

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



RECEIVED OGD

ENRON STATE #14 30-015-36979

NOV 16 12:20

**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		Petroleum Engineer	November 15, 2012
Print or Type Name	Signature	Title	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

November 15, 2012

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

**RE: C-107A TO COMMINGLE TWO POOLS**  
**ENRON STATE #14** – API#: 30-015-36979  
Unit Letter "C" Section 32 T17S R28E  
Eddy County, New Mexico

Dear Mr. Jones:

The referenced oil well was completed in the Artesia, Glorieta-Yeso (96830) on 8/12/09. On 11/2/12, the well was recompleted into the Artesia, Queen-Grayburg-San Andres (3230) with the Yeso perms shut-in below a RBP at 3250'. See the attached wellbore diagram. LRE Operating would like to remove the RBP and commingle the two pools.

LRE Operating is requesting approval to commingle these two pools upon completion of rig operations to remove the RBP. The production allocation will be calculated by subtracting the current (San Andres) production of 23 BOPD and 64 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**  
1000 Rio Brazos Road, Aztec, NM 87410

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87503

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

**ENRON STATE #14** **C SEC. 32 T17S R28E**  
Lease Well No. Unit Letter-Section-Township-Range County

*DHC-4599*  
Eddy

OGRID No. 281994 Property Code 309885 API No. 30-015-36979 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	ARTESIA; Queen-Grayburg-San Andres		ARTESIA; Glorieta-Yeso
Pool Code	3230		96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2245'-3165'		3459'-4090'
Method of Production (Flowing or Artificial Lift)	Pumping		Plan to Pump
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	Producing		Shut-in below RBP
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: November 2012 RATES: 23 BOPD 64 MCF/D 80 BWPD	Date: Rates:	Date: Rates:
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 <i>CONSTANT</i>	Oil Gas %	Oil Gas <i>after Gas SUBTRACTION</i>

**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 November 15, 2012

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

E-MAIL ADDRESS mike@pippinllc.com

# ENRON STATE #14

Current

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

(C) Section 32, T-17-S, R-28-E, Eddy County, NM

Today's Date: 11/15/12  
Mike Pippin

Spud: 6/9/09  
Completed Yeso: 8/12/09  
Completed SA: 11/2/12

Elevation: 3700' GL  
API#: 30-015-36979

Queen @ 1181'

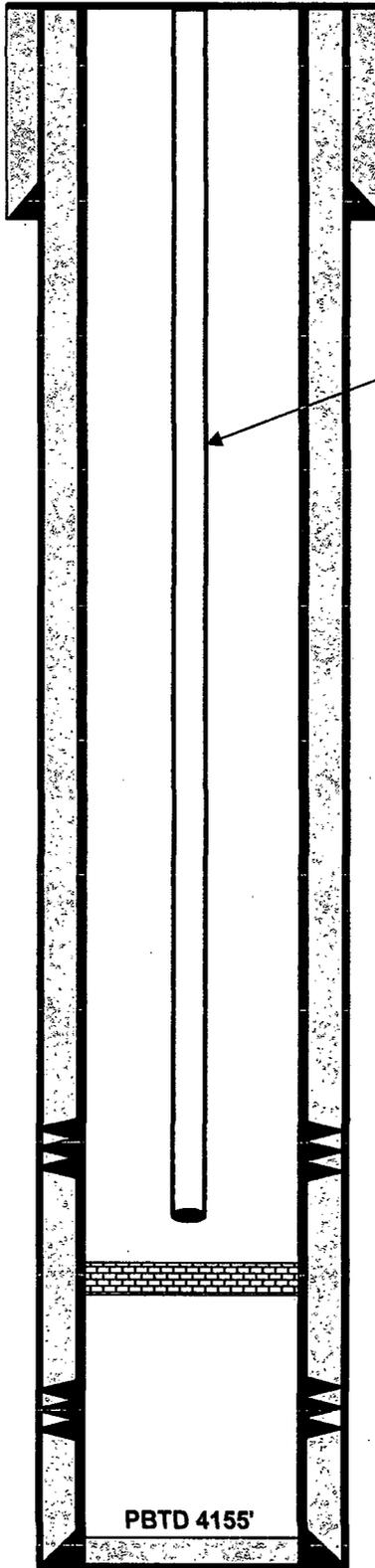
Grayburg @ 1600'

San Andres @ 1911'

Glorieta @ 3337'

Yeso @ 3462'

12-1/4" hole



8-5/8" 24# J-55 Csg @ 348'  
Cmt w/350 sxs (Circ cmt)

2-7/8" tubing @ 3205'

ARTESIA; Queen-Grayburg-San Andres  
Proposed Perfs: 2245'-3165'

RBP @ 3250'

*Artesia*  
RED LAKE; Glorieta-Yeso, NE  
Existing Perfs: 3459'-4090'

7-7/8" hole

PBT D 4155'

TD 4205'

5-1/2" 17# J-55 Csg @ 4195'  
Cmt with 950 sx, Circ Cmt

**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**

<sup>1</sup> API Number 30-015-36979	<sup>2</sup> Pool Code 96830	<sup>3</sup> Pool Name Artesia, Glorieta-Yeso
<sup>4</sup> Property Code 309885	<sup>5</sup> Property Name <b>ENRON STATE</b>	
<sup>7</sup> OGRID No. 281994	<sup>8</sup> Operator Name <b>LRE OPERATING, LLC.</b>	<sup>6</sup> Well Number <b>14</b>
<sup>9</sup> Elevation 3700' 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
C	32	17-S	28-E		990	NORTH	2035	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.

	<p><b>32</b></p>	<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 <u>11/7/12</u></p> <p>Mike Pippin Printed Name</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>11/19/08 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Gary G. Eidson</p> <p>12641 Certificate Number</p>

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

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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

**RECEIVED**  
NOV 08 2012  
MNOCD-ARTESIA

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-015-36979		<sup>2</sup> Pool Code 3230		<sup>3</sup> Pool Name Artesia, Queen-Grayburg-San Andres	
<sup>4</sup> Property Code 309885		<sup>5</sup> Property Name ENRON STATE			<sup>6</sup> Well Number 14
<sup>7</sup> OGRID No. 281994		<sup>8</sup> Operator Name LRE OPERATING, LLC.			<sup>9</sup> Elevation 3700' 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
C	32	17-S	28-E		990	NORTH	2035	WEST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

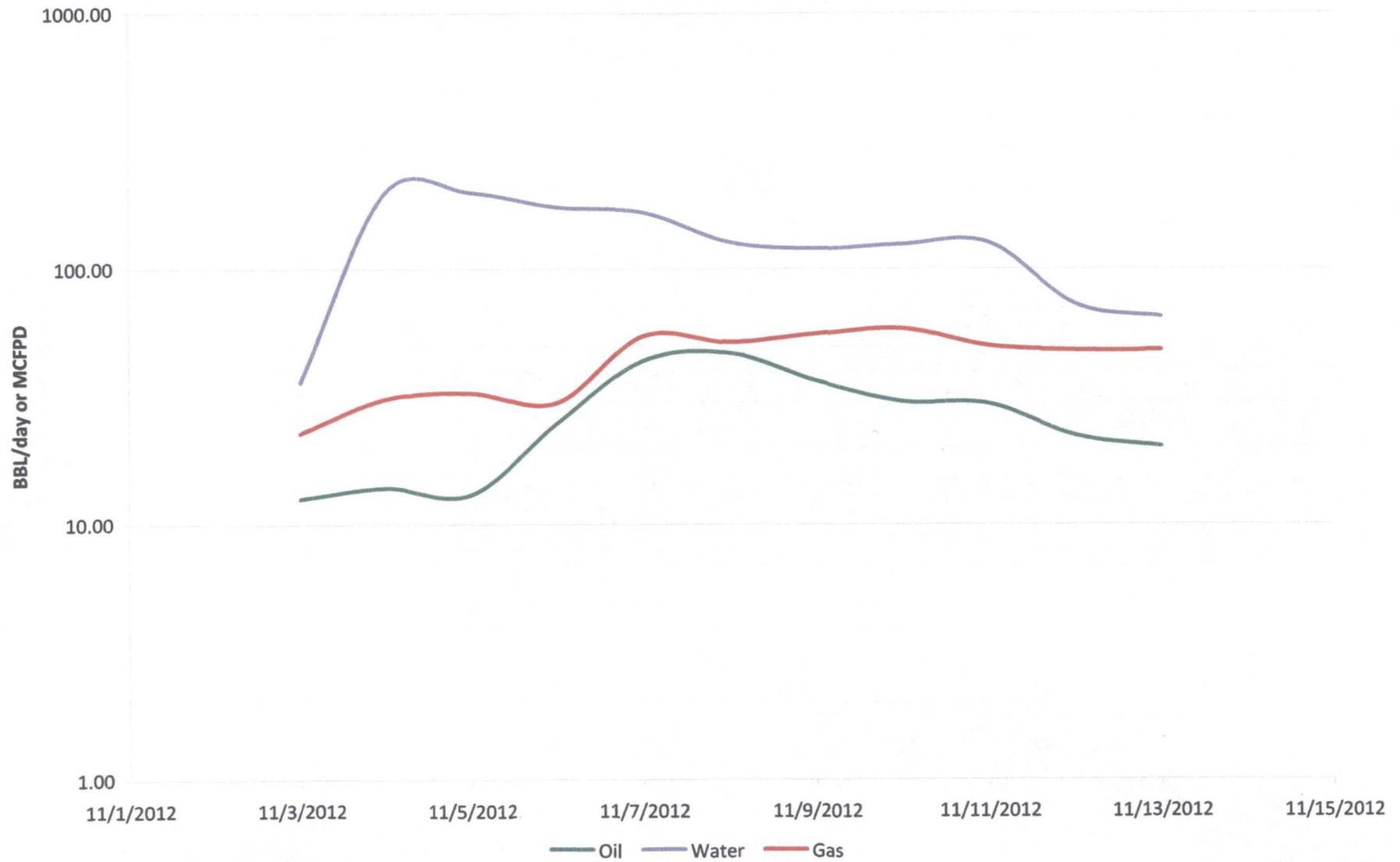
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<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.

	<b><sup>17</sup> OPERATOR CERTIFICATION</b>	
	<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>	
	Signature: <i>Mike Pippin</i> Printed Name: <b>Mike Pippin</b>	Date: 11/7/12
	<b><sup>18</sup> SURVEYOR CERTIFICATION</b>	
	<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>	
	Date of Survey: 11/19/08 Signature and Seal of Professional Surveyor: Gary G Eidson	
Certificate Number: 12641		

# Enron State #14 Production Plot



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

November 15, 2012

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**  
ENRON STATE #14 – API#: 30-015-36979  
Unit Letter "C" Section 32 T17S R28E  
Eddy County, New Mexico

Dear Mr. Martinez:

LRE Operating would like to commingle the existing, producing Artesia, Queen-Grayburg-San Andres interval with the Artesia, Glorieta-Yeso interval, which is currently shut-in below a retrievable bridge plug. The designated acreage for the proposed commingle will be the northeast quarter of the northwest quarter of section 32.

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

Submit 3 Copies To Appropriate District Office  
 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

Form C-103  
 June 19, 2008

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

WELL API NO. 30-015-36979
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name <b>ENRON STATE</b>
8. Well Number #14
9. OGRID Number 281994
10. Pool name or Wildcat Artesia, Glorieta-Yeso (96830) Artesia, Queen-Grayburg-San Andres (3230)

**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.)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
**LRE OPERATING, LLC**

3. Address of Operator  
c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401

4. Well Location  
 Unit Letter C : 990 feet from the NORTH line and 2035 feet from the WEST line  
 Section 32 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3700' GL

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

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>			
OTHER: Remove the RBP @ 3250' & Commingle <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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 would like to remove the RBP @ 3250' & commingle the existing, producing San Andres perfs (2245'-3165') with the Yeso perfs (3459'-4090'), which are currently shut-in below the RBP. A C-107A commingle application has been filed with the Santa Fe NMOCD office.

Spud Date: 6/9/09 Drilling Rig Release Date: 6/19/09

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 11/15/12

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):