ENGINEER G

APP NO. PPRG1325359

ABOVE THIS LINE FOR DIVISION USE ONL

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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

WILLIAMS B FEDERAL #7 -- 30-015-37196



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]

		[SWD-Salt Water Disposal]	PMX-Pressure Maintenance Expansi [IPI-Injection Pressure Increase] tification] [PPR-Positive Production	
[1]		PLICATION - Check Those Wh	ich Apply for [A]	
	[A]	Location - Spacing Unit - Simul	taneous Dedication	LRE operating
		□ NSL □ NSP □ SE	,	LRE operating 30-015-37196 Williams B Fed*
		One Only for [B] or [C]		Williams B Fed*
	[B]	Commingling - Storage - Measu DHC CTB PI	rement	
	[C]		ncrease - Enhanced Oil Recovery WD	
	[D]	Other: Specify		
[2]	NOTIFICATI	ON DECLUDED TO. Chade T	haas Wikish Assaha as 🗆 Daas Nas Assa	
[2]	[A]		hose Which Apply, or □ Does Not Apiding Royalty Interest Owners	RE95(WFD OCD
	[B]	Offset Operators, Leasehold	ders or Surface Owner	J 3
	[C]	Application is One Which I	Requires Published Legal Notice	00I
	[D]	Notification and/or Concurr U.S. Bureau of Land Management - Comm	rent Approval by BLM or SLO nissioner of Public Lands, State Land Office	
	[E]	For all of the above, Proof	of Notification or Publication is Attach	ned, and/or,
	[F]	Waivers are Attached		
[3]		CURATE AND COMPLETE IN TION INDICATED ABOVE.	FORMATION REQUIRED TO PR	ROCESS THE TYPE
	al is accurate an	d complete to the best of my kno	formation submitted with this application whedge. I also understand that no actions are submitted to the Division.	
	Note:	Statement must be completed by an in	dividual with managerial and/or supervisory	capacity.
		Mile Pagin		
Mike P	ippin r Type Name	Signature	Petroleum Engineer Title	August 30, 2013 Date
		0	mike@pippinl	
			e-mail Address	

LRE OPERATING, LLC Mike Pippin 3104 N. Sullivan Avenue Farmington, NM 87401 505-327-4573 (phone) mike@pippinllc.com

September 6, 2013

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

RE: C-107A TO COMMINGLE TWO POOLS

WILLIAMS B FEDERAL #7 - API#: 30-015-37196

Unit Letter "E" Section 29 T17S R28E

Eddy County, New Mexico

Dear Mr. Goetze,

The referenced oil well was completed on October 28, 2009 in the Artesia, Glorieta-Yeso (96830). LRE currently has an NOI sundry to recomplete into the upper pool, the Red Lake, San Andres (97253). We would like to commingle the two pools after recompletion operations are complete. Interests in these two pools are identical. A commingle application has also been submitted to the BLM.

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 current (Yeso) production of 4 BOPD and 82 MCF/D 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 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

Mike Pippin

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

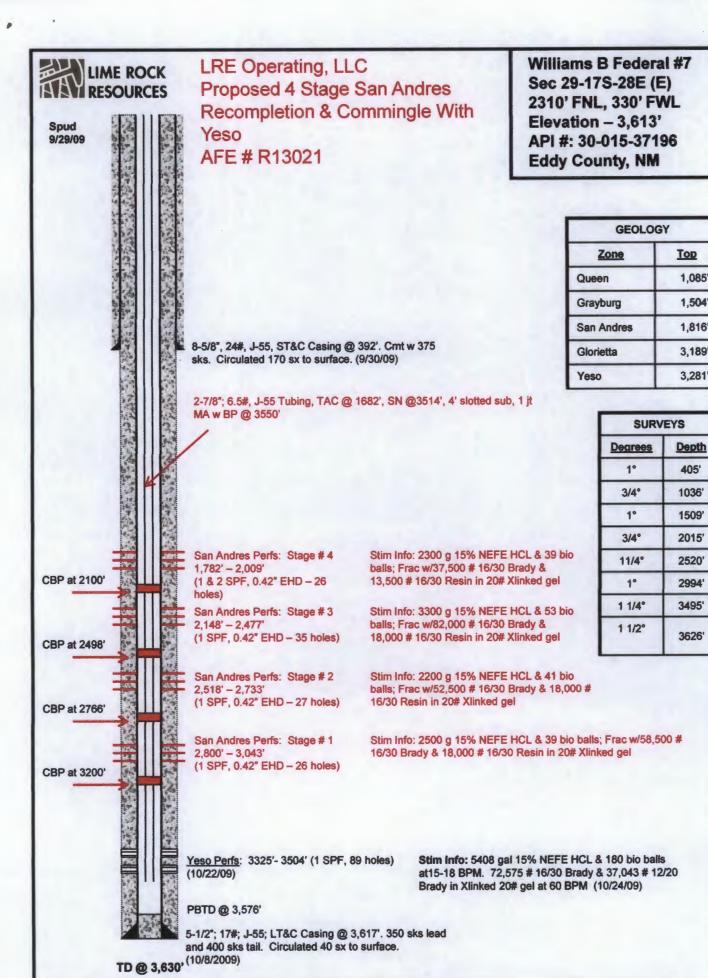
District II

E-MAIL ADDRESS <u>mike@pippinllc.com</u>

Oil Conservation Division

APPLICATION TYPE

District III 1000 Rio Brazos Road, Aztec, NM 87410		uth St. Francis Dr.	_X_Single Well Establish Pre-Approved Pools					
District IV	Santa Fe, New Mexico 87505 Establish Pre-Approved EXISTING WELLE							
NO S. SI. Francis Dr. Santa Fc. NM 87503 APPLICATION FOR DOWNHOLE COMMINGLING X Yes No								
LRE OPERATING, LLC	o/o Mika Binnin LLC (agent) 2	104 N. Sullivan, Farmington, NM 87401						
Operator Operator		dress						
WILLIAMS B FEDERAL #1	7 E SEC. 29 T	117S R28E	Eddy					
Lease	Well No. Unit Letter-	T17S R28E -Section-Township-Range	County					
OGRID No. 281994 Property Cod	e_309867 API No30-015	-37196 Lease Type: X Federa	alStateFee					
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE					
Pool Name	RED LAKE; -San Andres		ARTESIA: Glorieta-Yeso					
Pool Code	97253 v	1	96830					
	~1782'-3043'		3325'-3504'					
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)		1						
	Plan to Pump		Pumping					
Method of Production (Flowing or Artificial Lift)								
Bottomhole Pressure	690 psi		851 psi					
(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)								
Oil Gravity or Gas BTU (Degree API or Gas BTU)	34.8		38.32					
Producing, Shut-In or New Zone	Prospective New Zone		Producing					
Date and Oil/Gas/Water Rates of								
Last Production. (Note: For new zones with no production history,	Date:	Date:	Date: 9/3/13					
applicant shall be required to attach production	RATES:		Rates: 4 BOPD					
estimates and supporting data.)		Rates:	82 MCF/D					
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or	Oil Gas 1BD Subtract	oil Method Gas	Oil Gas					
explanation will be required.)	1100 2002	% %						
	ADDITIO	NAL DATA						
Are all working, royalty and overriding If not, have all working, royalty and over	royalty interests identical in all co	mmingled zones?	Yes X No No No					
Are all produced fluids from all commi	ngled zones compatible with each	other?	Yes X No					
Will commingling decrease the value of	f production?		YesNo_X					
If this well is on, or communitized with or the United States Bureau of Land Ma			Yes X No					
NMOCD Reference Case No. applicable	e 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.								
	bbs	OVED BOOLS						
If application is List of other orders approving downhol List of all operators within the proposed Proof that all operators within the prop	to establish Pre-Approved Pools, t e commingling within the propose d Pre-Approved Pools		II be required:					
Bottomhole pressure data.								
I hereby certify that the information	/ /\ .							
SIGNATURE M4	to tappin TITLE	Petroleum Engineer - Agent DA	TE Setpember 6, 2013					
TYPE OR PRINT NAME M	like Pippin	TELEPHONE NO. (50	327-4573					



Top

1,085

1,504

1,816'

3,189

3,281'

405

1036

1509

2015

2520'

2994'

3495

3626

Form 3160-5 (November 1994)

UNITED STATES DEPARTMENT OF THE INTERIOR

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

BUR	5. Lease Serial No.								
SUNDRY I	NMLC 046250B								
Do not use this	6. If Indian, Allottee or Tribe Name								
abandoned well.									
			7. If Unit or CA/Agreement, Name and/or No.						
SUBMIT IN TRIPL	CATE – Other instru	ctions on reverse side							
1. Type of Well									
X Oil Well Gas Well	Other		Well Name and No.						
Name of Operator			WILLIAMS B FEDERAL #7						
LRE OPERATING, LLC			9. API Well No.						
 Address C/O Mike Pippin L 		3b. Phone No. (include area code)	30-015-37196						
3104 N. Sullivan, Farmingto		505-327-4573	10. Field and Pool, or Exploratory Area						
4. Location of Well (Footage, Sec.,	T., R., M., or Survey Description	on)	Artesia: Glorieta-Yeso (96830)						
			Red Lake, San Andres (97253)						
2310' FNL & 330' FWL Unit	Ē		AND						
Sec. 29, T17S, R28E			Eddy County, New Mexico						
12. CHECK APPROPRIATE BOX	K(ES) TO INDICATE NAT	URE OF NOTICE, REPORT, OR OT	HER DATA						
TYPE OF SUBMISSION	TYPE OF ACTION								
X Notice of Intent	Acidize		(Start/Resume) Water Shut-Off						
-	Alter Casing	X Fracture Treat Reclamation							
Subsequent Report	Casing Repair Change Plans	New Construction ☐ Recomplete ☐ Plug and Abandon ☐ Temporarily							
Final Abandonment Notice	y Abandon San Andres & DHC osal								
	Convert to Injection								
3. 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 into the San Andres & DHC as follows: MIRUSU. TOH w/rods, pump, & tbg. Set a 5-1/2" CBP @ 3200' & PT to 3500 psi. Perf Lower SA @ ~2800'-3043 w/~26 holes. Treat new perfs w/~2500 gal 15% HCL & frac w/~76,500# 16/30 sand in 20# X-linked gel. Set a 5-1/2" CBP @ 2766' & PT to 3500 psi. Perf middle SA @ ~2518'-2733 w/~27 holes. Treat new perfs w/~2200 gal 15% HCL & frac w/~70,500# 16/30 sand in 20# X-linked gel. Set a 5-1/2" CBP @ 2498' & PT to 3500 psi. Perf Upper SA @ ~2148'-2477 w/~35 holes. Treat new perfs w/~3300 gal 15% HCL & frac w/~100,000# 16/30 sand in 20# X-linked gel. Set a 5-1/2" CBP @ 2100' & PT to 3500 psi. Perf Upper SA @ ~1782'-2009 w/~26 holes. Treat new perfs w/~2300 gal 15% HCL & frac w/~51,000# 16/30 sand in 20# X-linked gel. CO after frac, drill all 4 CBPs & CO to PBTD @ ~3576'. Land 2-7/8" tbg @ ~3550' & run pump & rods. Release workover rig & complete as a commingled SA/Yeso oil well. The existing Glorieta-Yeso perfs are 89 holes @ 3325'-3504'. This work will not start until the DHC applications in Santa Fe & Carlsbad are approved. We plan to utilize a

 14. I hereby certify that the foregoing is true and correct 							
Name (Printed/Typed) Tit	le e						
Mike Pippin	Petroleum Engineer (Agent)						
Signature Da							
Mite Texper	September 6, 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 of certify that the applicant holds legal or equitable title to those rights in the subject leas which would entitle the applicant to conduct operations thereon.							
201 10 H C C C 1 1001 1 2 2 5 5 1 1 1 1 1 1 1 1 1 1 1 1 1 1	THE IL A. A. I. A.	annual of the United Ctates and folia Catitions					

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.

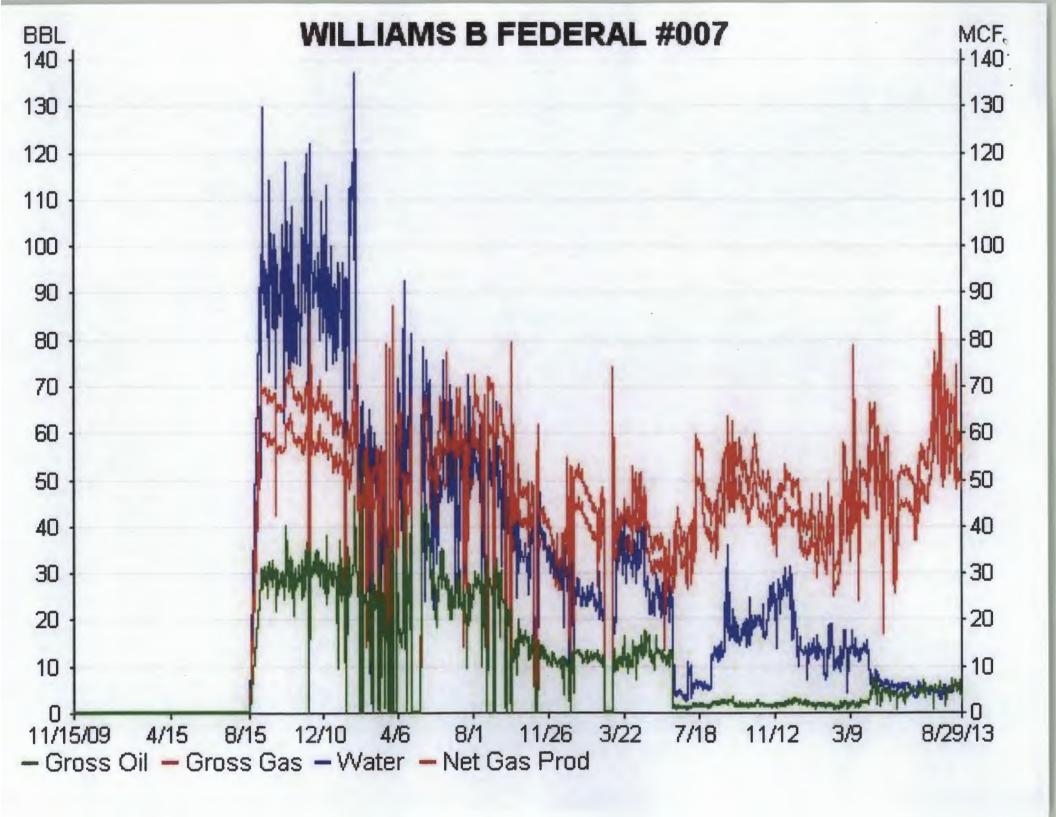
Form 3160-5 (November 1994)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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

BUF	5. Lease Serial No.								
SUNDRY I	NMLC 046250B								
Do not use this abandoned well.	6. If Indian, Allottee or Tribe Name								
	ICATE – Other instru	ctions	on reverse	e side	7. If Unit or CA/Agreement, Name and/or No.				
Type of Well Gas Well Gas Well	Other				8. Well Name and No.				
2. Name of Operator	Outer				WILLIAMS B FEDERAL #7				
LRE OPERATING, LLC					9. API Well No.				
3a. Address c/o Mike Pippin L	LC	3b. Ph	one No. (includ	le area code)	30-015-37196				
3104 N. Sullivan, Farmingto		1	27-4573		10. Field and Pool, or Exploratory Area				
4. Location of Well (Footage, Sec.,					Artesia: Glorieta-Yeso (96830)				
					Red Lake, San Andres (97253)				
2310' FNL & 330' FWL Unit	E				AND				
Sec. 29, T17S, R28E									
					Eddy County, New Mexico				
12. CHECK APPROPRIATE BOX	K(ES) TO INDICATE NAT	URE OF	NOTICE, RE	EPORT, OR OT	HER DATA				
TYPE OF SUBMISSION	TYPE OF ACTION								
■ Notice of Intent ■ Subsequent Report	☐ Acidize ☐ Alter Casing ☐ Casing Repair		pen ture Treat Construction	Production Reclamation Recomplete					
	Change Plans	Plug	and Abandon	Temporarily					
Final Abandonment Notice	Convert to Injection	Plug	Back	☐ Water Disp	osal				
If the proposal is to deepen directionally Attach the Bond under which the work Following completion of the involved open	or recomplete horizontally, give so will be performed or provide the E- erations. If the operation results in andonment Notices shall be filed o	absurface lo lond No. o a multiple	ocations and meas n file with BLM/ completion or rec	ared and true vertica BIA. Required sub- completion in a new	cosed work and approximate duration thereof. al depths of all pertinent markers and zones. sequent reports shall be filled within 30 days interval, a Form 3160-4 shall be filed once have been completed, and the operator has				
proposed Red Lake, San Andrecomplete into the Sa	LRE requests administrative approval to downhole commingle the existing Artesia, Glorieta-Yeso (96830) and the proposed Red Lake, San Andres (97253). The well was originally completed in the Yeso on 10/28/09. An NOI sundry to recomplete into the San Andres has been submitted to your office. Both intervals have common ownership (Category #1), & 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, which reduces the environmental impact, & 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 the recompletion rig operators. The production allocation will be calculated by subtracting the current Yeso producing rate of 4 BOPD & 82 MCF/D from the commingled production (after about 2 months of commingled production). See the attached C-107A, WBD & other supporting data, which has been filed with the State.									
14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Mike Pippin Petroleum Engineer (Agent)									
Signature	Sep	tember 6, 2013							
	THIS SPACE	E FOR I	EDERAL OR	STATE USE					
Approved by			Title		Date				
Conditions of approval, if any, are attached certify that the applicant holds legal or equ which would entitle the applicant to conduct	itable title to those rights in the sul		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
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV

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

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.

Signature and Seal of Professional Surveyor:

11/18/08 Date of Survey

12641

Gary G. Eidson

Certificate Number

State Lease - 4 Copies
Fee Lease - 3 Copies

District IV	,,				Santa Fe.	NM 87505				10	b Lease - 5 copies
1220 S. St. Francis	Dr., Santa	Fe, NM 8750	05						I	AMI	ENDED REPORT
			WEIT I	OCATIO	NI ANITA AA	CREAGE DEDIC	~ A TT	ONI DI A	T.		
1,	PI Numbe		WELL LC	² Pool Coc		CREAGE DEDIC	AII	ON PLA Pool Na			
			Red	Lake, Sa							
30-015-37196 97253 Red Lak										6 1	Well Number
30986	ſ			B FEDERAL					7		
OGRID N						tor Name					⁹ Elevation
281994	1				LRE OPER	ATING, LLC				3	8613' GL
	1					ce Location					
UL or lot no.	Section	Township	Range	Lot ld:	·		Feet	from the	East/We	est line	County
E	29	17-S	28-E		2310	NORTH		330'	WE	ST	EDDY
		1	11 Bc	ottom He	ole Location	n If Different Fro	m Su	rface	L		
UL or lot no.	Section	Township	Range	Lot Idi	·			from the	East/We	est line	County
12 Dedicated Acres	13 Joint o	r Infill	4 Consolidation	Code 15 C	rder No.				L		
40											
No allowable v	vill he ass	sioned to	this complet	ion until 2	ll interests ha	ve been consolidated	oran	on-standa	rd unit has	s been ar	nroved by the
division.		ng.iou to	inio compici			ve seen consondated	. 01	on bunda	i di	o occir a ₁	proved by the
	T							¹⁷ O	PERATO	R CER	FIFICATION
•											ed herein is true and complete
2310								1			hat this organization either
5	i								-		interest in the land including ight to drill this well at this
											er of such a mineral or workin
								interest, or to	a voluntary pooi	ling agreemen	t or a compulsory pooling
								order heretofe	ore emered by the	e division.	
								9	il to	Din	8/30/13
								Signature	7	7-	Date
330'								NGI Pi			
								Mike Pipr Printed Nam			
				All the second s							
				ı							
				29 —				18CT ID	VEVOD	Cran	TIFICATION
						1	- 1	DUK	V C I UK	CEK	HEICAHUN

State of New Mexico

DISTRICT I

DISTRICT II

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR.

DISTRICT III 1000 Bio Brance Bd., Asten, Hit 87410

Santa Fe, New Mexico 87505

DISTRICT IV	- energe W	ELL LOCATION	AND	ACREAGE	DEDICATION	PLAT	C AMENDED REPORT
APE Number		Pool Code	,	1		Pool Name	
30-015-37	1196	96830	/	· V	Artesia	; Gloriet	a-Yeso
Property Code		Property Name					Well Humber
305444		WILL	IAMS	B FEDERAL			7
255333		LIME RO		retor Name ESOURCES	A, L.P.		Blovation 3613'

Surface Location

	UL or lot No.	Section	Township	Bango	Lot Ma	Foot from the	North/South Mas	Foot from the	East/West Mac	County	L
	E	29	17-5	28-E		2310	NORTH	330	WEST	EDDY	ſ
1			L								į

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 14m	Foot from the	North/South line	Foot from the	East/West line	County
Belicated Acres 40	Joint or	Infilia Con	ssolidation C	odo Ore	ler No.				

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

xxx xxxxxxx x x	OPERATOR CERTIFICATION I hereby certify that the information hereby is true and compilete to the heat of my hereledge and helief, and that the expendiculation althor come a weighty informat or unknown mineral interest in the head hockeding the proposed bottom hale location or her a zight to drill this wait at this location paramet to a control with an owner of such information or weighty informat, or to a vehiclety passing agreement or a companiony possing order heretative animod by the distance.
GEODETIC COORDINATES NAD 27 NME Y=656936.8 N X=539502.9 E	Signature R. Smith POA Agent Printed Name
330° SEE DETAIL LAT.=32.805942° N LONG.=104.204765° W REKNINGENNI	SURVEYOR CERTIFICATION
3603.9'	notes of actual fact compare made by the desired of actual fact compared to the head of any helical compared to the head of any helical NOTES HELD CO. E. J. 2008
	Date Spread of ME Standard in Me Standard in Me of Productional Surveyor 11/25/08
	Certificate No. GART EMBON 12041 ROHALD J. EMBON 3219