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		[D]	Other: S	Specify					n SEo		
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	[[B]	Ofi	fset Operators, Lea	seholders or	Surface O	wner		~t :2	\mathbf{C}	
		[C]	Ap	plication is One W	/hich Require	es Publish	ed Legal No	otice	, t		
	I	[D]		tification and/or C Bureau of Land Managemen	oncurrent Ap nt - Commissioner of	proval by Public Lands,	BLM or SI State Land Office	.0			
	ĺ	[E]	For	all of the above, I	Proof of Noti	fication or	Publication	n is Attach	ed, and	/o r ,	
	I	[F]	🗌 Wa	ivers are Attached	l						

[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	the Presein	Petroleum Engineer	September 9, 2013
Print or Type Name	Signature	Title	Date
		mike@pippinllc.c	om

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

September 9, 2013

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

> RE: C-107A TO COMMINGLE TWO POOLS <u>WILLIAMS B FEDERAL #3</u>– API#: 30-015-34723 Unit Letter "F" Section 29 T17S R28E Eddy County, New Mexico

Dear Mr. Goetze,

The referenced oil well was completed on May 1, 2006 in the Artesia, Glorieta-Yeso (96830). LRE has submitted 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 11 BOPD and 26 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 Rippin

Mike Pippin

Petroleum Engineer

District I	State of New Mexico	Form C-107A
1625 N. French Drive, Hobbs, NM 88240	Energy, Minerals and Natural Resources Department	Revised June 10, 2003
District II		
1301 W. Grand Avenue, Artosia, NM 88210	Oil Conservation Division	APPLICATION TYPE
District III	1220 South St. Francis Dr.	X Single Well
1000 Rio Brazon Road, Aztec, NM 87410	Santa Fe, New Mexico 87505	Establish Pre-Approved Pools
District IV		EXISTING WELLBORE

District IV

APPLICATION FOR DOWNHOLE COMMINGLING

X Yes

No

LRE OPERATING, LLC Operator

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

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

Address

F SEC. 29 T17S R28E WILLIAMS B FEDERAL #3 Eddy____ County Well No. Unit Letter-Section-Township-Range Lease

OGRID No. 281994 Property Code 309867 API No. 30-015-34723 Lease Type: X 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)	~2000'-3201'		3284'-3506'		
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	Prospective 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: 6/22/13 Rates: 11 BOPD 26 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 TBD/Subbactio	Oil Gas Method %	Oil Gas		

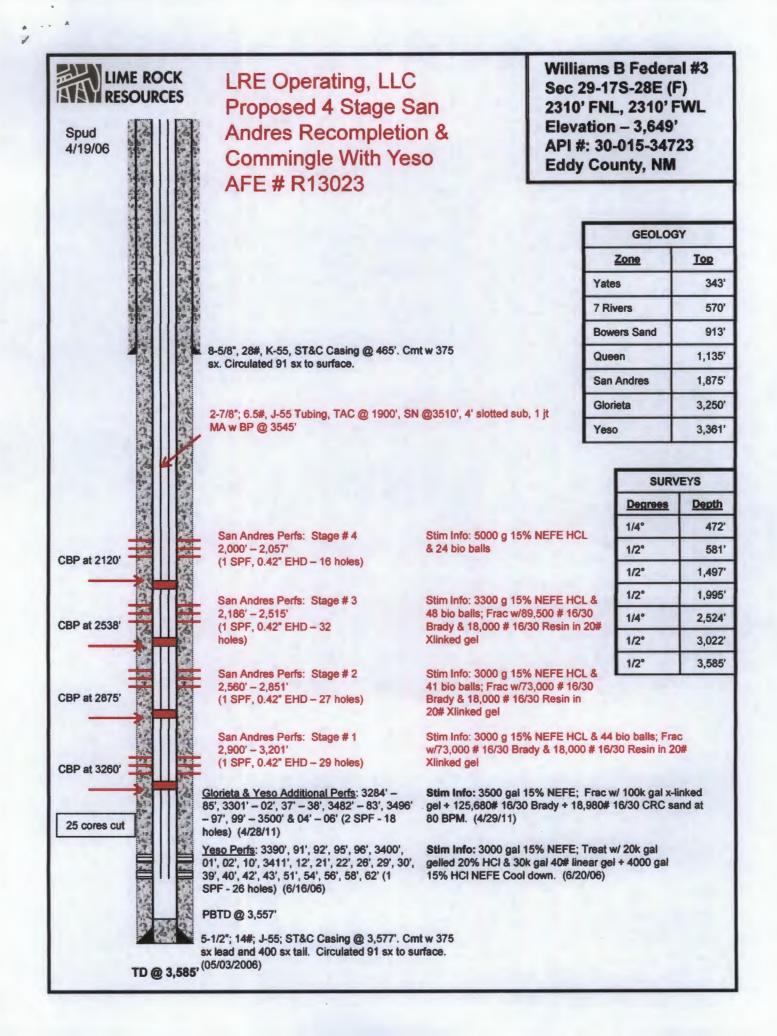
ADDITIONAL DATA Yes<u>X</u> No Yes____ No___ Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes X No____ Are all produced fluids from all commingled zones compatible with each other? Yes_____ No_X___ Will commingling decrease the value of production? 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 X No NMOCD Reference Case No. applicable to this well: Attachments

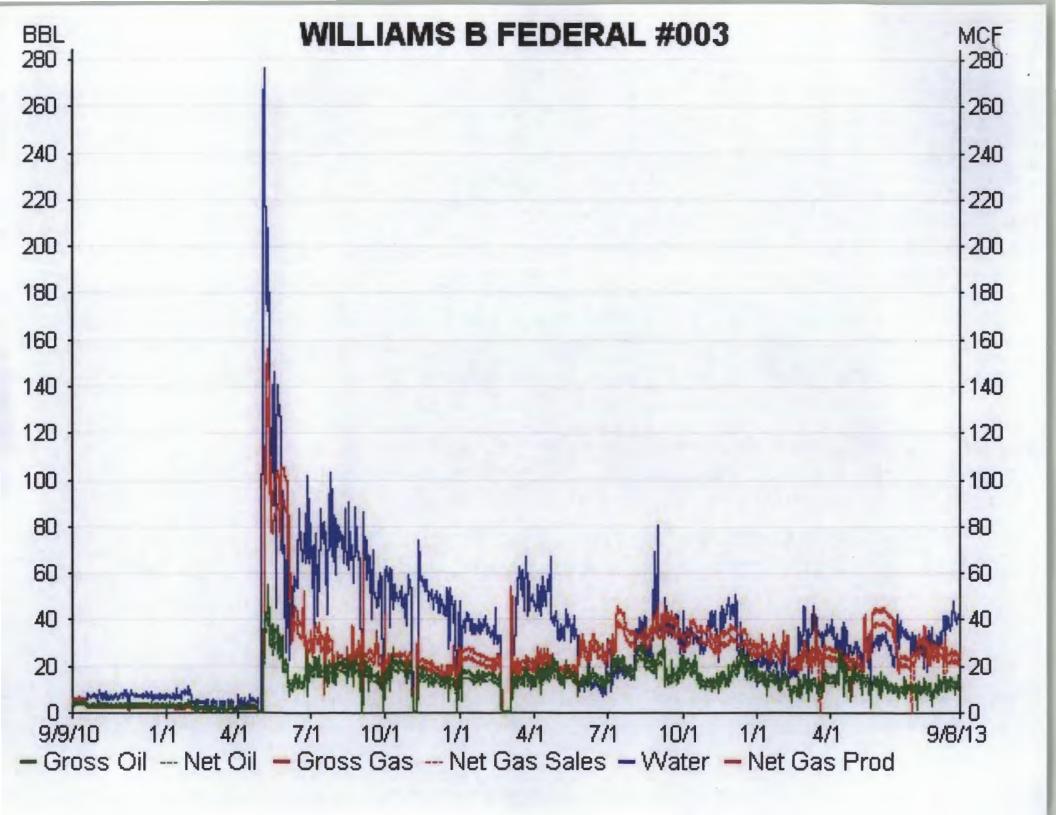
C-102 for each zone to be commingled showing its spacing unit and acreage dedication. Production curve for each zone for at least one year. (If not available, attach explanation.) For zones with no production history, estimated production rates and supporting data. Data to support allocation method or 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 pro	ovided 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 Lippin TITLE	Petroleum Engineer - Agent DATE September 9, 2013								
TYPE OR PRINT NAME <u>Mike Pippin</u>	TELEPHONE NO. (505) 327-4573								

E-MAIL ADDRESS mike@pippinllc.com





Do not u	UNITED STAT DEPARTMENT OF THE BUREAU OF LAND MAN JNDRY NOTICES AND REP se this form for proposal		FORM APPROVED OMB No. 1004-0135 Expires July 31, 1996 5. Lease Serial No. NMLC 046250B 6. If Indian, Allottee or Tribe Name				
	d well. Use Form 3160-3 () TRIPLICATE – Other in:		CA/Agreement, Name and/or No.				
Type of Well X Oil Well G	as Weli 🗌 Other		8. Well Name and No. WILLIAMS B FEDERAL #3				
LRE OPERATING, I	LC		9. API Wel	No.			
3a. Address C/O Mike 3104 N. Sullivan, Fa	Pippin LLC armington, NM 87401	3b. Phone No. (include 505-327-4573	10. Field and	30-015-34723 10. Field and Pool, or Exploratory Area Red Lake, San Andres (97253)			
 Location of Well (Fool 2310' FNL & 2310' F Sec. 29, T17S, R28I 		AND	Artesia: Glorieta-Yeso (96830) AND Eddy County, New Mexico				
12. CHECK APPROPRI	ATE BOX(ES) TO INDICATE	NATURE OF NOTICE, REP	ORT, OR OTHER DATA				
TYPE OF SUBMISS	ION TYPE OF ACTI	ON					
 Notice of Intent Subsequent Report Final Abandonment N 	Acidize Alter Casing Casing Repair Change Plans otice Convert to Inject	Deepen Fracture Treat Fracture Treat New Construction Plug and Abandon ion Plug Back	 Production (Start/Resume Reclamation Recomplete Temporarily Abandon Water Disposal 	te Well Integrity ily Abandon Applicatioin			
If the proposal is to deeper Attach the Bond under which Following completion of the	eted Operations (clearly state all perimet directionally or recomplete horizontally, h the work will be performed or provide involved operations if the operation re- Final Abandonment Notices shall be for final inspection.)	give subsurface locations and measure the Bond No on file with BLM/BI aults in a multiple completion or record	d and true vertical depths of all A. Required subsequent reports a npletion in a new interval, a Ford	pertinent markers and zones. shall be filed within 30 days n 3160-4 shall be filed once			
proposed Red Lake, recomplete into the 4 #1), & we have not e improve recovery of maximize productivit	ministrative approval to do San Andres (97253). The San Andres has been sub- experienced any significant liquids & gas, eliminate re ty. Notice has been filed c poroval to commingle the t	e well was originally com nitted to your office. Both cross flows, & all the flu dundant surface equipm	pleted in the Yeso on n intervals have comm ids are compatible. E ent, which reduces the 07A with the State.	5/1/06. An NOI sundry to non ownership (Category Downhole commingling will e environmental impact, &			

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14. I hereby certify that the foregoing is true and correct									
Name (Printed/Typed)	Title								
Mike Pippin		Petroleum Engineer (Agent)							
Signature Mikerispin	Date September 9, 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 warracertify that the applicant holds legal or equitable title to those rights in the subject 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 fraudulent statements or representations as to any matter within its jurisdi		illfully to make to any department or a	agency of the United States any false, fictitious or						

BUI	UNITED STATES ARTMENT OF THE INTE REAU OF LAND MANAGEM NOTICES AND REPORTS	FORM APPROVED OMB No. 1004-0135 Expires July 31, 1996 5. Lease Serial No. NMLC 046250B							
	form for proposals to d Use Form 3160-3 (APD) fo		6. If Indian, Allottee or Tribe Name						
SUBMIT IN TRIPL	ICATE Other instruct		7. If Unit or CA/Agreement, Name and/or No.						
1. Type of Well									
2. Name of Operator									
LRE OPERATING, LLC			9. API Well No.						
3a. Address C/O Mike Pippin L	•								
3104 N. Sullivan, Farmingto	on, NM 87401 5	05-327-4573	10. Field and Pool, or Exploratory Area						
4. Location of Well <i>(Footage, Sec.,</i> 2310' FNL & 2310' FWL Uni Sec. 29, T17S, R28E			Red Lake, San Andres (97253) Artesia: Glorieta-Yeso (96830) AND Eddy County, New Mexico						
12. CHECK APPROPRIATE BOX	X(ES) TO INDICATE NATUR	RE OF NOTICE, REPORT, O	R OTHER DATA						
TYPE OF SUBMISSION	TYPE OF ACTION								
 X Notice of Intent Subsequent Report Final Abandonment Notice 	ction (Start/Resume) Water Shut-Off mation Well Integrity nplete Other Recomplete to orarily Abandon San Andres Disposal								
 13. Describe Proposed or Completed Operations (clearly sate all perinent 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 perinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond Na on file with BL/MBLA. 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 Tessing has been completed. Final Abandomment 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 @ ~3260' & PT to 3500 psi. Perf Lower SA @ ~2900'-3201 w/~25 holes. Treat new perfs w/~3000 gal 15% HCL & frac w/~91,000# 16/30 sand in 20# X-linked gel. Set a 5-1/2" CBP @ ~2875' & PT to 3500 psi. Perf upper SA @ ~2186'-2515 w/~32 holes. Treat new perfs w/~3000 gal 15% HCL & frac w/~91,000# 16/30 sand in 20# X-linked gel. Set a 5-1/2" CBP @ ~2120' & PT to 3500 psi. Perf upper SA @ ~2186'-2515 w/~32 holes. Treat new perfs w/~3300 gal 15% HCL & frac w/~108,000# 16/30 sand in 20# X-linked gel. Set a 5-1/2" CBP @ ~2120' & PT to 3500 psi. Perf Upper SA @ ~2186'-2515 w/~32 holes. Treat new perfs w/~3300 gal 15% HCL & frac w/~108,000# 16/30 sand in 20# X-linked gel. Set a 5-1/2" CBP @ ~2120' & PT to 3500 psi. Perf Upper SA @ ~2186'-2515 w/~32 holes. Treat new perfs w/~3300 gal 15% HCL & frac w/~108,000# 16/30 sand in 20# X-linked gel. Set a 5-1/2" CBP @ ~2120' & PT to 3500 psi. Perf Upper SA @ ~2000'-2057 w/~16 holes. Treat new perfs w/~5000 gal 15% HCL. CO after stimulations, drill all 4 CBPs &									
 I hereby certify that the foregoing Name (Printed/Typed) Mike 	s is true and correct Pippin	Title Petr	bleum Engineer (Agent)						
Signature All to	train	Date	September 9, 2013						
	THIS SPACE	FOR FEDERAL OR STATE US							
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 conduc	itable title to those rights in the subject operations thereon.	π lease	strangt as granny, of the United States and file States						
Title 18 U.S.C. Section 1001, makes it fraudulent statements or representation	t a crime for any person knowingly is as to any matter within its jurisd	and willfully to make to any depliction.	artment or agency of the United States any false, fictitious or						

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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

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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 12, 2005 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

		V	VELL I	LOCA	TIO	N AND ACF	REAGE DEDIC	CATION PLA	Т		
1	API Numbe	r	1	² Pool Code ³ Pool Name							
30	-015-347	23		97253 Red Lake; San Andres ⁵ Property Name ⁶ Well Number							
4 Property				⁵ Property Name							
30986				.	V	VILLIAMS B					3
⁷ OGRID				8 Operator					⁹ Elevation		
28199	94				I	RE OPERAT		·····			649' GL
					,	¹⁰ Surface		·····			
UL or lot no.	1	Township	Ran		Lot Idn	Feet from the	North/South line	Feet from the	East/W		
F	29	17-S	28-E			2310	NORTH	2310	WE	51	EDDY
			11	Bottor	n Ho	le Location I	f Different Fro	m Surface			
UL or lot no.	Section	Township	Range	e _ 1	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County
¹² Dedicated Acre	es ¹³ Joint o	or Infill	Consolidat	ion Code	¹⁵ Or	der No.					
40											
No allowable division.	will be as	signed to t	his comp	oletion	until al	l interests have	been consolidated	l or a non-standa	rd unit ha	s been a	proved by the
			T	T				¹⁷ O	PERATO	R CER	FIFICATION
								8			ed herein is true and comp
			2							-	that this organization eithe
			2310'						0		interest in the land includi
			53								right to drill this well at this
											er of such a mineral or wor 1 or a compulsory pooling
								<u> </u>	ore entered by th		to a comparisory pooring
								°	Λ		9/6/13
								Signature	itery	fer	Date
								Signature			Duc
								Mike Pip			
								Printed Nam	e		
		2310	, 0								
		2310		20							
				29				¹⁸ SUR	VEYOF	R CER	TIFICATION
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								Dan R. Red	шу		
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								Certificate N	lumber		

District I&25 N. French I District II 1301 W. Grand A District III 1000 Ris Brazes District IV 1220 S. St. Franc	lvenne, Artes Rd., Aztoc, N	ia, NM 88210 M 87410 Fa, NM 8750:	5	State of New Mexico Form C-102 Energy, Minerals & Natural Resources Department Revised June 10, 2003 OIL CONSERVATION DIVISION Submit to Appropriate District Office 1220 South St. Francis Dr. State Lease - 4 Copies Santa Fe, NM 87505 Fee Lease - 3 Copies //ELL LOCATION AND ACREAGE DEDICATION PLAT AMENDED REPORT						
	API Namb			2001C	de	· · · · · · · · · · · · · · · · · · ·		³ Past Name		
⁴ Property	Code			16 8	³ Propert	OLAT'ES	in p	Glerie	10 - (<u>fe >c</u> • Well Number
27688				1	VILLIAMS	B FEDERAL				3 Beratian
020451				S	•	RCES, INC.				3649
L					¹⁹ Surface	Location			<u></u>	
UL or lot no. F	Section 29	Township 17-S	Range 28-E	Lot Ida	Feet from the 2310	North/South line NORTH	Feet fr	an the Mar 310	st/West line WEST	EDDY
L		17-5		ottom H	1	If Different Fro				EDDI
UL or lot no.	Section	Township	Range	Lat Ida	Feet from the	North/South line	Peet fre		st/West line	County
12 Dedicated Act	t D Jaint e	- I	Constitution	Cade 15	Order No.	1	1			
40										
	will be as	signed to t	this complet	tion until	all interests have	e been consolidate	d or a p	on-standard	unit has bee	n approved by the
division.								17		ERTIFICATION
	2310	LATI		XXXX				to the best of say la contract working that becauters or working that becauters or best of contract with our of parting agreement the distant Bonni Bonni Primed Name IBSURVI I hereby cortig plat was platt made by use of	e Atwate fy that the well of the state of the second in the band has a second will this well a second will this well of the second second e Atwate fy that the well for that the well or weather may say	material hereis is true and complete and that this argumization either inding the proposal bolow look in the incention permanet to a ing interest, or to a valuatory sating ander incention 2/8/06 Date 21 ERTIFICATION I location above on this notes of actual surveys pervision, and that the the best of my belief.
								FEBRUARY	5412	

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