

12/30/2014 DATE IN	SUSPENSE	MAM ENGINEER	01/02/2014 LOGGED IN	DHC TYPE	PMAM150023886 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



STALEY STATE #14 -- 30-015-37674

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]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[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 _____

[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.

Mike Pippin Print or Type Name	<i>Mike Pippin</i> Signature	Petroleum Engineer Title	December 26, 2014 Date
		mike@pippinllc.com e-mail Address	

- DHC 4727
 - LRE OPERATING, LLC
 281994
 W-EN
 - Staley State #4
 30-015-37674
 Pool
 - Red Lake, San
 Andres
 97253
 - Red Lake
 GL, yes, NE
 2014 DEC 30 P 5:26
 RECEIVED OOD

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

December 26, 2014

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

RE: C-107A TO COMMINGLE TWO POOLS
STALEY STATE #14— API#: 30-015-37674
Unit Letter "H" Section 30 T17S R28E
Eddy County, New Mexico

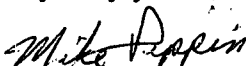
Dear Mr. Goetze,

The referenced oil well was completed on July 26, 2010 in the Red Lake Glorieta-Yeso NE (96836). The attached NOI sundry to recompleting this well to the Red Lake, San Andres has been submitted to the NM District office in Artesia. Interests in these two pools are identical, and the NM Commissioner of Public Lands has been notified.

The Yeso production test before the recompletion on 12/9/14 was 2 BOPD, 25 MCF/D, & 83 BWPD. After the recompletion to San Andres and a test of the San Andres alone, the CBP between the two pools will be removed and the two pools downhole commingled. The production allocations for each pool will then be calculated by subtracting the current (Yeso) production 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.

Please contact me at 505-327-4573 should you have any questions.

Very truly yours,



Mike Pippin

Petroleum Engineer

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 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-37674	² Pool Code 97253	³ Pool Name Red Lake, San Andres
⁴ Property Code 309874	⁵ Property Name STALEY STATE	⁶ Well Number 14
⁷ OGRID No. 281994	⁸ Operator Name LRE OPERATING, LLC.	⁹ Elevation 3588' 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
H	30	17-S	28-E		2310	NORTH	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
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order 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.

	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. Signature <u>Mike Pippin</u> Date <u>12/24/14</u> Printed Name <u>Mike Pippin</u>
	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. 2/2/10 Date of Survey Signature and Seal of Professional Surveyor: Gary G. Eidson
	12641 Certificate Number

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
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-37674	Pool Code 96836	Pool Name Red Lake; GL, Yeso, NE
Property Code 305451	Property Name STALEY STATE	Well Number 14
OGRID No. 255333	Operator Name LIME ROCK RESOURCES A, L.P.	Elevation 3588'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	30	17-S	28-E		2310	NORTH	990	EAST	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 40	Joint or Infill	Consolidation Code	Order 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

LOT 1									
LOT 2									
LOT 3									
LOT 4									
<p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=656928.9 N X=538183.1 E LAT.=32.805925° N LONG.=104.209061° W</p>									
<p>OPERATOR CERTIFICATION I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature <u>George R. Smith</u> Date <u>3/5/10</u> George R. Smith, POA agent Printed Name</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. Date Surveyed <u>FEBRUARY 2, 2010</u> Signature & Seal of Professional Surveyor <u>GARY G. EIDSON</u> Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p>									

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1226 S. St. Francis Dr., Santa Fe, NM 87505

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

STALEY STATE #14		H SEC. 30 T17S R28E	Eddy
Lease	Well No.	Unit Letter-Section-Township-Range	County

OGRID No. 281994 Property Code API No. 30-015-37674 Lease Type: Federal X State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	RED LAKE; San Andres		RED LAKE: Glorieta-Yes NE
Pool Code	97253		96836
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	~1972'-3025'		3314'-4650'
Method of Production (Flowing or Artificial Lift)	Pumping		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)	741 PSI		851 PSI
Oil Gravity or Gas BTU (Degree API or Gas BTU)	34.8		38.32
Producing, Shut-In or New Zone	Proposed 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: December 9, 2014 Rates: 2 BOPD 25 MCF/D 83 BWPD
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 X 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 X

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 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 M. L. Parris TITLE Petroleum Engineer - Agent DATE December 26, 2014

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

E-MAIL ADDRESS mike@pippinllc.com



LRE Operating LLC,
Staley State #14
San Andres Recompletion
AFE # R14027

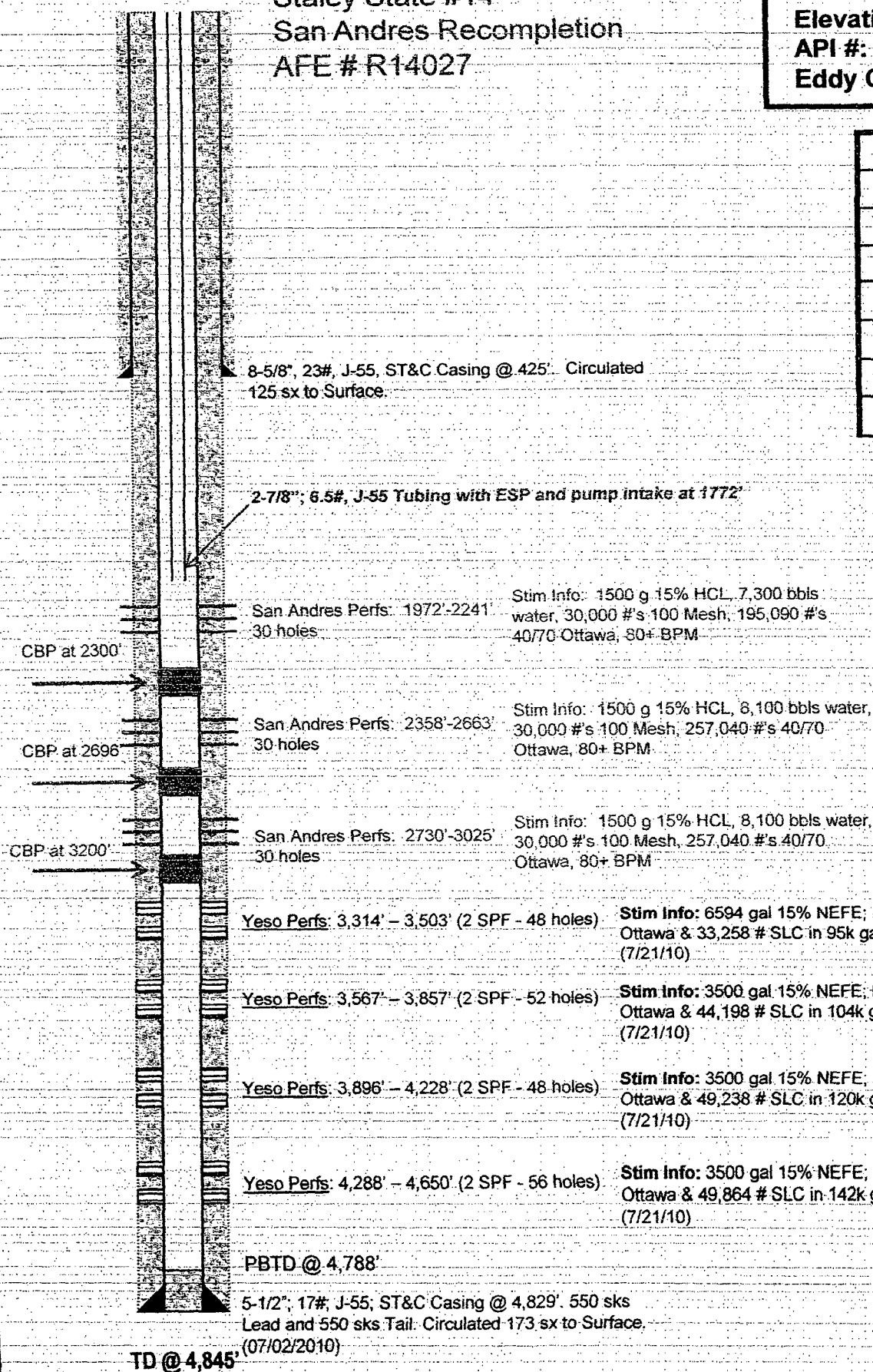
Staley State #14
Sec 30-17S-28E(SW of H)
2310' FNL, 990' FEL
Elevation - 3,588'
API #: 30-015-37674
Eddy County, NM

GEOLOGY

Zone	Top
Queen	1,053'
Grayburg	1,476'
San Andres	1,788'
Glorieta	3,180'
Yeso	3,299'
Tubb	4,708'

SURVEYS

Degrees	Depth
1/2°	416'
1/4°	1,032'
1/4°	1,512'
1/2°	2,017'
3/4°	2,517'
3/4°	3,022'
1°	3,022'
1-1/4°	3,526'
1-3/4°	4,025'
1-1/2°	4,505'



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

December 26, 2014

New Mexico Commissioner of Public Lands
Attention: Pete Martinez
310 Old Santa Fe Trail
PO Box 1148
Santa Fe, NM 87504-1148

RE: Notification of Downhole Commingling
STALEY STATE #14 – API#: 30-015-37674
Unit Letter "H" Section 30 T17S R28E
Eddy County, New Mexico

Dear Mr. Martinez:

LRE Operating, LLC would like to commingle the existing, producing Red Lake, Glorieta-Yeso NE interval with the proposed, Red Lake, San Andres interval. The designated acreage for the proposed commingle will be the southeast quarter of the northeast quarter of section 30.

This letter is to notify you that we have submitted the necessary application and supporting data to the New Mexico Oil Conservation Division. A check for \$30 is enclosed with this notification along with a copy of the State application.

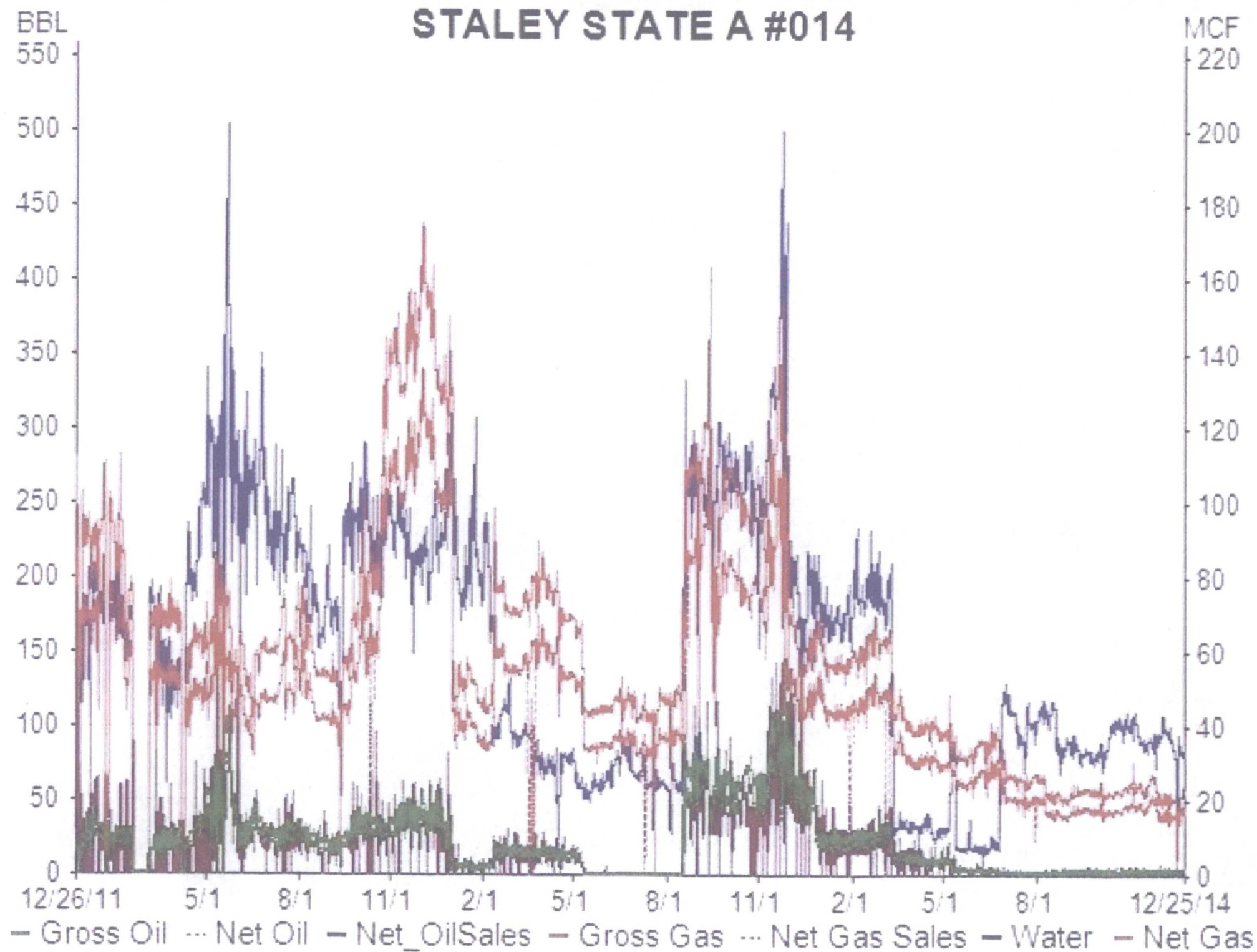
Please contact me at 505-327-4573 should you have any questions.

Very truly yours,



Mike Pippin
Petroleum Engineer

STALEY STATE A #014



Submit 1 Copy To Appropriate District

Office

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240

District II - (575) 748-1283

811 S. First St., Artesia, NM 88210

District III - (505) 334-6178

1000 Rio Brazos Rd., Aztec, NM 87410

District IV - (505) 476-3460

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

87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103

Revised July 18, 2013

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-015-37674

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

STALEY STATE

8. Well Number #14

9. OGRID Number 281994

10. Pool name or Wildcat

Red Lake, Glorieta-Yeso NE (96836)

Red Lake, San Andres (97253)

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

LRE OPERATING, LLC

3. Address of Operator

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

4. Well Location

Unit Letter H 2310 feet from the North line and 990 feet from the East line

Section 30 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

3588' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐TEMPORARILY ABANDON ☐ CHANGE PLANS ☐PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐DOWNHOLE COMMINGLE ☐CLOSED-LOOP SYSTEM ☒OTHER: Recomplete to San Andres & DHC ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/CEMENT JOB ☐OTHER: ☐13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work).
SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

LRE Operating, LLC would like to recomplate this Yeso oil well to the San Andres & DHC as follows: MIRUSU. TOH w/rods, pump, & tbg. Set a 5-1/2" CBP @ ~3200' & PT to ~3500 psi. (Existing Yeso perms are @ 3314'-4650'). Perf lower San Andres @ ~2730'-3025' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~257,040# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~2696' & PT to ~3500 psi. Perf San Andres @ ~2358'-2663' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~257,040# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~2300' & PT to ~3500 psi. Perf upper San Andres @ ~1972'-2241' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~195,090# 40/70 Ottawa sand in slick water.

CO after frac & drill out CBPs @ 2300' & 2696' & CO to CBP @ 3200'. Run ESP on 2-7/8" 6.5#J-55 production tbg & land @ ~1800'. Release workover rig. Complete as a single San Andres oil well. See the attached proposed wellbore diagram. Following a test of the San Andres alone & the approval of our DHC application in Santa Fe, the CBP @ 3200' will be removed & the well DHC.

Spud Date: 6/9/10

Drilling Rig Release Date: 7/2/10

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 12/24/14

Type or print name

Mike Pippin

E-mail address:

mike@pippinllc.com

PHONE:

505-327-4573

For State Use Only

APPROVED BY:

TITLE

DATE

Conditions of Approval (if any):