

12/22/11

12.23.11 WVJ DHC-3689-A PTC-W 1135737481

DATE IN <u>4/7/06</u>	SUSPENSE	ENGINEER <u>Will Jones</u>	LOGGED IN <u>4/10/06</u>	TYPE <u>DHC</u>	APP NO. <u>AD50611237618</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



LRE operating  
 ENRON STATE #1  
 #4  
 E. Shogard Del. Unit 20

**ADMINISTRATIVE APPLICATION CHECKLIST**

30-015-31350

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.

<u>MIKE PIPPIN</u> Print or Type Name	<u>Mike Pippin</u> Signature	<u>PETR. ENGR.</u> Title	<u>12/20/11</u> Date
<u>MIKE@PIPPINLLC.COM</u> e-mail Address			

District I  
1623 N. French Drive, Hobbs, NM 88240

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

District III  
1000 Rio Grande 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

APPLICATION FOR DOWNHOLE COMMINGLING

Yes  No

Operator SDX Resources, Inc. PO Box 5061, Midland, TX 79704  
Address Unit C, Sec 32, T17S, R28E Eddy Co., NM  
Lease Enron State #1 Well No. Unit Letter-Section-Township-Range County  
OGRID No. 020451 Property Code 27087 API No. 30-015-31530 Lease Type: Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Artesia, QN-CB-SA		Artesia, GI-Yeso
Pool Code	03230		9682 96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2420 - 2549		3456-3534
Method of Production (Flowing or Artificial Lift)	Rod pump		Rod 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>	N/R		N/R
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	36		41
Producing, Shut-In or New Zone	Prod		SI
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: 1/3/06 Rates: 8 BOPD 40 MCFPD	Date: Rates:	Date: 11/12/01 Rates: 10 BOPD 15 MCFPD
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 44 % Gas 73 %	Oil % Gas %	Oil 56 % Gas 27 %

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 Chuck Morgan TITLE Engineer DATE 4/5/06  
TYPE OR PRINT NAME Chuck Morgan TELEPHONE NO. (432) 685-1761  
E-MAIL ADDRESS cmorgan@sdxresources.com

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

December 20, 2011

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

RECEIVED OGD  
2011 DEC 22 P 1:24

**RE: INCORRECT POOL LISTED ON DHC-3689**  
ENRON STATE #1 – API#: 30-015-31530  
Unit Letter "C" Section 32 T17S R28E  
Eddy County, New Mexico

Dear Mr. Jones:

The referenced oil well was commingled as per DHC-3689 on 3/6/09. However, the lower pool is listed incorrectly. The lower pool name should be Artesia, Glorieta-Yeso (96830). As you requested, I have attached corrected copies of the C-107A and C-102 from the original commingle application submitted by SDX Resources, Inc. I have also attached copies of the C-104s that Donna Mull requested I send her.

Since the commingle, the name of the company has been changed twice and is now LRE Operating, LLC (12/1/11) and there has been a payadd workover in the Yeso (11/11/11).

LRE Operating is requesting that DHC-3689 be revised to show the correct lower pool.

Please contact me at 505-327-4573 should you have any questions.

Very truly yours,



Mike Pippin

Petroleum Engineer

District I  
1025 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources

Form C-102  
Revised March 17, 1999

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505  
JAN 12 2007

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-31530		Pool Code 96830	Pool Name Artesia, Glorieta-Yeso
Property Code 27087	Property Name ENRON STATE		Well Number 1
OGRID No. 020451	Operator Name SDX RESOURCES, INC.		Elevation 3678.

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
C	32	17-S	28-E		530	NORTH	1650	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

Dedicated Acres 40	Joint or Infill	Consolidation Code	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

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p>		
	<p>Signature <i>Bonnie Atwater</i></p> <p>Printed Name Bonnie Atwater</p>		
	<p>Title Regulatory Tech</p> <p>Date 4/4/06</p>		
	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p>		
<p>DECEMBER 20 2006</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Engineer</p>			

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Energy, Minerals & Natural Resources

Form C-102  
Revised March 17, 1999

OIL CONSERVATION DIVISION  
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Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number		Pool Code	Pool Name
		03230	Artesia (QN-GB-SA)
Property Code	Property Name		Well Number
	ENRON STATE		1
OGRID No.	Operator Name		Elevation
020451	SDX RESOURCES, INC.		3678.

**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
C	32	17-S	28-E		530	NORTH	1650	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

Dedicated Acres	Joint or Infill	Consolidation Code	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

<p>16</p>	<p><b>17 OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p>		
	<p>Signature <i>Bonnie Atwater</i></p> <p>Printed Name Bonnie Atwater</p>		
	<p>Title Regulatory Tech</p> <p>Date 1/2/01</p>		
	<p><b>18 SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>DECEMBER 20, 2000</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Engineer</p>		

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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources

Form C-104  
Revised Feb. 26, 2007

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to Appropriate District Office  
5 Copies

AMENDED REPORT

**I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT**

<sup>1</sup> Operator name and Address <b>LRE OPERATING, LLC</b> c/o Mike Pippin LLC, 3104 N. Sullivan Farmington, NM 87401		<sup>2</sup> OGRID Number 281994
		<sup>3</sup> Reason for Filing Code/ Effective Date Commingle Pools
<sup>4</sup> API Number 30 - 015-31530	<sup>5</sup> Pool Name Artesia, Glorieta-Yeso	<sup>6</sup> Pool Code 96830
<sup>7</sup> Property Code 309885	<sup>8</sup> Property Name ENRON STATE	<sup>9</sup> Well Number 1

**II. <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
C	32	17-S	28-E		530	NORTH	1650	WEST	EDDY

**<sup>11</sup> Bottom Hole Location**

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> Lse Code	<sup>13</sup> Producing Method Code	<sup>14</sup> Gas Connection Date	<sup>15</sup> C-129 Permit Number	<sup>16</sup> C-129 Effective Date	<sup>17</sup> C-129 Expiration Date
S	P	READY			

**III. Oil and Gas Transporters**

<sup>18</sup> Transporter OGRID	<sup>19</sup> Transporter Name and Address	<sup>20</sup> O/G/W
34019	ConocoPhillips 1130 Plaza Office Building, Bartlesvilld, OK 74004	O
221115	Frontier Field Services, LLC 4200 E. Skelly Drive, Suite 700, Tulsa, OK 74135	G

**IV. Well Completion Data**

<sup>21</sup> Spud Date	<sup>22</sup> Ready Date	<sup>23</sup> TD	<sup>24</sup> PBDT	<sup>25</sup> Perforations	<sup>26</sup> DHC, MC
5/2/01	WO: 3/5/09	4000'	3700'	3456'-3534'	DHC-3689
<sup>27</sup> Hole Size	<sup>28</sup> Casing & Tubing Size	<sup>29</sup> Depth Set	<sup>30</sup> Sacks Cement		
12-1/4"	8-5/8" 24#	390'	325 sx Class C		
7-7/8"	5-1/2" 17&15.5#	3993'	300 sx Lite C + 600 sx C		
	2-7/8" tubing	3612'			

**V. Well Test Data**

<sup>31</sup> Date New Oil	<sup>32</sup> Gas Delivery Date	<sup>33</sup> Test Date	<sup>34</sup> Test Length	<sup>35</sup> Tbg. Pressure	<sup>36</sup> Csg. Pressure
3/6/09	3/6/09	3/7/09	24 hrs		
<sup>37</sup> Choke Size	<sup>38</sup> Oil (bbls)	<sup>39</sup> Water (bbls)	<sup>40</sup> Gas (MCF)	<sup>41</sup> Test Method	
	13	54	0	Pumping	

<sup>42</sup> I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Mike Pippin*  
Printed name: Mike Pippin  
Title: Petroleum Engineer - Agent  
E-mail Address: mike@pippinllc.com  
Date: 12/19/11  
Phone: 505-327-4573

OIL CONSERVATION DIVISION  
Approved by:  
Title:  
Approval Date:

District I  
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State of New Mexico  
Energy, Minerals & Natural Resources  
Oil Conservation Division  
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Form C-104  
Revised Feb. 26, 2007

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		<sup>3</sup> Reason for Filing Code/ Effective Date <b>Commingle Pools</b>
<sup>4</sup> API Number <b>30 - 015-31530</b>	<sup>5</sup> Pool Name <b>Artesia, Queen-Grayburg-San Andres</b>	<sup>6</sup> Pool Code <b>3230</b>
<sup>7</sup> Property Code <b>309885</b>	<sup>8</sup> Property Name <b>ENRON STATE</b>	<sup>9</sup> Well Number <b>1</b>

**II. <sup>10</sup> Surface Location**

UI or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
C	32	17-S	28-E		530	NORTH	1650	WEST	EDDY

**<sup>11</sup> Bottom Hole Location**

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> Lse Code S	<sup>13</sup> Producing Method Code P	<sup>14</sup> Gas Connection Date READY	<sup>15</sup> C-129 Permit Number	<sup>16</sup> C-129 Effective Date	<sup>17</sup> C-129 Expiration Date				

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<sup>18</sup> Transporter OGRID	<sup>19</sup> Transporter Name and Address	<sup>20</sup> O/G/W
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221115	<b>Frontier Field Services, LLC</b> 4200 E. Skelly Drive, Suite 700, Tulsa, OK 74135	G

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5/2/01	WO: 3/5/09	4000'	3700'	2420'-2449'	DHC-3689
<sup>27</sup> Hole Size	<sup>28</sup> Casing & Tubing Size	<sup>29</sup> Depth Set	<sup>30</sup> Sacks Cement		
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	13	54	0	Pumping	

<sup>42</sup> I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Mike Pippin</i>	OIL CONSERVATION DIVISION Approved by:
Printed name: Mike Pippin	Title:
Title: Petroleum Engineer - Agent	Approval Date:
E-mail Address: mike@pippinllc.com	
Date: 12/19/11	Phone: 505-327-4573