

2/16/2015 DATE IN	SUSPENSE	in Amy ENGINEER	2/16/2015 LOGGED IN	DHLC TYPE	PHAM1504746639 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



WILLIAMS B FEDERAL #11 - 30-015-41889

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

Mike Pippin
Signature

Petroleum Engineer
Title

February 13, 2015
Date

mike@pippinllc.com
e-mail Address

-DHC 4733
-LRE Operating, LLC
281994
Well
-Williams B
Federal #11
30-015-41889
2015 FEB 15 A 11:20
RECEIVED OOD
Pool
-Antecisj Glon. et al
yes
96830
-Red Lake
SAN Andres
97253

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

February 13, 2015

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

RE: C-107A TO COMMINGLE TWO POOLS
WILLIAMS B FEDERAL #11– API#: 30-015-41889
Unit Letter "F" Section 29 T17S R28E
Eddy County, New Mexico

Dear Mr. Goetze,

The referenced oil well has produced since March 3, 2014 from the Artesia, Glorieta-Yeso (96830). LRE would like to open a new upper pool, the Red Lake, San Andres (97253) and commingle the two pools. Interests in these two pools are identical. A sundry notice (copy attached) has been submitted to the BLM to open the upper interval along with a Federal DHC application.

The production allocations will be calculated by subtracting the total well production after about two months of commingled production from the (Yeso) production test on 1/25/15 of 8 BOPD and 25 MCF/D, and 21 BWPD. 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 87210

District III
1000 Rio Grande Road, Artesia, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division

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

Form C-107A
Revised June 10, 2003

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 B FEDERAL #11 F SEC. 29 T17S R28E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309867 API No. 30-015-41889 Lease Type: ☒ 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)	~1887'-3087'		3370'-3510'
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: 1/25/15 Rates: 8 BOPD 25 MCF/D 21 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?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
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 February 13, 2015

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

E-MAIL ADDRESS mike@pippinllc.com

	County	EDDY	Well Name	Williams B Federal #11	Field:	Redlake Glorieta-Yeso NE	Well Sketch:	AFE R15008 LRE Operating, LLC
	Surface Lat:	32.8059209°N	BH Lat:	32.8059209°N	Survey:	S29-T17S-R28E Unit F	API #	30-015-41889
	Surface Long:	104.2004031°W	BH Long:	104.2004031°W		2300' FNL & 1650' FWL	OGRID #	281994

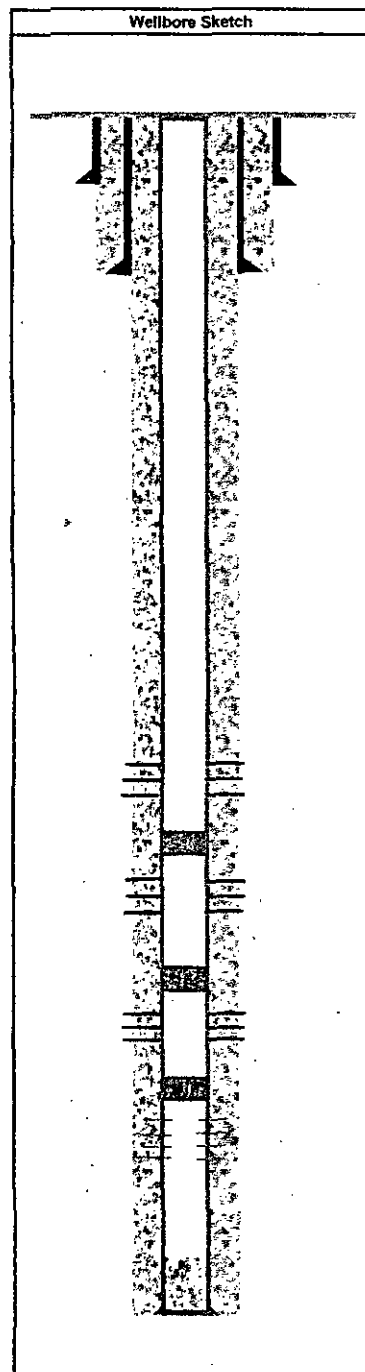
Directional Data:			
KOP			
Max Dev.:			
Dieg sev:			
Dev @ Perfs			
Ret to Vert:			

Tubular Data							
Tubulars	Size	Weight	Grade	Thread	TVD	MD	TOC
Conductor	14"	68.7#	B	Weld	40'	40'	SURF
Surface	8 5/8"	24#	J-55	STC	438'	438'	SURF
Intermediate							
Production	5 1/2"	17#	J-55	LTC	3,536'	3,536'	SURF
Liner							

CEMENT DATA							
	L/sks	Yld	Wt	T/sks	Yld	Wt	XS
Surface	300	1.35	14.8	NA	NA	NA	84 sx
Intermediate							
Liner							
Production	310	1.9	12.8	375	1.33	14.8	131 sx

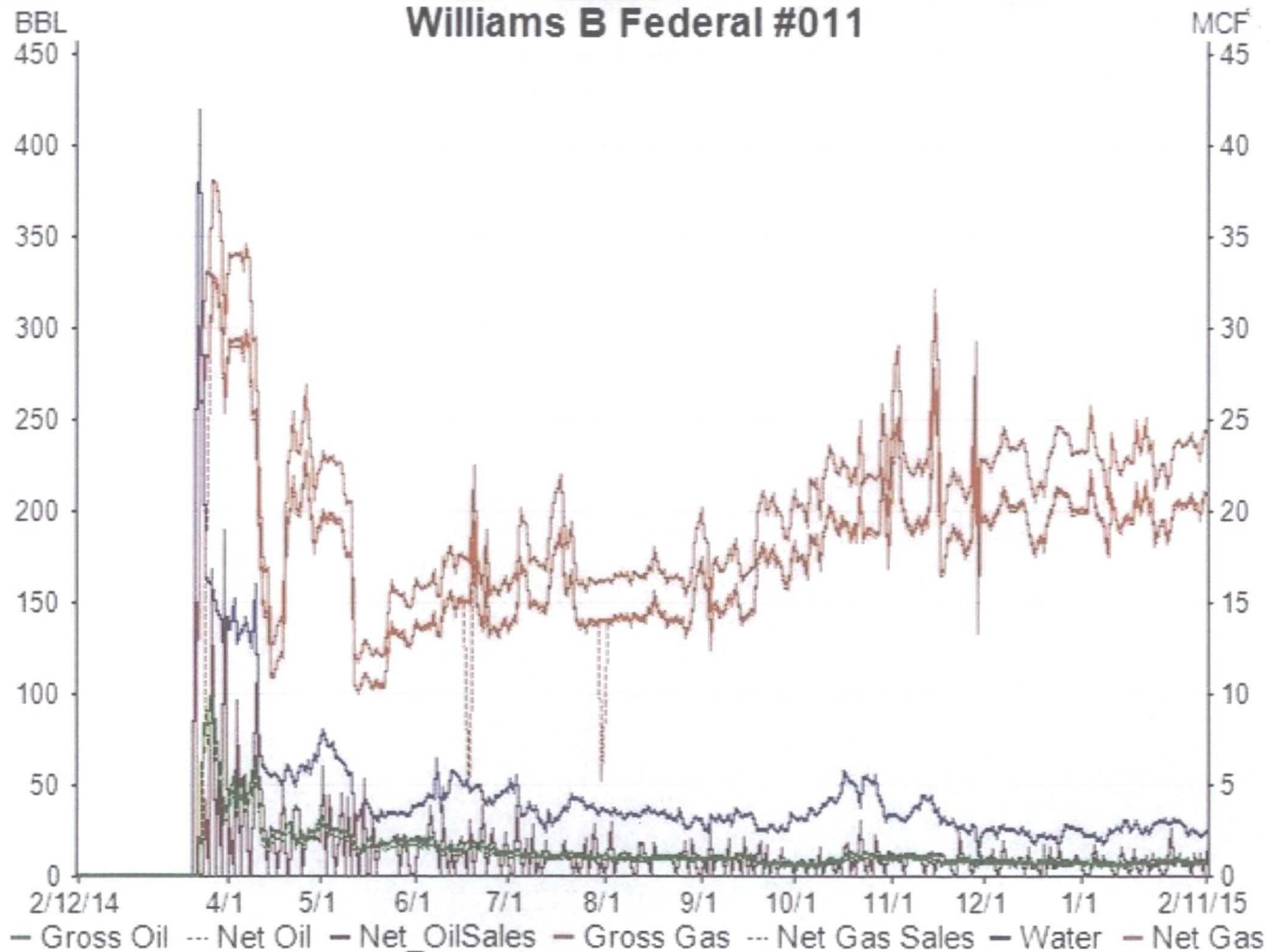
Drilling / Completion Fluid	
Drilling Fluid:	10.2 PPG Brine / Salt Gel
Drilling Fluid:	
Completion Fluid:	2% KCL
Completion Fluid:	
Peacker Fluid:	NA

Wellhead Data	
Type:	
WP:	
Tree Cap	Flange:
	Thread:
Tbg Hanger:	
8TM Flange:	
BPV Profile:	NA
Elevations:	GR - RKB = 11.8'
RKB:	3658.9
GL:	3,647.1'



Completion Information					
DEPTHS (MD)	FORMATION TOPS / WELL INFO	PERFORATIONS		# of HOLES	
		from	to		
0					
40'	20" Hole				
438'	12 1/4" Hole				
559'	Seven Rivers				
1,125'	Queen				
1,538'	Grayburg				
1,854'	San Andres				
Lufkin 320-256-120 - 30 HP Motor					
2 7/8" tbg, TAC at 1787', SN at 3100', 4" slotted sub, 1 jt MA w BP at 3135'					
71- 1" KD, 49- 7/8" KD, 4-1.5" Kbars, 2.5"x2"x20' RHBC-HVR Pump, 102" SL, 8 SPM					
	San Andres	1,887'	2,325'	35	
CBP at 2362'					
	San Andres	2,400'	2,701'	31	
CBP at 2725'					
	San Andres	2,750'	3,087'	33	
3,232'	Glorieta				
CBP at 3300'					
3,342'	Yeso				
	Stage 1 Yeso Frac	3,370'	3,511'	35	
	PBTD				
3,536'	PROD CSG				
Comments: NM OCD CLP				Plug back Depth:	MD
				Total Well Depth:	3536' TVD 3536' MD
				Prepared By:	Date:
				Eric McClusky	11-Feb-15

Williams B Federal #011



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.5. Lease Serial No.
NMLC046250B

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other8. Well Name and No.
WILLIAMS B FEDERAL 11

2. Name of Operator

LRE OPERATING, LLC

Contact: MIKE PIPPIN

E-Mail: mike@pippinllc.com

9. API Well No.
30-015-41889

3a. Address

C/O MIKE PIPPIN 3104 N. SULLIVAN
FARMINGTON, NM 87401

3b. Phone No. (include area code)

Ph: 505-327-4573

10. Field and Pool, or Exploratory
RED LAKE, SAN ANDRES 97253

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 29 T17S R28E SENW 2300FNL 1650FWL

11. County or Parish, and State

EDDY COUNTY, NM

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 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
	<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 Operation (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 recompleate 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 recompleation 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.)

THIS IS A REQUEST TO RECOMPLETE THIS YESO WELL TO THE SAN ANDRES.

MIRUSU. TOH w/rods, pump, & tbg. Set a 5-1/2" CBP @ ~3300' & PT to ~3500 psi. (Existing Yeso perfs are at 3370'-3510'). Perf upper SA @ ~2750'-3087' w/~33 holes. Treat new perfs w/~1500 gal 15% HCL & frac w/~30,000# 100 mesh & ~282,240# 40/70 Ottawa sand in slick water. Set a 5-1/2" CBP @ ~2725' & PT to ~3500 psi. Perf middle SA @ ~2400'-2701' w/~31 holes. Treat new perfs w/~1500 gal 15% HCL & frac w/~30,000# 100 mesh & ~257,040# 40/70 Ottawa sand in slick water. Set a 5-1/2" CBP @ ~2362' & PT to ~3500 psi. Perf lower SA @ ~1887'-2325' w/~35 holes. Treat new perfs w/~1500 gal 15% HCL & frac w/~30,000# 100 mesh & ~198,240# 40/70 Ottawa sand in slick water. CO after frac & drill out CBPs @ 2362' & 2725', & CO to CBP @ 3300'. Land 2-7/8" 6.5# J-55 production tbg @ ~3135'. Run pump & rods. Release workover rig. Complete as a single San Andres

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

Electronic Submission #291428 verified by the BLM Well Information System
For LRE OPERATING, LLC, sent to the Carlsbad

Name (Printed/Typed) MIKE PIPPIN

Title PETROLEUM ENGINEER

Signature (Electronic Submission)

Date 02/12/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE 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

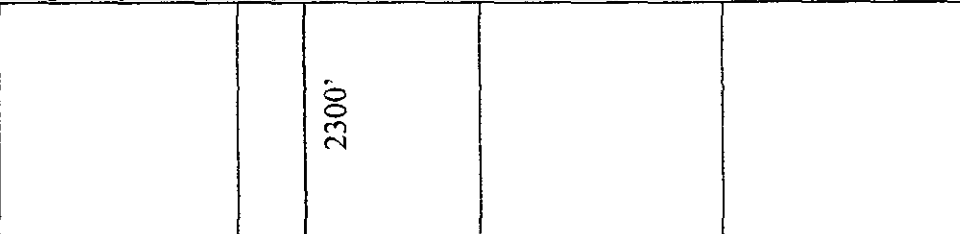
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #291428 that would not fit on the form

32. Additional remarks, continued

oil well. See the attached wellbore diagram. Following a test of the SA alone and the approval of both the State & BLM DHC applications, the CBP @ 3300' will be removed and the well DHC.

 <p>2300'</p> <p>1650'</p> <p>29</p>	<p>17 OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>Signature <u>Mike Pippin</u> Date <u>2/12/15</u></p> <p><u>Mike Pippin</u> Printed Name</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey <u>5/20/13</u></p> <p>Signature and Seal of Professional Surveyor: <u>Filmon F. Jaramillo</u></p> <p>12797</p> <p>Certificate Number</p>

N89°52'39"W 2617.42 FT		N89°51'07"W 2618.95 FT	
NW CORNER SEC. 29 LAT. = 32.8122566°N LONG. = 104.2057065°W	N/4 CORNER SEC. 29 LAT. = 32.8122322°N LONG. = 104.1971894°W	NE CORNER SEC. 29 LAT. = 32.8122040°N LONG. = 104.1886738°W	
1650'		2300'	
W/4 CORNER SEC. 29 LAT. = 32.8049828°N LONG. = 104.2057820°W		E/4 CORNER SEC. 29 LAT. = 32.8050694°N LONG. = 104.1887818°W	
<div style="border: 2px solid black; padding: 10px; width: fit-content; margin: 0 auto;"> WILLIAMS "B" FEDERAL #11 ELEV. = 3647' LAT. = 32.8059209°N (NAD27) LONG. = 104.2004031°W SURFACE LOCATION </div>			
NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1927 (NAD27), AND ARE IN DECIMAL DEGREE FORMAT.			
SW CORNER SEC. 29 LAT. = 32.7977087°N LONG. = 104.2058501°W		S/4 CORNER SEC. 29 LAT. = 32.7978198°N LONG. = 104.1973561°W	
SE CORNER SEC. 29 LAT. = 32.7979286°N LONG. = 104.1888769°W			
N89°02'26"E 2611.04 FT		N89°03'13"E 2606.49 FT	

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 undivided 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: Brian Wood

Printed Name: **Brian Wood**

E-mail Address: brian@permitswest.com

Date: **8-20-13**

18 SURVEYOR CERTIFICATION

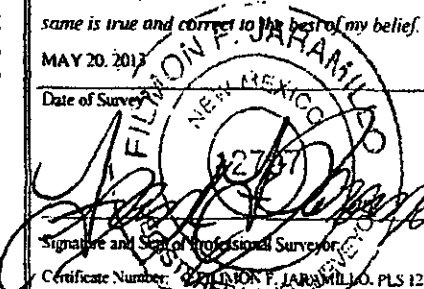
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MAY 20, 2013

Date of Survey: May 20, 2013

Signature and Seal of Professional Surveyor: [Signature]

Certificate Number: 2013-0001



SURVEY NO. 929A