this application.

The referenced well was directionally drilled by Lime Rock in August 2010 in an effort to place the bottom of the hole in the State standard window for oil wells, and because the vertical surface of the desired bottom hole location was unavailable due to multiple pipelines. However, after drilling the well, it was discovered that the bottom hole had missed the window by 6 feet to the south and 2 feet to the west.

Any questions you may have concerning the operations, please feel free to contact me at (505) 327-4573.

Best Regards,

Mike Pippin
Petroleum Engineer

Enclosures