

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)

1980' FNL & 2230' FEL Unit G
Sec. 29, T17S, R28E

5. Lease Serial No.

NMLC 046250B

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

WILLIAMS B FEDERAL #5

9. API Well No.

30-015-35545

10. Field and Pool, or Exploratory Area

Artesia: Glorieta-Yeso (96830)
Red Lake, San Andres (97253)

AND

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 checked="" 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 1st Delivery DHC
	<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 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 recomplate 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.)

This well was 1st Delivered DHC on 6/2/14. The pool allocations are:

	OIL	GAS	WATER
Lower Zone (Yeso)	7%	9%	5%
Uper Zone (SA)	93%	91%	95%

APD 7-29-14
Accepted for record
NMLC/OCD

NM OIL CONSERVATION
ARTESIA DISTRICT

JUL 16 2014



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

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Mike Pippin

Date

June 16, 2014

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

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.

LRE OPERATING, LLC
 WILLIAMS B FEDERAL #5
 Artesia; Glorieta-Yeso & Red Lake, San Andres
 G Section 29 T17S R28E
 6/16/2014
 API#: 30-015-35545

Commingled Allocation Calculations

On 7/13/07, the Yeso (lower zone) was completed as a new well. On 7/10/13, the well was recompleted into the San Andres (upper zone) with the lower zone shut-in below a CBP @ 3250'. The Yeso production test on 8/6/12 before the recompletion was 4 BOPD, 34 MCF/D, & 10 BWPD. The test on the San Andres alone after the recompletion was on 7/30/13 for 51 BOPD, 350 MCF/D, & 187 BWPD.

	Upper Zone (SA)	+	Lower Zone (YESO)	=	Total
Total Oil (bbls/d)	51	+	4	=	55
Total Gas (mcf/d)	350	+	34	=	384
Total Water (bbls)	187		10	=	197

OIL

Upper Zone (SA) = 51 BOPD
 Total oil = 55 BOPD
 $\% \text{ Upper Zone} = \frac{51}{55} = \underline{93\%}$

Lower Zone (Yeso) = 4 BOPD
 $\% \text{ Lower Zone} = \frac{4}{55} = \underline{7\%}$

GAS

Upper Zone (SA) = 350 mcf/d
 Total gas = 384 mcf/d
 $\% \text{ Upper Zone} = \frac{350}{384} = \underline{91\%}$

Lower Zone (Yeso) = 34 mcf/d.
 $\% \text{ Lower Zone} = \frac{34}{384} = \underline{9\%}$

WATER

Upper Zone (SA) = 187 BWPD
 Total gas = 197 BWPD
 $\% \text{ Upper Zone} = \frac{187}{197} = \underline{95\%}$

Lower Zone (Yeso) = 10 BWPD
 $\% \text{ Lower Zone} = \frac{10}{197} = \underline{05\%}$