

ABOVE THIS LINE FOR DIVISION USE ONLY

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



WILLIAMS A FEDERAL #2Q -- 30-015-32459

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] *30-015-32459*
- [A] Location - Spacing Unit - Simultaneous Dedication *LRB Operating, LLC*
 NSL NSP SD
- Check One Only for [B] or [C] *Williams A Fed 2Q*
- [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 _____

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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

[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.

<u>Mike Pippin</u>	<i>Mike Pippin</i>	Petroleum Engineer	July 18, 2013
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

July 18, 2013

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

RE: C-107A TO COMMINGLE TWO POOLS
WILLIAMS A FEDERAL #2Q– API#: 30-015-32459
Unit Letter "K" Section 29 T17S R28E
Eddy County, New Mexico

Dear Mr. Goetze,

The referenced oil well has produced since December 26, 2004 from the Artesia, Glorieta-Yeso (96830). LRE would like to open a new upper pool, the Red Lake, Queen-Grayburg-San Andres (51300) and commingle the two pools. Interests in these two pools are identical. A sundry notice has been submitted to the BLM to open the upper interval and commingle.

LRE is requesting approval to commingle the two pools upon completion of rig operations to complete the well in the upper pool. The production allocations will be calculated by subtracting the total well production after about two months of commingled production from the current (Yeso) production of 4 BOPD and 8 MCF/D. We plan to submit these calculations and the resulting allocations to the district office after the well has been on line for about 2 months.

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

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 Department

Form C-107A
Revised June 10, 2003

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

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

WILLIAMS A FEDERAL #20 K SEC. 29 T17S R28E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309877 API No. 30-015-32459 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	RED LAKE; Queen-Grayburg-San Andres		ARTESIA: Glorieta-Yeso
Pool Code	51300		96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1854'-3041'		3396'-3497'
Method of Production (Flowing or Artificial Lift)	Plan to Pump		Pumping
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	New Zone		Producing
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: RATES:	Date: Rates:	Date: 2/14/13 Rates: 4 BOPD 8 MCF/D
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?
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 Mike Pippin TITLE Petroleum Engineer - Agent DATE July 18, 2013
TYPE OR PRINT NAME Mike Pippin TELEPHONE NO. (505) 327-4573
E-MAIL ADDRESS mike@pippinllc.com



LRE Operating, LLC
Proposed San Andres 4 Stage
Recompletion
AFE # R13016

Williams A Federal #2
Sec 29-17S-28E (K)
1800' FSL, 1650' FWL
Elevation – 3,683'
API #: 30-015-32459
Eddy County, NM

Spud
11/26/04

TOC @ +/- 10' (check visually)

- TOH w/ rods, pump. N/U BOP.
- POOH, run bit and scraper, Test CSG w PKR and RBP, LD tubing.
- MIRU WLU and perforate, acidize, and frac the San Andres in four stages as described below.
- PU 2-7/8" tubing and drill CBP's and clean out to PBTD 3509'.
- TIH w/ tubing (TAC at 1750', SN at 3350', 4' slotted sub, 2 jt MA w BP at ~3415')
- TIH w/pump and rods and turn to production.
- Produce the San Andres and Yeso with an approved commingling permit.

8-5/8", 24#, J-55, ST&C Casing @ 458'.

2-7/8"; 6.5#, J-55 Tubing, TAC at 1750', SN at 3350',
4' slotted sub, 2 jt MA w BP at ~ 3415'

Drill all CBP's and commingle Yeso & San Andres after 4 stage San Andres Recompletion

CBP @2150'

Stage 4 San Andres: 1854'-2113', 1 spf, 14 holes
 2000 g 15% HCL acid and 21 bio balls, 37,000 g X-link 20# gel, 45,500 lbs 16/30 Brady, 13,500 lbs 16/30 resin coated sand, staged 1-4.5 ppg, at 65 BPM

CBP @2468'

Stage 3 San Andres: 2196'-2451', 1 spf, 22 holes
 3000 g 15% HCL acid and 33 bio balls, 50,000 g X-link 20# gel, 65,500 lbs 16/30 Brady, 18,000 lbs 16/30 resin coated sand, staged 1-4.5 ppg, at 65 BPM

CBP @2700'

Stage 2 San Andres: 2480'-2651', 1 spf, 17 holes
 2000 g 15% HCL acid and 26 bio balls, 42,000 g X-link 20# gel, 54,500 lbs 16/30 Brady, 18,000 lbs 16/30 resin coated sand, staged 1-4.5 ppg, at 65 BPM

CBP @3280'

Stage 1 San Andres: 2740'-3040', 1 spf, 23 holes
 3000 g 15% HCL acid and 35 bio balls, 54,000 g X-link 20# gel, 70,500 lbs 16/30 Brady, 18,000 lbs 16/30 resin coated sand, staged 1-4.5 ppg, at 65 BPM

Yeso Perfs: 3,396' - 98'; 3,402'; 04'; 08' - 12'; 17'; 39' - 41'; 55'; 57'; 74'; 77'; 79'; 83' - 84'; 87'; 90' - 92' & 96' - 97' (1 SPF, 27 holes)

Stim Info: 3000 gal 15% NEFE; 20k gal gelled 20% HCl, 30k gal 40# gel, 3000 gal. (12/26/04)

PBTD @ 3,509'

5-1/2"; 17#, J-55; ST&C Casing @ 3,560'. 350 sks lead & 400 sks tail. Circulate 136 sx to surface. (12/04/2004)

TD @ 3,570'

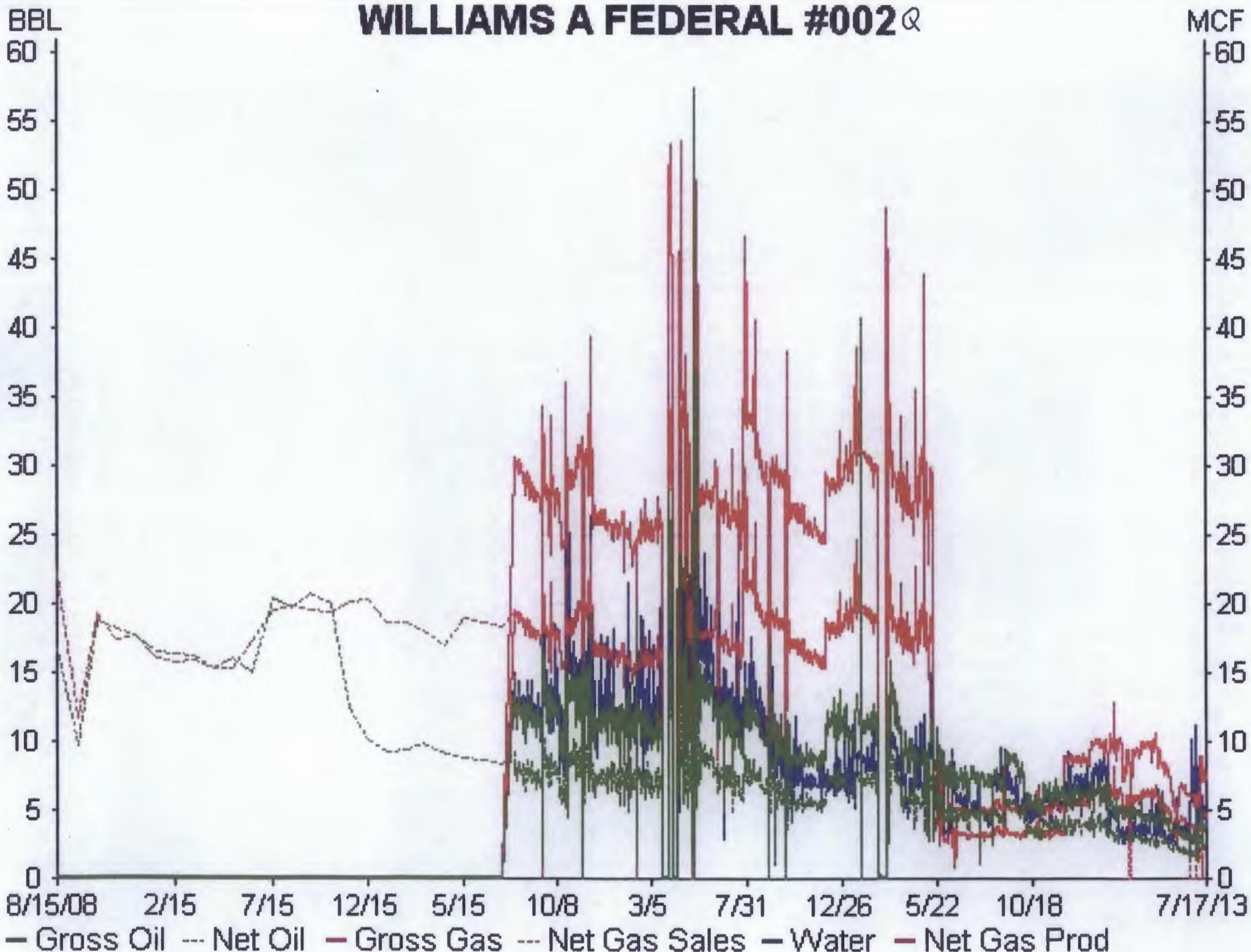
GEOLOGY

Zone	Top
Yates	506'
7 Rivers	792'
Queen	1,265'
Grayburg	1,604'
San Andres	1,886'
Glorietta	3,272'
Yeso	3,367'

SURVEYS

Degrees	Depth
1/2°	502'
3/4°	1,018'
3/4°	1,506'
1°	1,995'
3/4°	2,489'
1/2°	3,006'

WILLIAMS A FEDERAL #002 Q



— Gross Oil -- Net Oil — Gross Gas -- Net Gas Sales — Water — Net Gas Prod

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.

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

5. Lease Serial No.
NMNM 048344

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
WILLIAMS A FEDERAL #2Q

3
30-015-32459

10. Field and Pool, or Exploratory Area
Red Lake, Queen-Grayburg-San Andres (51300)
Artesia, Glorieta-Yeso (96830)
AND
Eddy County, New Mexico

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
LRE OPERATING, LLC.

3a. Address c/o Mike Pippin LLC
3104 N. Sullivan, Farmington, NM 87401

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
**1800' FSL & 1650' FWL Unit K
Sec. 29, T17S, R28E**

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 checked="" 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 Recomplete to San Andres & Commingle w/Yeso
	<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 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 would like to recomplete this Yeso oil well to the San Andres as follows: MIRUSU. TOH w/rods & pump. Set a 5-1/2" CBP @ ~3280' & PT to ~3500 psi. (Existing Yeso perfs are 27 holes @ 3396'-3497'). Perf lower SA @ about 2740'-3041' w/~33 holes. Stimulate w/~3000 gal 15% HCL acid & frac w/~89,000# 16/30 sand in X-linked gel. Set a 5-1/2" CBP @ ~2700' & PT to ~3500 psi. Perf middle SA @ about 2480'-2651' w/~17 holes. Stimulate w/~2000 gal 15% HCL acid & frac w/~73,000# 16/30 sand in X-linked gel. Set a 5-1/2" CBP @ ~2468' & PT to ~3500 psi. Perf upper SA @ about 2196'-2451' w/~22 holes. Stimulate w/~3000 gal 15% HCL acid & frac w/~59,000# 16/30 sand in X-linked gel. Set a 5-1/2" CBP @ ~2150' & PT to ~3500 psi. Perf upper SA @ about 1854'-2113' w/~14 holes. Stimulate w/~2000 gal 15% HCL acid & frac w/~59,000# 16/30 sand in X-linked gel. CO after frac, drill CBPs & 2150', 2468', 2700' & 3280' & CO to PBTD3509'. Land 2-7/8" tbg @ ~3415' & run pump & rods. Release workover rig & complete as a commingled Yeso/San Andres oil well.

LRE requests administrative approval to downhole commingle the existing (SI) Artesia, Glorieta-Yeso (96830) and the proposed Red Lake, Queen-Grayburg-San Andres (51300). Both intervals have common ownership (Category 1), we have not experienced any significant cross flows, & all the fluids are compatible. Downhole commingling will maximize the ultimate recovery of oil & gas, eliminate redundant surface equipment, & maximize productivity. Notice has been filed concurrently on form C-107A with the State. LRE is requesting approval to commingle the two pools upon completion of rig operations, which will reduce the environmental impact. The production allocation will be calculated by subtracting the total well production after about two months of commingled production from the current (Yeso) production of 4 BOPD and 8 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.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Mike Pippin	Title Petroleum Engineer (Agent)
Signature <i>Mike Pippin</i>	Date July 18, 2013

THIS SPACE FOR FEDERAL OR STATE 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, 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.

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

District II
811 South First, Artesia, NM 88210

District III
1800 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

RECEIVED
APR 17 2000
BY:

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Artesia, GL-YE		Pool Name
26370		96830	WILLIAMS A FEDERAL		Well Number
Property Code		Property Name			2 Q
OGRID No.		Operator Name			Elevation
020451		SDX RESOURCES, INC.			3683

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	29	17-S	28-E		1800	SOUTH	1650	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	Joint or Infill	Consolidation Code	Order No.
40			

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>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p>	
	<p>Signature: <i>Bonnie Atwater</i></p>	
	<p>Printed Name: Bonnie Atwater</p>	
	<p>Title: Regulatory Tech Date: 4/28/00</p>	
<p>SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was ploned 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>APR 20 2000 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: </p>
<p>5412 REGISTERED PROFESSIONAL ENGINEER LAND SURVEYOR NEW MEXICO AN R REDDY</p>		

Original on file

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1800 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

RECEIVED
APR 17 2000
BY:

Form C-102
Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		51300	Red Lake QN-GB-SA
Property Code	Property Name		Well Number
	WILLIAMS FEDERAL		2 Q
OGRID No.	Operator Name		Elevation
020451	SDX RESOURCES, INC.		3683.

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	29	17-S	28-E		1800	SOUTH	1650	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	Joint or Infill	Consolidation Code	Order No.
40			

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>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p>
	<p>Signature: <i>Bonnie Atwater</i> Printed Name: Bonnie Atwater Title: Regulatory Tech Date: 4/28/00</p>
	<p>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>APR 17 2000 Date of Survey Signature and Seal of Professional Surveyor: AN R. REDDY REGISTERED PROFESSIONAL ENGINEER LAND SURVEYOR 5412 NM REAPS NO. 5412</p>

Original on file