

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St. Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-10
June 16, 2001

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

Submit to appropriate District Office

☐ AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN,
PLUGBACK, OR ADD A ZONE**

¹ Operator Name and Address LRE Operating, LLC. 1111 Bagby St., Suite 4600 Houston, TX 77002		² OGRID Number 281994
		³ API Number 30 - 015 - 700 47
³ Property Code 309901	⁵ Property Name Aid 24 State	⁶ Well No. 17
⁹ Proposed Pool 1 Empire; Glorieta-Yeso (96210)		¹⁰ Proposed Pool 2

Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	24	17S	28E		2310	South	990	East	Eddy

Proposed 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

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3681.8'
¹⁶ Multiple N	¹⁷ Proposed Depth 5,700'	¹⁸ Formation Glorieta-Yeso	¹⁹ Contractor United	²⁰ Spud Date 3/31/12

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
20"	14"	68.7#	40'	Ready mix.	Surface
12-1/4"	8 5/8"	24#	490'	325 sx cl "C" + add	Surface
7-7/8"	5-1/2"	17#	5,700"	350sxPoz/"C" w/add	Lead to surface
				675 sx "C" w/add	Tail to surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone Describe the blowout prevention program, if any. Use additional sheets if necessary.

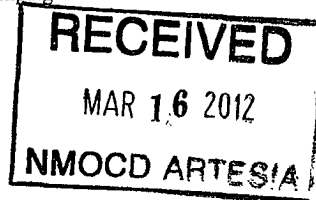
LRE Operating LLC proposes to drill/test the Empire-Glorieta formation Approximately 490 feet will be drilled with fresh water, then set and cement 8 5/8" surface casing to 490 feet.

Drill 7 7/8" hole to T.D at approx. 5,700'. Run O/H logs. Set 5 1/2" casing to T.D and cement will be circulated back to surface.

Will perforate the Empire Glorieta formation and stimulate, as necessary, for optimum production. Produce well by flowing or pumping

H2S levels are not expected to be high enough to require an H2S contingency program.

See exhibit "A" for BOP.



²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

George R. Smith

Printed name.
George R. Smith

Title:
POA agent for LRE Operating, LLC.

E-mail Address
gr.smith1@hotmail.com

Date:
3/13/12

Phone:
575-623-4940

OIL CONSERVATION DIVISION

Approved by:

T. C. Shepard

Title:

Geologist

Approval Date:

3/19/2012

Expiration Date:

3/19/2014

Conditions of Approval Attached ☐

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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

¹ API Number 30-015-40047		² Pool Code 96210	³ Pool Name Empire; Glorieta-Yeso
⁴ Property Code 309901	⁵ Property Name AID "24" STATE		⁶ Well Number 17
⁷ OGRID No. 255333x 281994	⁸ Operator Name LRE Operatubg, LLC LIME ROCK RESOURCES A.L.P.		⁹ Elevation 3681.8

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
I	24	17 S	28 E		2310	SOUTH	990	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
I	24	17 S	28 E		2310	SOUTH	990	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.

NW CORNER SEC. 24 LAT. = 32.8284100°N LONG. = 104.1377453°W		NE CORNER SEC. 24 LAT. = 32.8284823°N LONG. = 104.1208273°W	
NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1927 (NAD27), AND ARE IN DECIMAL DEGREE FORMAT.		E Q CORNER SEC. 24 LAT. = 32.8211802°N LONG. = 104.1208474°W	
AID "24" STATE #17 ELEV. = 3681.8' LAT. = 32.8202214°N (NAD83) LONG. = 104.1240729°W		SURFACE LOCATION 990'	
SW CORNER SEC. 24 LAT. = 32.8137533°N LONG. = 104.1378807°W		S Q CORNER SEC. 24 LAT. = 32.8138349°N LONG. = 104.1293552°W	
		SE CORNER SEC. 24 LAT. = 32.8138966°N LONG. = 104.1208750°W	

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

George R. Smith 3/8/12
Signature Date
Printed Name
George R. Smith, POA agent

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

SEPTEMBER 22, 2011
Date of Survey
Filimon F. Jaramillo
Signature and Seal of Professional Surveyor
Certificate Number **FILIMON F JARAMILLO, PLS 12797**
REGISTERED LAND SURVEY NO 616

2000 psi System

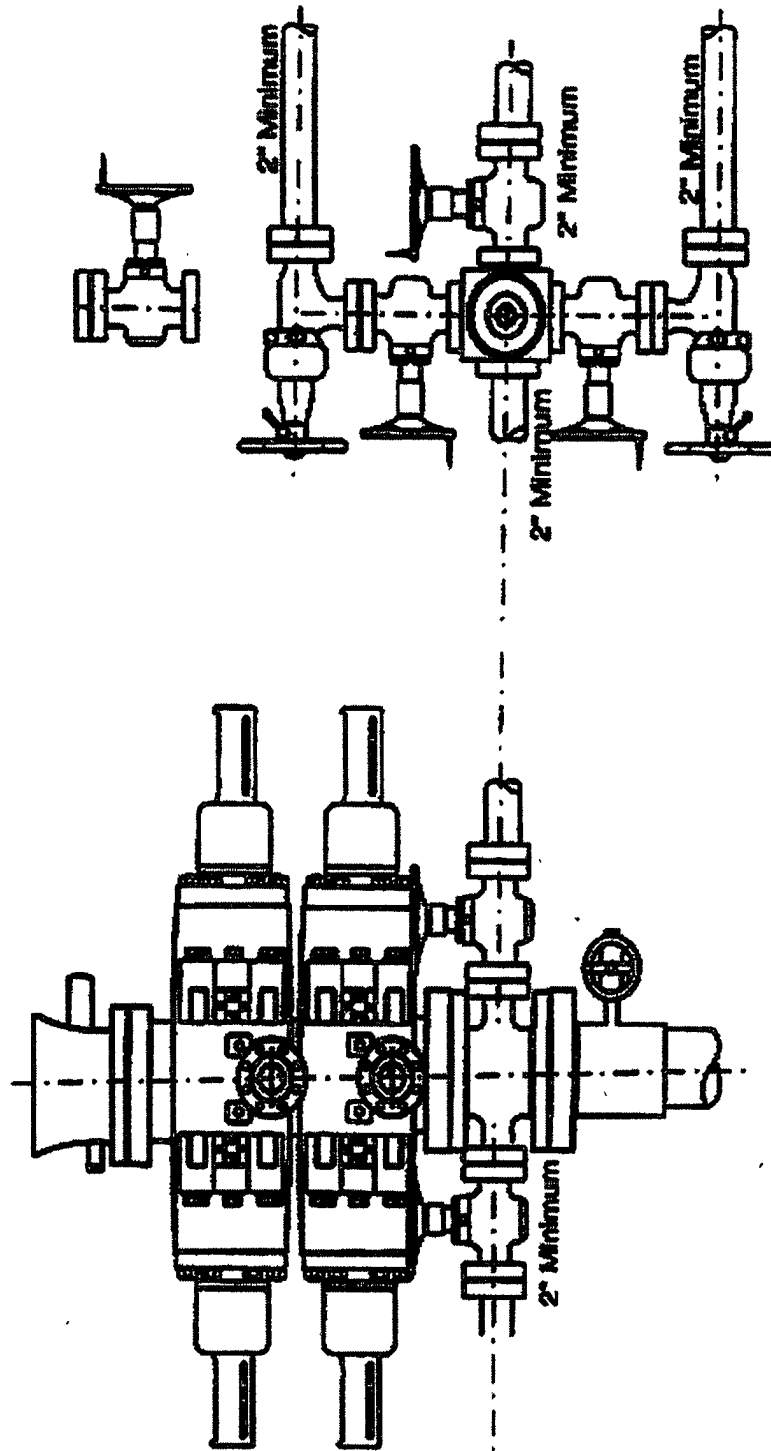


Figure 3-1

**LRE OPERATING, LLC, AID "24" STATE, WELL NO. 17
API: 30-**

A- Sec. 24, T17S-R28E: 2310' FSL & 990' FEL Eddy Co., NM

DESIGN: Closed Loop System with roll-off steel bins (pits)

CRI/Hobbs will supply (2) bins () volume, rails and transportation relating to the Close Loop system. Specifications of Close Loop System attached.

Contacts: Gary Wallace 432-638-4076 Office # 575-393-1079

Scomi Oil Tool: Supervisor: Armando Soto – 432-553-7978 Hobbs, NM

Monitoring 24 hour service

Equipment:

Centrifuges (brand): Derrick

Rig Shakers (brand): Brandt

D-watering Unit

Air pumps on location for immediate remediation process

Layout of Close Loop System with bins, centrifuges and shakers attached.

Cuttings and associated liquids will be hauled to a State regulated third party disposal site: CRI (Controlled Recovery, Inc.) Disposal Facility Permit # R9166

2-250 bbl tanks to hold fluid

2- CRI Bins with track system

2- 500 bbl frac tanks for fresh water

2-500 bbl frac tanks for brine water

OPERATIONS:

Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed.

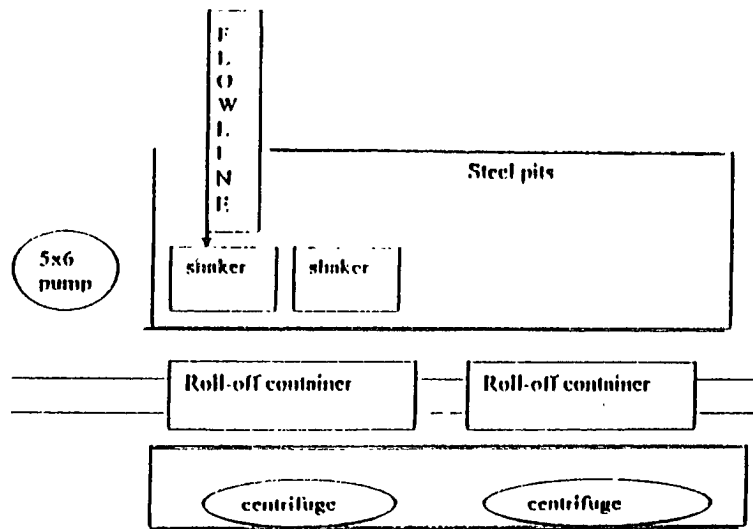
Any leak in system will be repaired and or/contained immediately

OCD will be notified within 48 hours of the spill.

Remediation process started immediately

CLOSURE:

During drilling operations all liquids, drilling fluids and cuttings will be hauled off via CRI (Controlled Recovery Incorporated) Disposal Facility Permit # R9166



This will be maintained by 24 hour solids control personnel that stay on location.

TOMMY WILSON



**CLOSED LOOP
SPECIALTY**

Office: 575.746.1689

Cell: 575.748.6167

POWER OF ATTORNEY

DESIGNATION OF AGENT

LRE Operating, LLC hereby names the following person as its agent:

Name of Agent: George R. Smith d/b /a/ Energy Administrative Services Company

Agent's Address: P.O. Box 458, Roswell, NM 88202

Agent's Telephone Number: (575) 623-4940

GRANT OF SPECIAL AUTHORITY

LRE Operating, LLC grants its agent the authority to act for it with the respect to the following only:

1. Executing forms required to be filed with the Oil Conservation Division of the New Mexico Energy, Minerals, and Natural Resources Department.
2. Executive forms required to be filed with the Bureau of Land Management of the Department of Interior of the United States of America.

EFFECTIVE DATE

This power of attorney is effective immediately.

RELIANCE ON THIS POWER OF ATTORNEY

Any person, including the agent, may rely upon the validity of this power of attorney or a copy of it unless that person knows it has terminated or is invalid.

SIGNATURE AND ACKNOWLEDGEMENT

LRE Operating, LLC

By: [Signature]

Name: Charles Adcock

Title: Co-Chief Executive Officer

Date: 12/05/2011

Address: 1111 Bagby Street, Suite 4600, Houston, TX 77002

State of TEXAS

County of HARRIS

This instrument was acknowledged before me on December 5, 2011 by Charles Adcock
Co-CEO of LRE Operating, LLC acting on behalf of said limited liability corporation.

Signature of notarial officer: Leslie Bowman
My commission expires: June 20, 2015

