Form 3160-5
(August 2007)

UNITED STATES OCD Artesia
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMLC046250B

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
WILLIAMS B FEDERAL 10

2. Name of Operator
LRE OPERATING LLC
Contact: MIKE PIPPIN
E-Mail: mike@pippinllc.com

9. API Well No.
30-015-41778-00-S1

3a. Address
1111 BAGBY SUITE 4600
HOUSTON, TX 77002

3b. Phone No. (include area code)
Ph: 505-327-4573

10. Field and Pool, or Exploratory
ARTESIA

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 29 T17S R28E SENW 1650FNL 2285FWL
32.807701 N Lat, 104.198318 W Lon

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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Subsurface Commingling
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 IS A REQUEST TO REMOVE THE CBP @ 3300' & DHC.

Following the recompletion to San Andres, LRE would like to remove the CBP @ ~3300' & DHC the Yeso with the San Andres. See NOI sundry ES295641.
LRE requests administrative approval to downhole commingle the existing Artesia, Glorieta-Yeso (96830) and the proposed Red Lake, San Andres (97253). Both intervals have common ownership, we have not experienced any significant cross flows, & all the fluids are compatible. Downhole commingling will maximize the ultimate recovery of oil & gas & eliminate redundant surface equipment. A DHC application has also been submitted to the State. See the attached DHC worksheet & supporting data. The "Williams A & B Field Study of the Yeso & San Andres" dated 11/23/2013 reviewed & approved by EGF on 1/27/2014 has been accepted by BLM CFO as justification for a downhole pool commingling project on the Williams A & B Federal leases.

NM OIL CONSERVATION
ARTESIA DISTRICT
JUL 10 2015

Accepted for record
NMOCD

RECEIVED
7/30/15

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

Electronic Submission #296273 verified by the BLM Well Information System
For LRE OPERATING LLC, sent to the Carlsbad
Committed to AFMSS for processing by ED FERNANDEZ on 07/07/2015 (15EF0035SE)

Name *(Printed/Typed)* MIKE PIPPIN — Title PETROLEUM ENGINEER

Signature (Electronic Submission) — Date 03/26/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
JUL 7 2015
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Approved By EDWARD FERNANDEZ — Title PETROLEUM ENGINEER — Date 07/07/2015

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 Carlsbad

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Additional data for EC transaction #296273 that would not fit on the form

32. Additional remarks, continued

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, 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
_X_ Single Well
___ Establish Pre-Approved Pools
EXISTING WELLBORE
_X_ 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 #10 — F SEC. 29 T17S R28E — Eddy
Lease — Well No. — Unit Letter-Section-Township-Range — County

OGRID No. 281994 Property Code 309867 API No. 30-015-41778 Lease Type: X 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)	~2024'-3101'		3350'-3510'
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: March 24, 2015 Rates: 10 BOPD 23 MCF/D 17 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 _X_ 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 _X_ No ___

Will commingling decrease the value of production? Yes ___ No _X_

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 _X_ 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

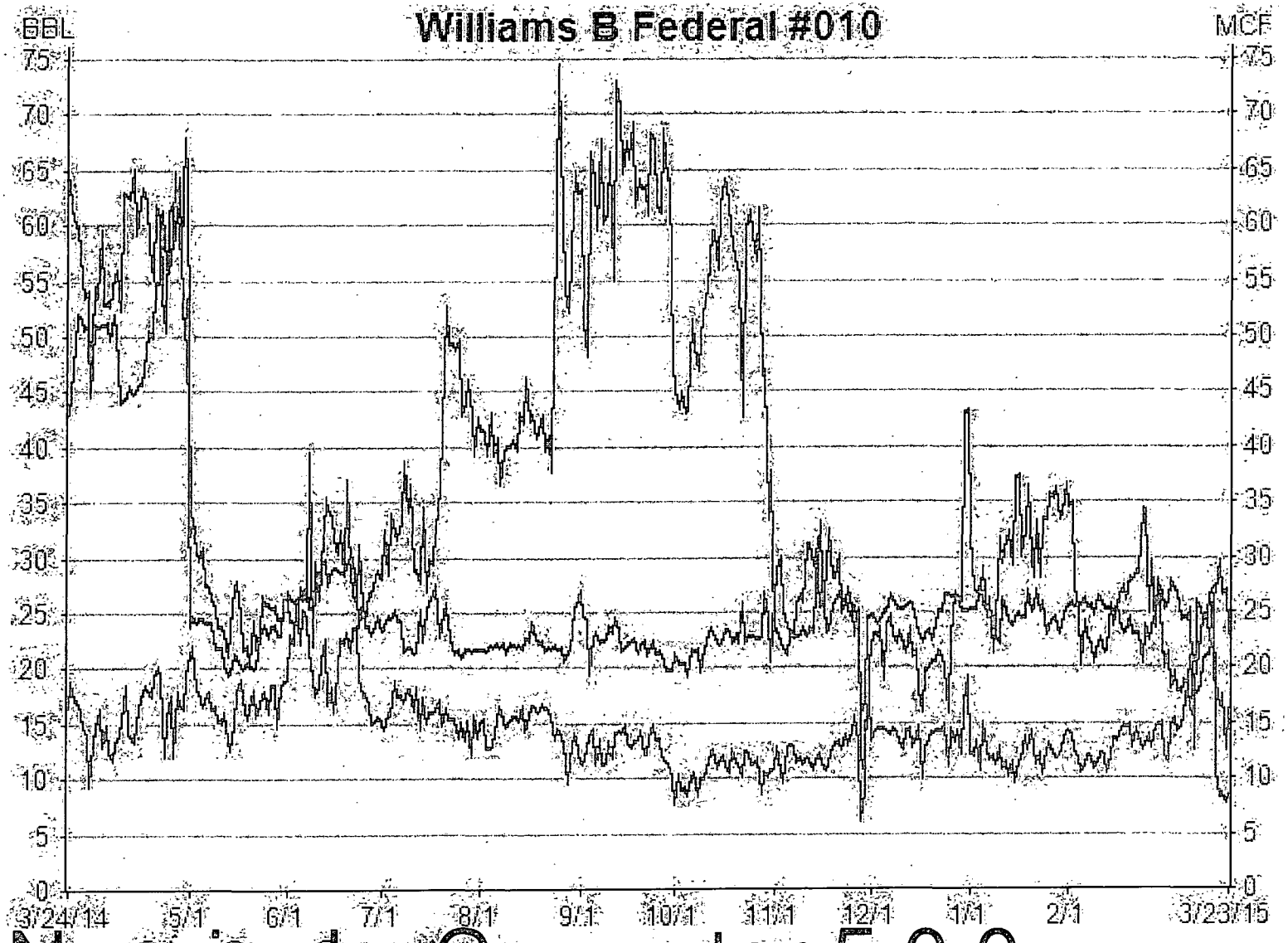
If application is to establish Pre-Approved Pools, the following additional information will be required:
List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed 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 _____ TITLE Petroleum Engineer - Agent DATE March 25, 2015

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

E-MAIL ADDRESS mike@pippinllc.com



District I
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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	[2] Pool Code	[3] Pool Name
30-015-41778	97253	Red Lake, San Andres

[4] Property Code	[5] Property Name	[6] Well Number
309867	**WILLIAMS B FEDERAL**	**10**

[7] OGRID No.	[8] Operator Name	[9] Elevation
281994	**LRE OPERATING, LLC.**	3624' GL

[10] Surface Location

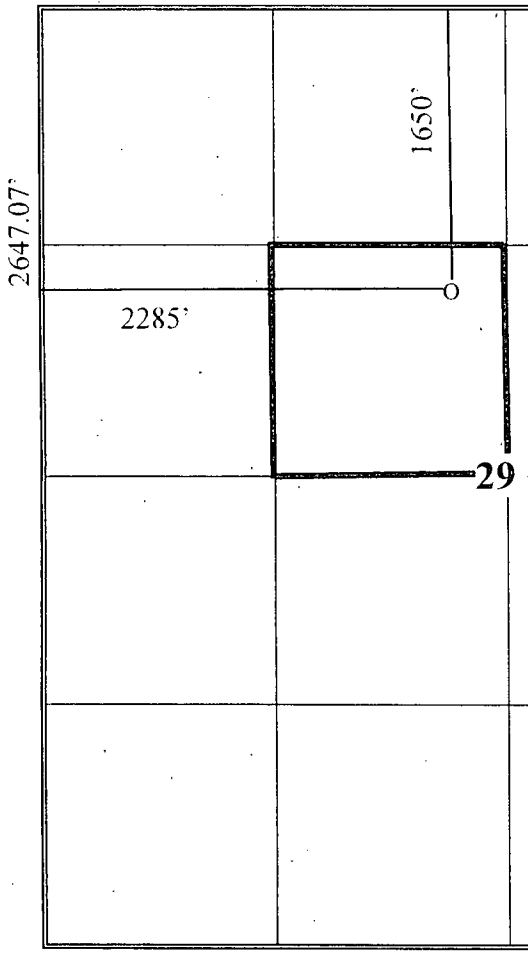
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	17-S	28-E		1650	NORTH	2285	WEST	EDDY

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			

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.



[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.

3/20/15

Signature Date

Mike Pippin
Printed Name

[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.

7/11/13
Date of Survey

Signature and Seal of Professional Surveyor:
Filmon F. Jaramillo

12797
Certificate Number

LIME ROCK RESOURCES	County	Well Name	Field:	Well Sketch: AFE R15016
	EDDY	Williams B Federal #10	Redlake Glorieta-Yeso NE	LRE Operating, LLC
	Surface Lat: 32.8077012°N	BH Lat: 32.8077012°N	Survey: S29-T17S-R28E Unit F	API # 30-015-41778
	Surface Long: 104.1983183°W	BH Long: 104.1983183°W	1650' FNL & 2285' FWL	OGRID # 281994

Directional Data:

KOP				
Max Dev.:				
Dleg sev:				
Dev @ Perfs				
Ret to Vert:				

Drilling / Completion Fluid

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

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	426'	426'	SURF
Intermediate							
Production	5 1/2"	17#	J-55	LTC	3,615'	3,615'	SURF
Liner							

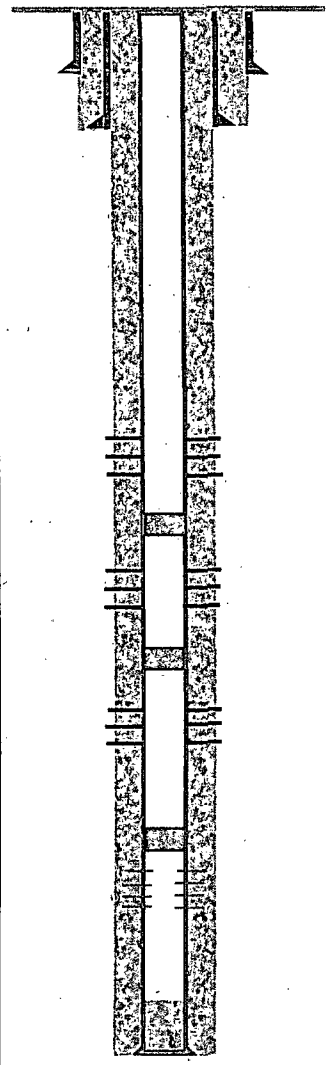
CEMENT DATA

	L/sks	Yld	Wt	T/sks	Yld	Wt	XS
Surface	300	1.35	14.8	NA	NA	NA	58 sx
Intermediate							
Liner							
Production	310	1.9	12.8	375	1.33	14.8	183 sx

Wellhead Data

Type:	
WP:	
Tree Cap	Flange:
	Thread:
Tbg Hanger:	
8TM Flange:	
BPV Profile:	NA
Elevations:	GR - RKB = 11.8'
RKB:	3630.2
GL:	3,618.4'

Wellbore Sketch



Completion Information

DEPTHS (MD)	FORMATION TOPS / WELL INFO	PERFORATIONS from	to	# of HOLES	DETAILS
0					
40'	20" Hole				14" Conductor Pipe
426'	12 1/4" Hole				8-5/8" Surf Csg Circ 58 sx Cmt to surf
561'	Seven Rivers				
1,122'	Queen				
1,513'	Grayburg				
1,862'	San Andres				
Lufkin 228-256-100 pumping unit with 30 HP motor					
2 7/8" tbg, TAC at 1924', SN at 3131', 4' slotted sub, 1 jt MA w BP at 3166'					
121-7/8" KD rods, 4-1.5" Kbars, 2.5"x2"x20' RHBC-HVR Pump, 88" SL, 10 SPM					
	San Andres	**2,024'**	**2,320'**	**34**	**296, 1500g15%HCL, 30,000 # 100 Mesh**
					179,340 # 40/70, 7000 bbls water, 80 + BPM
CBP at 2340'					
	San Andres	**2,360'**	**2,661'**	**31**	**301', 1500 g 15% HCL, 30,000 # 100 Mesh**
					257,040 # 40/70, 8100 bbls water, 80 + BPM
CBP at 2700'					
	San Andres	**2,740'**	**3,101'**	**36**	**361', 1500 g 15% HCL, 30,000 # 100 Mesh**
					313,740 # 40/70, 8800 bbls water, 80 + BPM
3,280'	Glorieta				
3,350'	Yeso				
CBP at 3300'					
	Stage 1 Yeso Frac	3,350'	3,510'	33	160' Stg1 - See Frac Design
	PBTD				above 5-1/2" Float Collar
3,610'	PROD CSG				5-1/2" Prod Csg. Circ 183 SX Cmt to Surf

Comments: NM OCD CLP

Plug back Depth:		MD
Total Well Depth:	3,615'	3615' MD
Prepared By:	Date:	
Eric McClusky	18-Mar-15	

LRE OPERATING, LLC
WILLIAMS B FEDERAL #10
Artesia; Glorieta-Yeso & Red Lake, San Andres
F Section 29 T17S R28E
3/26/2015
API#: 30-015-41778

Commingle Allocation Calculations

On January 3, 2014, the Yeso (lower zone) was completed as a new well. LRE has submitted an NOI sundry (E295641) to recomplete this well to the San Andres (upper zone) and produced as a single SA well to obtain a test. Following the SA test, the well will be DHC. The last Yeso production test on 3/24/15 before the recompletion was 10 BOPD, 23 MCF/D, & 17 BWPD. The average San Andres test on the lease is 18 BOPD, 80 MCF/D, & 204 BWPD. As per EGF, the pool allocations will be fine tuned after the SA test.

	Upper Zone (SA)	+	Lower Zone (YESO)		Total
Total Oil (bbls/d)	18	+	10	=	28
Total Gas (mcf/d)	80	+	23	=	103
Total Water (bbls)	204		17	=	221

OIL

Upper Zone (SA) = 18 BOPD
Total oil = 28 BOPD
% Upper Zone = 18 / 28 = **64%**

Lower Zone (Yeso) = 10 BOPD
% Lower Zone = 10 / 28 = **36%**

GAS

Upper Zone (SA) = 80 MCF/D
Total gas = 103 MCF/D
% Upper Zone = 80 / 103 = **78%**

Lower Zone (Yeso) = 23 MCF/D
% Lower Zone = 23 / 103 = **22%**

WATER

Upper Zone (SA) = 204 BWPD
Total gas = 221 BWPD
% Upper Zone = 204 / 221 = **92%**

Lower Zone (Yeso) = 17 BWPD
% Lower Zone = 17 / 221 = **8%**

LRE OPERATING, LLC
WILLIAMS B FEDERAL #10
Artesia; Glorieta-Yeso & Red Lake, San Andres
F Section 29 T17S R28E
3/26/2015 – Mike Pippin
API#: 30-015-41778

WEIGHTED AVERAGES

OIL GRAVITY:
Bottom zone (Yeso) = 10 BOPD, 35.8
Upper zone (SA) = 18 BOPD, 34.1
(10x35.8) + (18x34.1) = 358.0 + 613.8 = 971.8
971.8 / (10 + 18) = **34.7 GRAVITY OIL**

GAS BTU:
Bottom zone (Yeso) = 23 MCF/D, 1295 BTU
Upper zone (SA) = 80 MCF/D, 1197 BTU
(23x1295) + (80x1197) = 29,785 + 95,760 = 125,545
124,545 / (23 + 80) = **1219 BTU GAS**

H2S in GAS:
Bottom zone (Yeso) = 23 MCF/D, 9,500 ppm
Upper zone (SA) = 80 MCF/D, 3500 ppm
(23x9,500) + (80x3500) = 218,500 + 380,000 = 498,500
498,500 / (23+ 80) = **4840 ppm H2S**

Sulfur in Oil:
Bottom zone (Yeso) = 10 BOPD, 1.003
Upper zone (SA) = 18 BOPD, 1.2293
(10x1.003) + (18x1.2293) = 10.030 + 22.1274 = 32.1574
32.1574 / (10+ 18) = **1.1485 Wt% Sulfur**

DOWNHOLE COMMINGLING WORKSHEET

Operator: LRE OPERATING, LLC
Lease/Well Name/API#/Location: NMLC046250B, WILLIAMS B FEDERAL #10, 30-015-41778, F SEC 29 T17S R28E
Date: 3/26/2015

Data	Bottom Formation	Upper Formation		Estimated Combined Production Data
Pool Name: Pool Code:	Artesia, Gl-Yeso 96830	Red Lake, San Andres 97253		(See attached weighted average calculations)
State Form C-102 w/dedicated Acres provided:	Yes 40 acres	Yes 40 acres		
Formation Name:	Yeso	San Andres		
Top & Bottom of Pay Section (Perfed or OH interval):	3350'-3510' Perfed	~2024'-3101' Proposed		
Method of Production:	Pumping	Plan to pump		
Bottom Hole Pressure:	851 psi	690 psi		
Reservoir Drive Mechanism:	Solution gas drive	Solution gas drive		
Oil Gravity &/or BTU:	35.8 / 1295*	34.1 / 1197*		34.7/1219
Average Sulfur Content (Wt%):	1.003*	1.2293*		1.1485
Oil Sample Analysis Provided:	Yes*	Yes*		
Gas Analysis Provided:	Yes*	Yes*		
Produce Water Analysis Provided:	Yes*	Yes*		
H2S Present:	9,500 ppm*	3500 ppm*		4840
Producing, Shut-in or New Zone:	Pumping	Plan to pump		
Date & Oil/Gas/Water rates of Last Production (new zones or no production history Operator shall attach production estimate & supporting data):	3/24/2015 10 BOPD 23 MCF/D 17 BWPD	Ave. SA From Lease 18 BOPD 80 MCF/D 204 BWPD **		Estimated Rates: 30 BOPD 110 MCF/D 230 BWPD
Average decline % (provide back up data):	OIL = 9.76%* GAS - 1.57%*	OIL = 9.51%* GAS = 5.89%*		OIL = 8.59%* GAS = 1.91%*
Fixed Allocation %: (See attached calculations)	OIL = 36% GAS = 22% WTR = 8%	OIL = 64% GAS = 78% WTR = 92%		

Remarks: *See attached back-up data & "Williams A & B Field Study of Yeso & San Andres".
** As per EGF. Pool allocations will be fine tuned after SA test.

Operator Signature:
Date: 3/26/2015

Attached Supporting Documents
State Form C-102 w/dedicated Acres Provided
Oil Sample Analysis Provided (Must be Current)
Gas Analysis provided (Must be Current)
Produce Water Analysis provided (Must be Current)
Any additional supporting data (i.e. offset well production & decline curves etc.)

* FROM WILLIAMS A & B FIELD STUDY

Conditions of Approval, (Commingle SA & Yeso)

LRE Operating, LLC
Williams B - 10
API 3001541778, T17S-R28E, Sec 29

July 7, 2015

1. The "Williams A & B Field Study of the Yeso & San Andres" dated 11/23/2013 reviewed and Approved by EGF on 01/27/2014 has been accepted by BLM CFO as justification for a downhole pool comingling project on the Williams A and Williams B federal leases. The Yeso is currently capable of production in paying quantities and is to be produced until that formation's economic limits are achieved. This being said, the combined formations should increase field production.

2. A new "Well Location and Acreage Dedication Plat" (NMOCD Form C-102) is required with the notice of intent package when opening another pay zone. (received)

3. A subsequent sundry detailing work done and a completion report for the San Andres and Yeso formations is necessary.

4. Surface disturbance beyond the originally approved pad must have prior approval.

5. Closed loop system required.

6. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

7. Functional H_2S monitoring equipment shall be on location.

8. 2000 (2M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Ram(s) for the work string(s) used is required equipment. Manual BOP closure system including a blind ram and pipe ram(s) designed to close on all (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.

EF/PS

Access information for **use of Form 3160-5** "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.