

DATE IN <u>12.20.11</u>	SUSPENSE	ENGINEER <u>WVAT</u>	LOGGED IN <u>12.20.11</u>	TYPE <u>DHC</u>	APP NO. <u>1135458529</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



WYLIE #2 30-015-34111

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

Mike Pippin
Signature

Petroleum Engineer
Title

December 14, 2011
Date

mike@pippinllc.com
e-mail Address

RECEIVED OOD
 A-28-175-78E
 2011 DEC 20 A 11:42

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

December 15, 2011

NMOCD
Attention: Will Jones
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: C-107A TO COMMINGLE TWO POOLS
WYLIE #2 – API#: 30-015-34111
Unit Letter "A" Section 28 T17S R28E
Eddy County, New Mexico

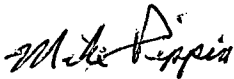
Dear Mr. Jones:

The referenced oil well has produced since July 2006 from the Artesia, Glorieta-Yeso (96830). LRE Operating would like to open an upper pool, the Red Lake, Queen-Grayburg-San Andres (51300) and commingle the two pools. A sundry notice has been submitted to the Artesia District OCD office to open the upper interval.

LRE Operating is requesting approval to commingle the two pools upon completion of rig operations. The allocation will be calculated by subtracting the current (Yeso) production of 5.8 BOPD and 18 MCF/D from the total well production after two months of commingled production. We plan to submit these calculations and the resulting allocation to the district office after the well has been on line for about two months.

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
1090 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

☒ 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

WYLLIE #2

A SEC. 28 T17S R28E

Eddy

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 281994 Property Code 309866 API No. 30-015-34111 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	RED LAKE; Queen-Grayburg-San Andres		ARTESIA; Glorieta-Yeso
Pool Code	51300		96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	~2805'-3240'		3341'-3499'
Method of Production (Flowing or Artificial Lift)	Plan to Pump		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)	690 psi		851 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	34.8		38.32
Producing, Shut-In or New Zone	Prospective		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: October 2011 Rates: 5.8 BOPD 18 MCF/D 65 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 December 15, 2011

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

E-MAIL ADDRESS mike@pippinllc.com

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 30-015-34111	² Pool Code 96830	³ Pool Name Artesia, Glorieta-Yeso
⁴ Property Code 309866	⁵ Property Name WYLIE	⁶ Well Number 2
⁷ OGRID No. 281994	⁸ Operator Name LRE OPERATING, LLC	⁹ Elevation 3641' GL

¹⁰ Surface Location

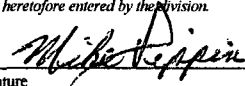
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	28	17-S	28-E		990'	NORTH	990'	EAST	EDDY

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 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.

<div style="text-align: center; font-size: 2em;">28</div>	<div style="text-align: center;">990'</div>	<div style="text-align: center;">990'</div>	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. <div style="text-align: right;">  </div> <div style="display: flex; justify-content: space-between;"> <div>Signature</div> <div>Date 12/14/11</div> </div> <div style="border-top: 1px solid black; padding-top: 5px;"> Mike Pippin Printed Name </div>	
				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. 4/29/05 Date of Survey Signature and Seal of Professional Surveyor: Dan R. Reddy 5412 Certificate Number

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 30-015-34111	² Pool Code 51300	³ Pool Name Red Lake, Queen-Grayburg-San Andres
⁴ Property Code 309866	⁵ Property Name WYLIE	⁶ Well Number 2
⁷ OGRID No. 281994	⁸ Operator Name LRE OPERATING, LLC	⁹ Elevation 3641' GL

¹⁰ Surface Location

UL or lot no. A	Section 28	Township 17-S	Range 28-E	Lot Idn	Feet from the 990'	North/South line NORTH	Feet from the 990'	East/West line EAST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

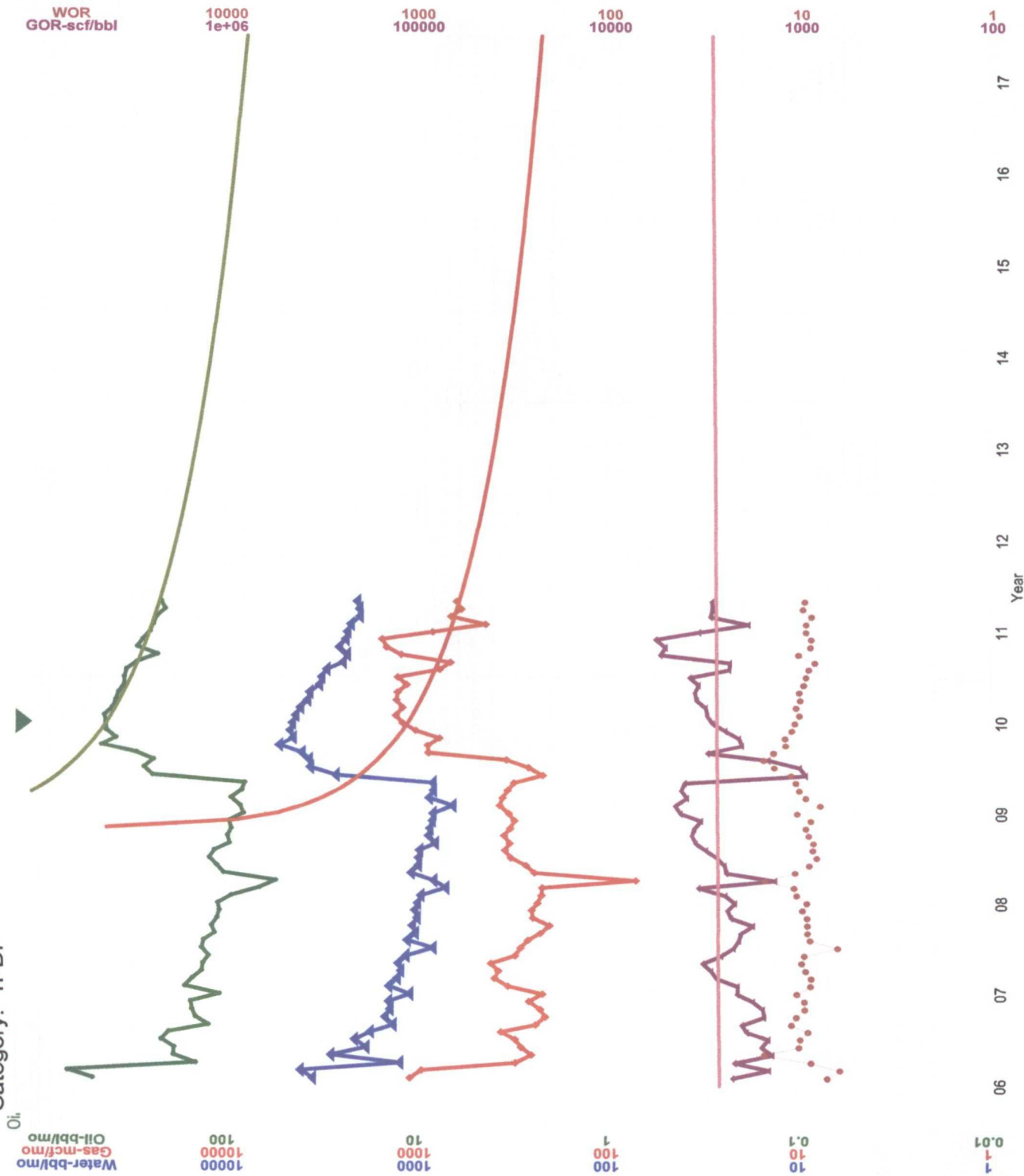
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

28	990'	990'	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: 12/14/11 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. 4/29/05 Date of Survey Signature and Seal of Professional Surveyor: Dan R. Reddy 5412 Certificate Number

WYLIE 2 GLORIETTA YESO Category: 1PDP



Oil-bbl/mo	LRR10	7/2010	8223
Qual=	Ref=	Cum=	Rem=
EUR=	Yrs=	Qref=	De=
Dmin=	b=	Qab=	15.0
Gas-mcf/mo	LRR10	7/2010	18204
Qual=	Ref=	Cum=	Rem=
EUR=	Yrs=	Qref=	De=
Dmin=	b=	Qab=	0.0
Water-bbl/mo	LRR10	7/2010	82742
Qual=	Ref=	Cum=	Rem=
EUR=	Yrs=	Qref=	De=
Dmin=	b=	Qab=	0.0
GOR-scf/bbl	LRR10	7/2010	36.997
Qual=	Ref=	Cum=	Rem=
EUR=	Yrs=	Qref=	De=
Dmin=	b=	Qab=	0.0
WOR	LRR10	7/2010	0
Qual=	Ref=	Cum=	Rem=
EUR=	Yrs=	Qref=	De=
Dmin=	b=	Qab=	0.0

WYLIE #2

Current

ARTESIA; Glorieta-Yeso
RED LAKE; Queen-Grayburg-San Andres

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

Today's Date: 12/14/11

Spud: 5/17/06

Completed: 7/2/06

Elevation: 3641' GL

API#: 30-015-34111

12-1/4" hole

8-5/8" 28# J-55 Csg @ 368'
Cmt w/325 sxs (Circ 85 sx cmt)

2-7/8" tubing @ 3403'

Queen @ 1210'

Grayburg @ 1654'

San Andres @ 1950'

RED LAKE; Queen-Grayburg-San Andres
Proposed Perfs: ~2805'-3240'

Glorieta @ 3338'

Yeso @ 3418'

Artesia; Glorieta-Yeso
Existing Perfs: 3341'-3499'

PBTD 3508'

7-7/8" hole

TD 3575'

5-1/2" 14&17# J-55 Csg @ 3571'
Cmt with 725 sx, Circ Cmt

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

December 15, 2011

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
WYLIE #2 – API#: 30-015-34111
Unit Letter "A" Section 28 T17S R28E
Eddy County, New Mexico

Dear Mr. Martinez:

LRE Operating would like to commingle the existing Artesia, Glorieta-Yeso interval with the proposed Red Lake, Queen-Grayburg-San Andres interval in the referenced well. The designated acreage for the proposed commingle will be the northeast quarter of the northeast quarter of section 28.

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 Ave., 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 and Natural Resources

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

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. 30-015-34111
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 WYLIE
4. Well Location Unit Letter <u>A</u> : <u>990</u> feet from the <u>NORTH</u> line and <u>990</u> feet from the <u>EAST</u> line Section <u>28</u> Township <u>17-S</u> Range <u>28-E</u> NMPM <u>Eddy</u> County		8. Well Number <u>#2</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3641' GL		9. OGRID Number <u>281994</u>
		10. Pool name or Wildcat Red Lake, Queen-Grayburg-San Andres (51300) Artesia, Glorieta-Yeso (96830)

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
 DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ P AND A ☐
 CASING/CEMENT JOB ☐

OTHER: Open San Andres ☒

OTHER: ☐

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

LRE Operating would like to open the San Andres in this existing Yeso oil well as follows:

TOH w/rods, pump, & tbq. Set a 5-1/2" CBP above the existing Yeso perfs (3341'-3499') @ about 3300'. PT 5-1/2" csg to 500-1000 psi. Perf San Andres @ about 2805'-3240'. Break down the new San Andres perfs w/about 5000 gal 15% NEFE acid & frac w/about 150,000# 16/30 & 60,000# 12/20 sand in 25# X-linked gel. Clean out after frac. Run production tbq, pump & rods & initiate pumping San Andres only. The existing Yeso perfs will remain shut-in below the RBP. We may apply for a commingle order in the future.

Spud Date: 5/17/06

Rig Release Date: 5/26/06

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 12/6/11

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):