

State of New Mexico  
Energy, Minerals and Natural Resources Department

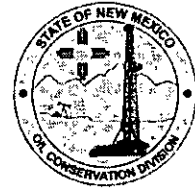
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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**David R. Catanach, Division Director**  
Oil Conservation Division



Administrative Order DHC-4728  
Order Date: January 28, 2015  
Application Reference Number: pMAM1502755683

LRE Operating, LLC  
1111 Bagby Street, Suite 4600  
Houston, TX 77002

Attention: Mr. Mike Pippin

Staley State Well No. 5  
API No: 30-015-37044  
Unit H, Section 30, Township 17 South, Range 28 East, NMPM  
Eddy County, New Mexico

Pool	RED LAKE; SAN ANDRES	Oil	97253
Names:	RED LAKE; GLORIETA-YESO, NORTHEAST	Oil	96836

Reference is made to your recent application for an exception to 19.15.12.9A. NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A. NMAC, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

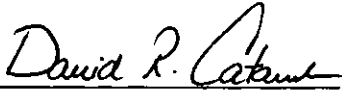
In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

As per the application, the assignment of allowable and allocation of production from the well shall be based on the subtraction method. The total well production minus the Red Lake, Glorieta-Yeso, Northeast Pool production shall be assigned to the Red Lake; San Andres Pool. The final production allocation percentages of oil and gas between these pools shall be supplied to the Division's Engineering and Geological Services Bureau within 60 days following completion of this well or workover.

REMARKS: The operator shall notify the Division's District II office upon implementation of commingling operations.

This Order is subject to like approval from the New Mexico State Land Office.

Pursuant to 19.15.12.11B NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



David R. Catanach  
Director

DC/mam

cc: Oil Conservation Division – Artesia District Office  
New Mexico State Land Office – Oil, Gas, and Minerals