

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



AID 24 STATE #4 -- 30-015-36249

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

Signature

Petroleum Engineer
Title

July 15, 2015
Date

mike@pippinllc.com
e-mail Address

RECEIVED OOD

2015 JUL 15 PM 2:55

DHC

Operator: LRE Operating, LLC

well: AID 24 State #4

API: 30-015-36249

Pool: Red Lake; Queen-Greyburg SA

#51300

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

July 15, 2015

NMOCD
c/o Mike McMillan
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: C-107A TO COMMINGLE TWO POOLS
AID 24 STATE #4— API#: 30-015-36249
Unit Letter "I" Section 24 T17S R28E
Eddy County, New Mexico

Dear Mr. McMillan,

The referenced oil well was completed on April 24, 2010 in the Empire, Glorieta-Yeso (96210). LRE has submitted the attached NOI sundry to recomplete into the upper pool, the Red Lake, Queen-Grayburg-San Andres (51300). Interests in these two pools are identical. Notice has also been given to the NM Commissioner of Public Lands.

LRE plans to produce the upper pool (San Andres) alone for a period of about 1 month in order to allow the production to stabilize. The production allocations will then be calculated using the stabilized production of the upper pool and the current (Yeso) production of 10 BOPD, 41 MCF/D, and 14 BWPD. We plan to submit these calculations and the resulting allocations to the district office for approval.

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Grande Road, Aztec, NM 87410

District IV

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

Oil Conservation Division

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

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

AID 24 STATE #4 I SEC. 24 T17S R28E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309901 API No. 30-015-36249 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Red Lake; Queen-Grayburg-San Andres		Empire, Glorieta-Yeso
Pool Code	51300		96210
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	~2408'-3633'		3823'-5103'
Method of Production (Flowing or Artificial Lift)	Prospective		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: April 22, 2015 Rates: 10 BOPD 41 MCF/D 14 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 ☒ 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 ☒

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 July 15, 2015

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

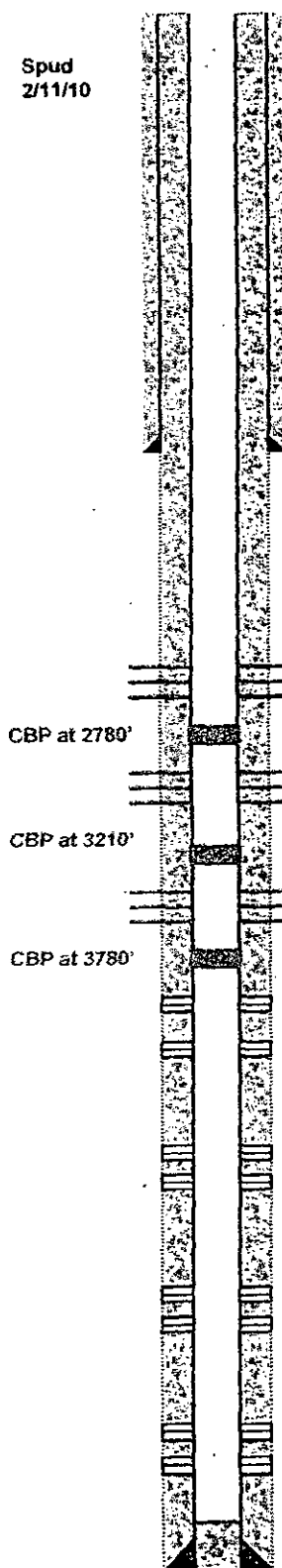
E-MAIL ADDRESS mike@pippinllc.com



LRE Operating, LLC San Andres Recompletion AFE R15031

AID 24 State #4
Sec 24-17S-28E (NE of I)
2310' FSL, 430' FEL
Elevation - 3,678'
API # 30-015-36249
Eddy County, NM

Spud
2/11/10



8-5/8", 24#, J-55, ST&C Casing @ 350'. Cement
with 375 sks. Circ 129 sx cmt to Surface.

Lufkin 456-305-144 Pumping Unit with 50 HP motor; 126" SL at 9 SPM
2-7/8"; 6.5#, J-55 Tubing, TAC at 2308', SN at 3635', 4' slotted sub, 1 jt
MA w BP at 3670'
141- 7/8" D, 4- 1.5" kbars, 2.5"x2"x20' RHBC-HVR pump

San Andres Perfs: 2408'-2699'
(1 SPF - 27 holes)

Stim Info: 291', 1500 g 15% HCL,
30,000 # 100 Mesh, 159,600# 40/70,
5214 bbls water, 80 + BPM

San Andres Perfs: 2853'-3145'
(1 SPF - 29 holes)

Stim Info: 292', 1500 g 15% HCL,
30,000 # 100 Mesh, 287,280# 40/70,
7114 bbls water, 80 + BPM

San Andres Perfs: 3282'-3633'
(1 SPF - 34 holes)

Stim Info: 351', 1500 g 15% HCL,
30,000 # 100 Mesh, 309,330# 40/70,
7414 bbls water, 80 + BPM

Yeso Perfs: 3,823' - 4,052' (1 SPF - 34 holes)
(7/26/12)

Stim Info: 2809 gal 15%
NEFE; Frac w/ 61,764# 16/30
Brady in 20# x-linked gel.
(7/26/12)

Yeso Perfs: 4,171' - 4,422' (1 SPF - 71 holes)
(4/10/10)

Stim Info: 5000 gal 15% NEFE;
Frac w/ 95,347# 16/30 & 22,780#
16/30 SiberProp in 20# x-linked
gel. (4/20/10)

Yeso Perfs: 4,470' - 4,764' (1 SPF - 75 holes)
(4/20/10)

Stim Info: 3500 gal 15% NEFE; Frac w/ 114,674# 16/30 &
44,415# 16/30 SiberProp in 20# x-linked gel. (4/20/10)

Yeso Perfs: 4,823' - 5,103' (1 SPF - 69 holes)
(4/20/10)

Stim Info: 3500 gal 15% NEFE; Frac w/ 100,781# 16/30 &
23,579# 16/30 SiberProp in 20# x-linked gel. (4/20/10)

PBTD @ 5,300'

5-1/2", 17#, J-55; ST&C Casing @ 5,341'. 550 sx lead & 650 sx tail Circ 166 sx to Surface. (2/27/2010)

TD @ 5,355'

GEOLOGY

Zone	Top
Yates	769'
7 Rivers	997'
Queen	1,565'
Grayburg	1,963'
San Andres	2,258'
Middle SA	2,570'
Lower SA	3,100'
Glorieta	3,688'
Yeso	3,795'
Tubb	5,139'

SURVEYS

Degrees	Depth
1/2°	365'
1/4°	1,002'
1/4°	1,508'
1/2°	1,980'
3/4°	2,510'
1°	2,990'
1-1/4°	3,526'
1-1/2°	4,000'
1-1/4°	4,537'
1°	5,005'
1-3/4°	5,326'

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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

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.)		WELL API NO. 30-015-36249
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator LRE OPERATING, LLC		6. State Oil & Gas Lease No.
3. Address of Operator c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401		7. Lease Name or Unit Agreement Name AID 24 STATE
4. Well Location Unit Letter I : 2310 feet from the South line and 430 feet from the East line Section 24 Township 17-S Range 28-E NMPM Eddy County		8. Well Number #4
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3678' GL		9. OGRID Number 281994
		10. Pool name or Wildcat Empire, Glorieta-Yeso (96210) Red Lake, Queen-Grayburg-San Andres(51300)

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input checked="" type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>			
CLOSED-LOOP SYSTEM <input checked="" type="checkbox"/>			
OTHER: Recomplete to San Andres <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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, & tbq. Set a 5-1/2" CBP @ ~3780' & PT to ~3500 psi. (Existing Yeso perfs are @ 3823'-5103'). Perf lower San Andres @ ~3282'-3633' w/~34 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~309,330# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~3210' & PT to ~3500 psi. Perf San Andres @ ~2853'-3145' w/~29 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~287,280# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~2780' & PT to ~3500 psi. Perf upper San Andres @ ~2408'-2699' w/~27 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~159,600# 40/70 Ottawa sand in slick water.

CO after frac & drill out CBPs @ 2780' & 3210', & CO to CBP @ 3780'. Run 2-7/8" 6.5#J-55 production tbq & land @ ~3670'. Run pump & rods. 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 CBP @ 3780' will be removed & the well DHC when the DHC application in Santa Fe is approved.

Spud Date: 2/11/10 Drilling Rig Release Date: 2/27/10

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 7/1/15

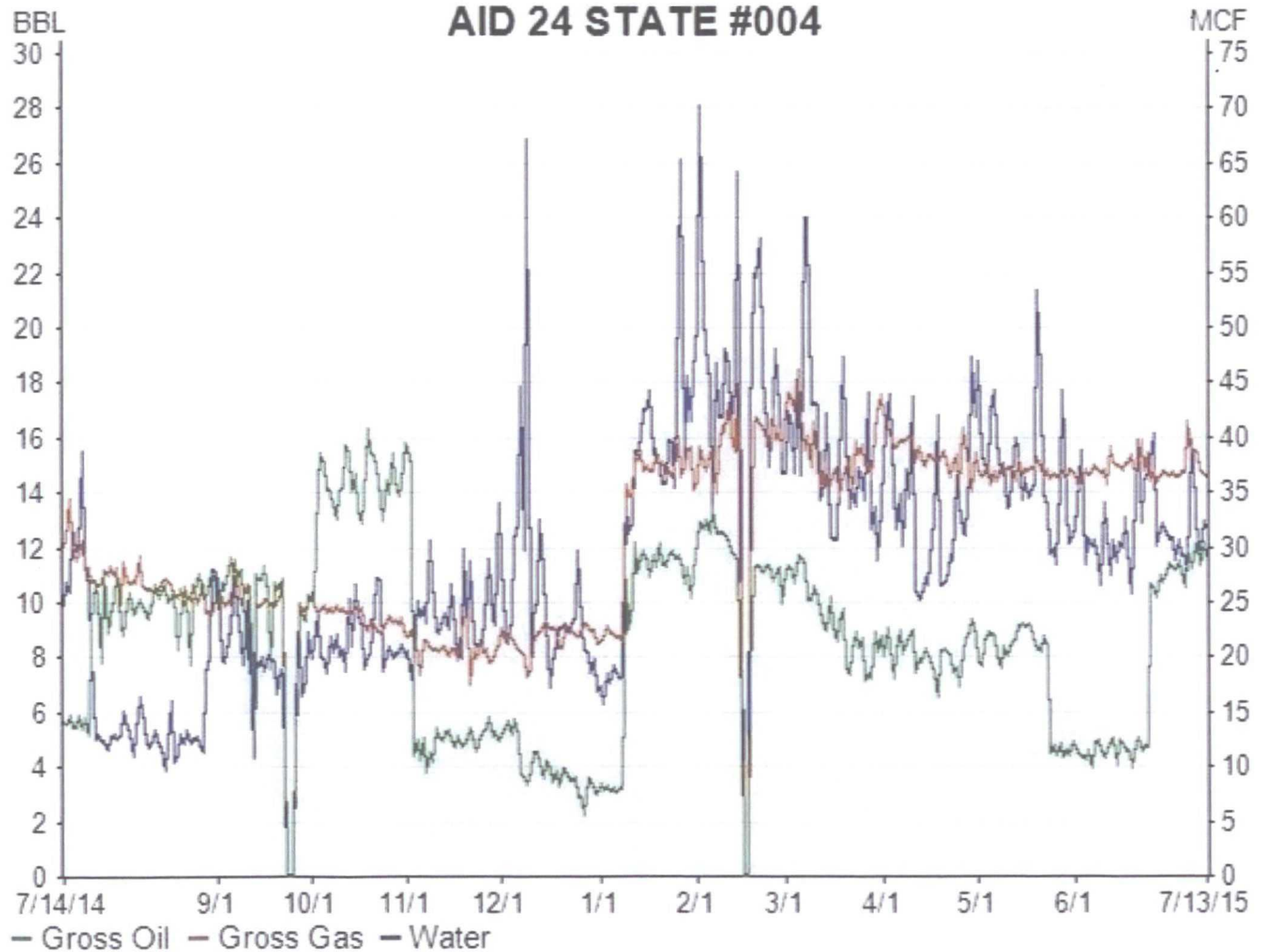
Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

AID 24 STATE #004



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

July 15, 2015

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
AID 24 STATE #4 – API#: 30-015-36249
Unit Letter "I" Section 24 T17S R28E
Eddy County, New Mexico

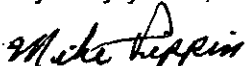
Dear Mr. Martinez:

LRE Operating, LLC would like to commingle the existing, producing Empire, Glorieta-Yeso interval with the proposed, Red Lake, Queen-Grayburg-San Andres interval. The designated acreage for the proposed commingle will be the northeast quarter of the southeast quarter of section 24.

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

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 30-015-36249	² Pool Code 51300	³ Pool Name Red Lake, Queen-Grayburg-San Andres
⁴ Property Code 309901	⁵ Property Name AID 24 STATE	⁶ Well Number 4
⁷ OGRID No. 281994	⁸ Operator Name LRE OPERATING, LLC.	⁹ Elevation 3678' GL

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	24	17-S	28-E		2310	SOUTH	430	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	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.
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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.

24	430'	2310'	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>7/1/15</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. 3/19/08 Date of Survey Signature and Seal of Professional Surveyor: Ronald Eidson 3239 Certificate Number

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Form C-102
Permit 72171

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-36249	2. Pool Code 96210	3. Pool Name EMPIRE; GLORIETA-YESO
4. Property Code 37096	5. Property Name AID 24 STATE	6. Well No. 004
7. OGRID No. 229137	8. Operator Name COG OPERATING LLC	9. Elevation 3678

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	24	17S	28E		2310	S	430	E	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	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

			<input checked="" type="checkbox"/>

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(s) 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.

E-Signed By: Diane Kuykendall
Title: Regulatory Analyst
Date: 4/1/2008

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.

Surveyed By: Ronald Eidson
Date of Survey: 3/19/2008
Certificate Number: 3239