

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

LRE OPERATING, LLC

3a. Address c/o Mike Pippin LLC

3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)

505-327-4573

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

1650' FNL & 990' FEL Unit H

Sec. 28, T17S, R28E

5. Lease Serial No.

NMNM 048344

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

KERSEY WILLIAMS A FEDERAL #10

3

30-015-37248

10. Field and Pool, or Exploratory Area

Red Lake, Queen-Grayburg-San Andres(51300) **C2**

AND: Artesia, Glorieta-Yeso (96830) **C1**

Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input 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 checked="" 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 type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other Commingle
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon San Andres & Yeso
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (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 recomple 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 recompletion 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.)

On 12/8/09, the Yeso tested at 9.0 BOPD & 34 MCF/D from Yeso perms 3363'-3503'. On 1/19/12, the well was recompleted into the San Andres with perms at 2890'-3080'. On 2/7/12, additional San Andres perms were added at 2330'-2604'. On 2/17/12, all the San Andres perms were tested for 17 BOPD & 29 MCF/D. This well was commingled on 5/10/12 as per DHC-4483 with its 1st commingled delivery on 5/10/12. The attached calculations indicate the following production allocations:

	UPPER ZONE (SA)	LOWER ZONE (YESO)
OIL:	65%	35%
GAS:	46%	54%

San Andres perms: 2330'-3080'

Yeso perms: 3363'-3503'

Accepted for record
NMOC

RECEIVED
JUL 03 2012
NMOC ARTESIA

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

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Mike Pippin

Date

ACCEPTED FOR RECORD
June 21 2012

THIS SPACE FOR FEDERAL OR STATE 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

JUL 1 2012

Title 18 U.S.C. Section 1001, makes 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.

CARI BRAD FIELD OFFICE

LRE OPERATING, LLC
KERSEY WILLIAMS A FEDERAL #10
Artesia; Glorieta-Yeso & Red Lake, Queen-Grayburg-San Andres
H Section 28 T17S R28E
6/21/2012 – Mike Pippin
API#: 30-015-37248

Commingle Allocation Calculations

On 12/8/09, the Yeso tested at **9.0 BOPD & 34 MCF/D** from Yeso perms 3363'-3503'.

On 1/19/12, the well was recompleted into the San Andres with perms at 2890'-3080'.

On 2/7/12, additional San Andres perms were added at 2330'-2604'.

On 2/17/12, all the San Andres perms were tested for **17 BOPD & 29 MCF/D**.

$$9 + 17 = 26 \text{ BOPD}$$

$$34 + 29 = 63 \text{ MCF/D}$$

RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{9.0}{26} = \underline{35\%}$$

$$\% \text{ Upper Zone} = \frac{17}{26} = \underline{65\%}$$

RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \frac{34}{63} = \underline{54\%}$$

$$\% \text{ Upper Zone} = \frac{29}{63} = \underline{46\%}$$