

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

RECEIVED
MAR 05 2013
NMOCD ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

5. Lease Serial No.
NMLC-046250(B)
6. Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.

2. Name of Operator
LRE OPERATING, LLC

WILLIAMS B FEDERAL #6

3a. Address
3104 N. Sullivan, Farmington, NM 87401

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

9. API Well No.

30-015-35900

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1850' FNL & 1650' FEL Unit G
Sec. 29, T17S, R28E

Accepted for reentry 3/5/2013
NMOCD

10. Field and Pool, or Exploratory Area

Artesia, Glorieta-Yeso (96830)
Red Lake, San Andres (97253)
AND
Eddy County, New Mexico

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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other DHC
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	APPLICATION
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (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.)

LRE OPERATING, LLC requests administrative approval to downhole commingle the existing (TA) Artesia, Glorieta-Yeso (96830) and the existing producing Red Lake, San Andres (97253).

Both intervals have common ownership, & we have not experienced any significant cross flows, & all the fluids are compatible. Downhole commingling will improve recovery of liquids & gas, eliminate redundant surface equipment, & maximize productivity. Notice has been filed concurrently on form C-107A with the State.

Lime Rock plans to commingle by removing the RBP, which is set above the Yeso perms. Lime Rock is requesting approval to commingle the two pools upon completion of rig operations. The production allocation will be calculated by subtracting the total well production after two months of commingled production from the current (San Andres) production of 10 BOPD and 45 MCF/D. We plan to submit these calculations and the resulting allocation to your office after the well has been on line for about 2 months.

Permit Name (Printed/Typed) **Mike Pippin** Title **Petr. Engr. (Agent)**
Signature *Mike Pippin* Date **February 19, 2013**

SUBJECT TO LIKE APPROVAL BY STATE

THIS SPACE FOR FEDERAL OR STATE USE

Approved by _____ Title _____ Date _____
Office _____

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.

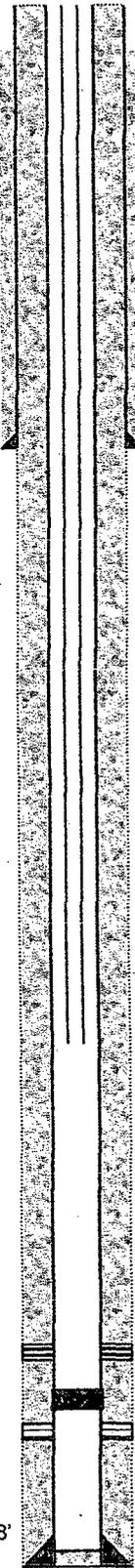
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

APPROVED
MAR 4 2013
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE



Proposed Downhole Commingle of San Andres & Yeso

Williams B Federal #6
Sec 29-17S-28E (G)
1850' FNL, 1650' FEL
Elevation - 3,646'
API #: 30-015-35900
Eddy County, NM



8-5/8", 24#, J-55, ST&C Casing @ 459'. Did not circulate. TOC @ 30'

San Andres Perfs: 2,748' - 3,050' (1 SPF - 43 holes)

RBP @ 3,350'

Yeso Perfs: 3,404' - 3,500' (1 SPF - 34 holes)

PBTD @ 3,548'

5-1/2", 14#, J-55, ST&C Casing @ 3,555'. Circulated 52 sx to surface. (06/19/2007)

TD @ 3,570'

GEOLOGY

Zone	Top
Yates	369'
7 Rivers	600'
Queen	1,164'
Grayburg	1,580'
San Andres	1,900'
Glorietta	3,282'
Yeso	3,368'

SURVEYS

Degrees	Depth
3/4°	465'
1°	1,026'
1/2°	1,526'
1/2°	2,001'
1/2°	2,504'
3/4°	3,008'
3/4°	3,570'

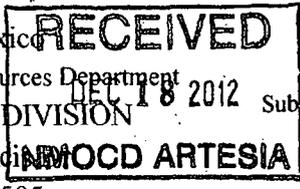
District I
1625 N. French Dr., Hobbs, NM 88240

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
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 30-015-35900		² Pool Code 97253		³ Pool Name RED LAKE, San Andres	
⁴ Property Code 309867		⁵ Property Name WILLIAMS B FEDERAL			⁶ Well Number 6
⁷ OGRID No. 281994		⁸ Operator Name LRE OPERATING, LLC.			⁹ Elevation 3646' 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
G	29	17-S	28-E		1850	NORTH	1650	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

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</p> <p><i>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.</i></p> <p>Signature: <i>Mike Pippin</i> Date: 12/15/12</p> <p>Mike Pippin Printed Name</p>
	<p>¹⁸ 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>9/10/07</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Gary G. Eidson</p> <p>12641 Certificate Number</p>

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

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

Single Well
 Establish Pre-Approved Pools

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

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 Yes No

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

WILLIAMS B FEDERAL #6 **G SEC. 29 T17S R28E** **Eddy**
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309867 API No. 30-015-35900 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)	2748'-3050'		3404'-3500'
Method of Production (Flowing or Artificial Lift)	Pumping		Plan to Pump
Bottomhole Pressure (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)	690 psi		851 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	34.8		38.32
Producing, Shut-In or New Zone	Producing		TA (Below RBP)
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 1/5/2013 RATES: 10 BOPD 45 MCF/D 155 BWPD	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	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

NMOCD 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 _____ TITLE Petroleum Engineer - Agent DATE February 19, 2013

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

E-MAIL ADDRESS mike@pippinllc.com

**Williams B Federal #6
30-015-35900
LRE Operating, LLC.
March 04, 2013
Conditions of Approval**

- 1. Surface disturbance beyond the existing pad must have prior approval.**
- 2. Closed loop system required.**
- 3. Operator to have H2S monitoring on location as H2S is always a potential hazard.**
- 4. A minimum of a 2M BOP is required and must be tested prior to beginning work.**
- 5. Prior to commingling, operator shall perform a production test on the Glorieta-Yeso and San Andres formations individually and submit results to the BLM.**
- 6. A subsequent sundry and completion report are required for the Glorieta-Yeso and San Andres formations.**
- 7. Like approval by state.**

JAM 030413