

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**

- Engineering Bureau -

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



WILLIAMS A FEDERAL #8 -- 30-015-36513

**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 \_\_\_\_\_

30-015-36513  
 Williams A Federal #8  
 LRE Operating

2013 SEP 11 P 1:31  
 RECEIVED OOD

[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	September 10, 2013 Date
		mike@pippinllc.com e-mail Address	

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

September 10, 2013

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

**RE: C-107A TO COMMINGLE TWO POOLS**  
**WILLIAMS A FEDERAL #8**– API#: 30-015-36513  
Unit Letter "N" Section 29 T17S R28E  
Eddy County, New Mexico

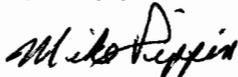
Dear Mr. Goetze,

The referenced oil well was completed on April 1, 2009 in the Artesia, Glorieta-Yeso (96830). On 6/25/13, the well was recompleted into the Red Lake, Queen-Grayburg-San Andres (51300) with the lower zone shut-in below a CBP @ 3150'. LRE would like to commingle these two pools by drilling out the CBP, which currently segregates the two pools. Interests in these two pools are identical. A Federal commingle application has also been submitted to the BLM.

The Yeso production test on 6/9/13 before the recompletion was 10 BOPD & 36 MCF/D. The test on the San Andres alone after the recompletion was on 7/12/13 for 75 BOPD and 160 MCF/D. We therefore recommend an allocation for the San Andres (upper zone) of 88% for oil and 82% for gas. For the Yeso (lower zone), we recommend 12% for oil and 18% for gas. See the attached calculations.

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 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

Form C-107A  
Revised June 10, 2003

**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

**WILLIAMS A FEDERAL #8** N SEC. 29 T17S R28E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309877 API No. 30-015-36513 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<b>RED LAKE; -Queen-Grayburg-San Andres</b>		<b>ARTESIA: Glorieta-Yeso</b>
Pool Code	51300 ✓		96830 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2000'-3030'		3371'-3510'
Method of Production (Flowing or Artificial Lift)	Pumping		Plan to Pump
Bottomhole Pressure <small>(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)</small>	690 psi ✓		851 psi ✓
Oil Gravity or Gas BTU (Degree API or Gas BTU)	34.8 ✓		38.32 ✓
Producing, Shut-In or New Zone	Producing ✓		SI Below CBP ✓
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: 7/12/13 RATES: 75 BOPD 160 MCF/D	Date: Rates:	Date: 6/9/13 Rates: 10 BOPD 36 MCF/D
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil ✓ Gas ✓ 88% 82%	Oil Gas % %	Oil ✓ Gas ✓ 12% 18%

**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 September 10, 2013

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

E-MAIL ADDRESS mike@pippinllc.com

LRE OPERATING, LLC  
 WILLIAMS A FEDERAL #8  
 Artesia; Glorieta-Yeso & Red Lake, Queen-Grayburg-San Andres  
 N Section 29 T17S R28E  
 9/10/2013  
 API#: 30-015-36513

## Commingle Allocation Calculations

On 4/1/09, the Yeso (lower zone) was completed as a new well. On 6/25/13, the well was recompleted into the San Andres (upper zone) with the lower zone shut-in below a CBP @ 3150'. The Yeso production test on 6/9/13 before the recompletion was 10 BOPD & 36 MCF/D. The test on the San Andres alone after the recompletion was on 7/12/13 for 75 BOPD & 160 MCF/D.

	Upper Zone (SA)	+	Lower Zone (YESO)	=	Total
Total Oil (bbls/d)	75	+	10	=	85
Total Gas (mcf/d)	160	+	36	=	196

### OIL

Upper Zone (SA) = 75 BOPD  
 Total oil = 85 BOPD  
 % Upper Zone =  $\frac{75}{85} = \underline{88\%}$

Lower Zone (Yeso) = 10 BOPD  
 % Lower Zone =  $\frac{10}{85} = \underline{12\%}$

### GAS

Upper Zone (SA) = 160 mcf/d  
 Total gas = 196 mcf/d  
 % Upper Zone =  $\frac{160}{196} = \underline{82\%}$

Lower Zone (Yeso) = 36 mcf/d  
 % Lower Zone =  $\frac{36}{196} = \underline{18\%}$

# WILLIAMS A FEDERAL #8

Current

ARTESIA; Glorieta-Yeso

RED LAKE; Queen-Grayburg-San Andres

(N) Section 29, T-17-S, R-28-E, Eddy County, NM

Today's Date: 9/10/13  
Spud: 1/8/09  
Completed Yeso: 4/1/09  
Completed SA: 6/25/13

Elevation: 3679' GL

API#: 30-015-36513

12-1/4" hole

8-5/8" 24# Csg @ 420'  
Cmt w/375 sx  
Circ Cmt to Surface

2-7/8" tubing @ 3147'

Queen @ 1147'

Grayburg @ 1562'

San Andres @ 1871'

Red Lake; Queen-Grayburg-San Andres  
Existing Perfs: 2000'-3030'

CBP @ 3150'

Glorieta @ 3271'

Yeso @ 3364'

Artesia; Glorieta-Yeso  
Existing Perfs: 3371'-3510'

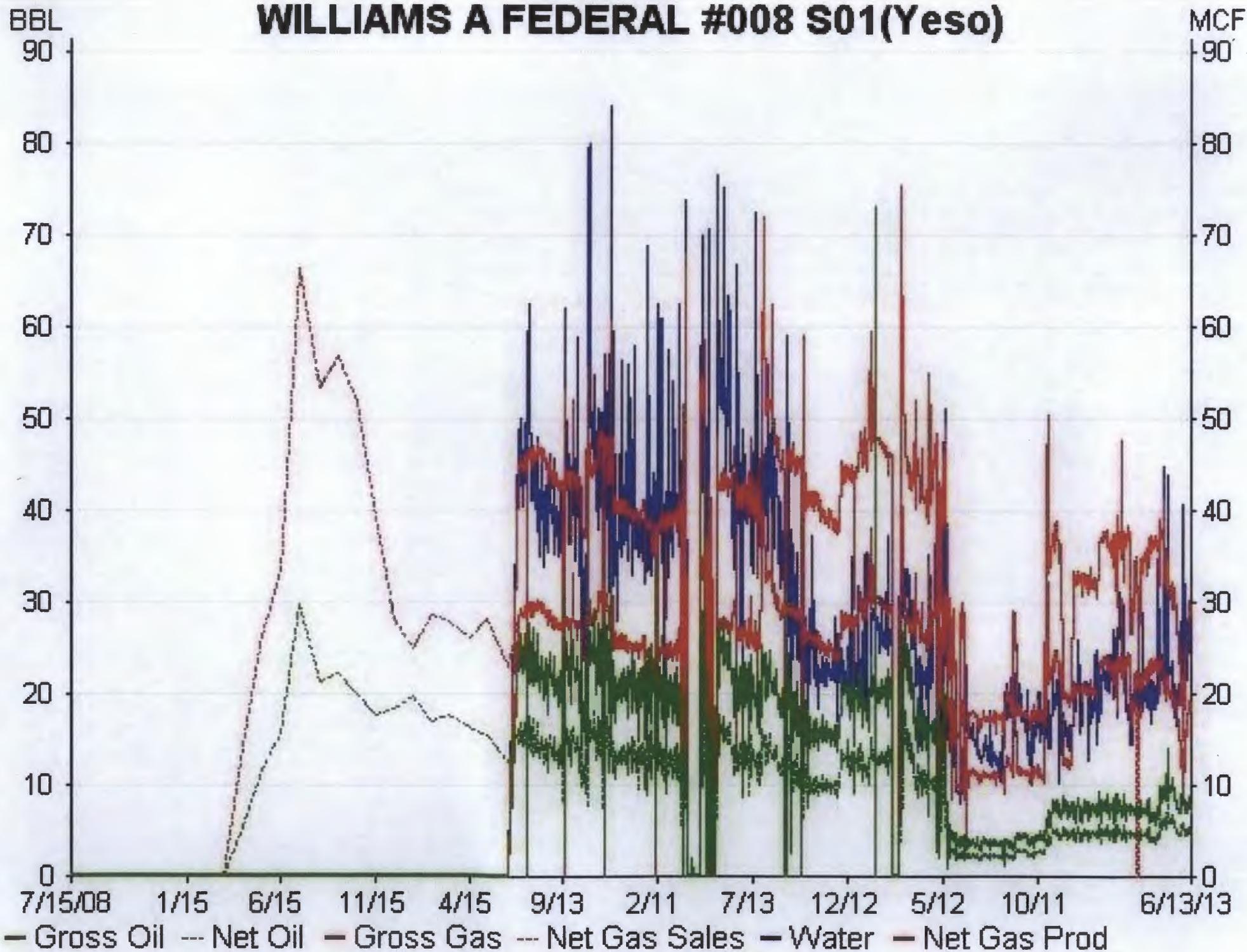
7-7/8" hole

TD 3603'

5-1/2" 17# Csg @ 3603'  
Cmt with 800 sx  
Circ Cmt to Surface

Mike Pippin

# WILLIAMS A FEDERAL #008 S01(Yeso)



— Gross Oil -- Net Oil — Gross Gas -- Net Gas Sales — Water — Net Gas Prod

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**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.*

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

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.  
**WILLIAMS A FEDERAL #8**

3  
**30-015-36513**

10. Field and Pool, or Exploratory Area  
**Artesia, Glorieta-Yeso (96830)  
Red Lake, Queen-Grayburg-San Andres (51300)  
AND  
Eddy County, New Mexico**

**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)  
**1090' FSL & 1550' FWL Unit N  
Sec. 29, T17S, R28E**

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

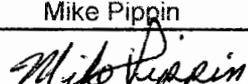
TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other <u>DHC Application</u>
	<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 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.)

LRE requests administrative approval to downhole commingle the existing (SI) Artesia, Glorieta-Yeso (96830) and the existing, producing Red Lake, Queen-Grayburg-San Andres (51300). The well was originally completed in the Yeso on 4/1/09 with a recompletion into the San Andres on 6/25/13. Both intervals have common ownership (Category #1), we have not experienced any significant cross flows, & all the fluids are compatible. Downhole commingling will improve recovery of liquids & gas, eliminate redundant surface equipment, which reduces the environmental impact, & maximize productivity. Notice has been filed concurrently on form C-107A with the State.

LRE plans to commingle by removing the CBP @ 3150' which is set above the Yeso perms. LRE is requesting approval to commingle the two pools Cupon completion of rig operations. The production allocation was calculated using the Yeso test before the recompletion workover of 10 BOPD & 36 MCF/D on 6/3/13 and the San Andres production test after the recompletion of 75 BOPD & 160 MCF/D, which was taken on 7/12/13. Therefore, the upper zone allocation calculates to be: oil - 86% & gas - 82% with the lower zone, oil - 12% & gas - 18%. See the attached C-107A, WBD & other supporting data, which has been filed with the State.

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

Name (Printed/Typed) <b>Mike Pippin</b>	Title <b>Petroleum Engineer (Agent)</b>
Signature 	Date <b>September 10, 2013</b>

**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.

**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**

<sup>1</sup> API Number 30-015-36513		<sup>2</sup> Pool Code 51300		<sup>3</sup> Pool Name RED LAKE, Queen-Grayburg-San Andres	
<sup>4</sup> Property Code 309877		<sup>5</sup> Property Name WILLIAMS A FEDERAL			<sup>6</sup> Well Number 8
<sup>7</sup> OGRID No. 281994		<sup>8</sup> Operator Name LRE OPERATING, LLC.			<sup>9</sup> Elevation 3679' GL

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	29	17-S	28-E		1090	SOUTH	1550	WEST	EDDY

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

29	1550'		1090'	<p><sup>17</sup> <b>OPERATOR CERTIFICATION</b></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: 5/10/13</p> <p>Printed Name: <u>Mike Pippin</u></p>	
	<p><sup>18</sup> <b>SURVEYOR CERTIFICATION</b></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>3/25/08</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Dan R. Reddy</p>				
	5412			Certificate Number	

District I  
1625 N. French, Dr., Hobbs, NM 88240

District II  
1301 E. Grand Avenue, Artesia, NM 88210

District III  
1000 Rio Brava Rd., Abo, 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**

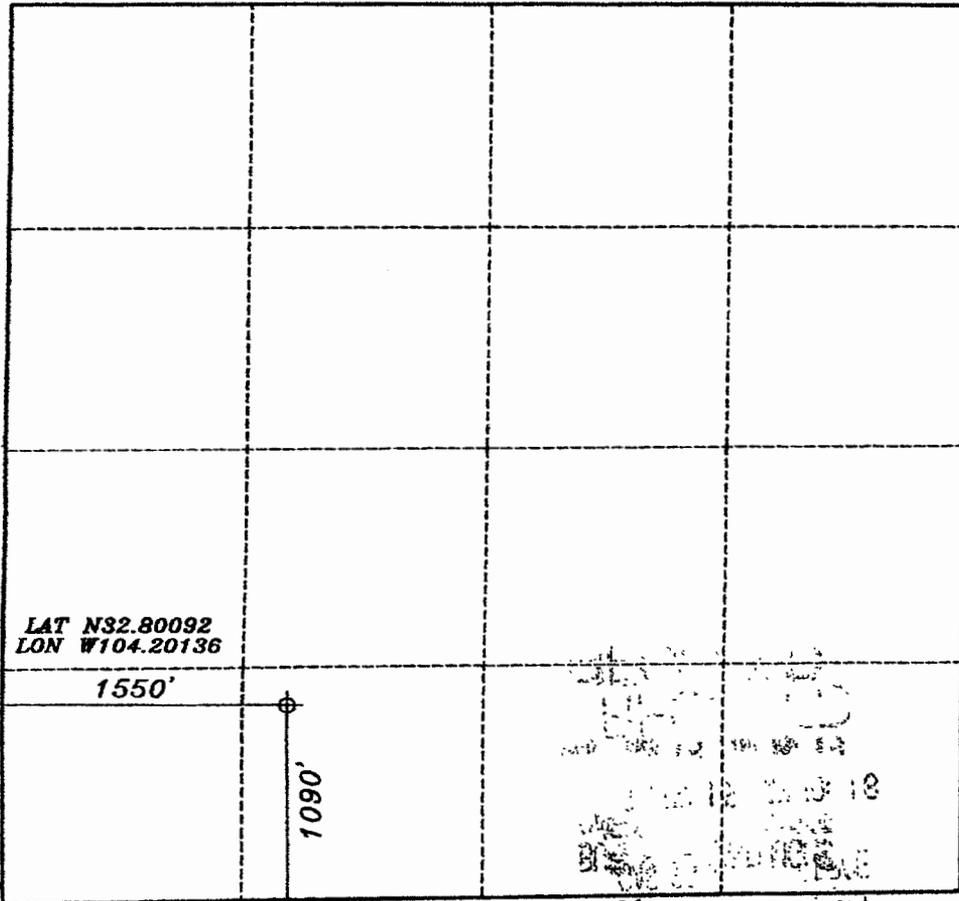
1 API Number	2 Pool Code	3 pool Name
	916830	Artesia - GL-1/E
4 Property Code	5 Property Name	
305454	WILLIAMS A FEDERAL	
7 OGRID No.	8 Operator Name	
255333	LIME ROCK RESOURCES A, L.P.	
		6 Well Number
		8
		9 Elevation
		3679

10 Surface Location	11 Bottom Hole Location If Different From Surface								
Oil or lot no.	Section	Township	Range	Lot Idn.	Foot from the	North/South line	Foot from the	East/West line	County
N	29	17-S	28-E		1090	SOUTH	1550	WEST	EDDY

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

12 Dedicated Area	13 Joint or Infill	14 Consolidation Code	15 Order No.
40			

No allowance will be assigned to this completion until all interests have been consolidated or a non-standard well has been approved by the division.



**17 OPERATORS CERTIFICATION**

I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief, and that this information otherwise is a working interest or mineral interest owned by 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 interest or working interest, or to obtaining pending approval or a completed pending order heretofore entered by the division.

Signature: *C. L. Miller* Date: 6/16/08  
 Printed Name: C. Tim Miller, VP-Operations

**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.

Date of Survey: MARCH 25, 2008  
 Signature: DAN R. REDDY  
 REGISTERED PROFESSIONAL SURVEYOR  
 NEW MEXICO  
 5412  
 LICENSED SURVEYOR ENGINEER  
 Certificate Number: DAN R. REDDY NM PE&PS #5412