

ABOVE THIS LINE FOR DIVISION USE ONLY

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



STALEY STATE #14 -- 30-015-37674

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

- DHC 4727
 - LRE OPERATING, LLC
 281994
 W-EN
 - Staley State #4
 30-015-37674
 Pool
 - Red Lake, SAW
 Andrew
 97253
 - Red Lake
 G, YES, NE
 2014 DEC 30 P 5:26
 RECEIVED OOD

[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	<i>Mike Pippin</i> Signature	Petroleum Engineer Title	December 26, 2014 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

December 26, 2014

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

RE: C-107A TO COMMINGLE TWO POOLS
STALEY STATE #14— API#: 30-015-37674
Unit Letter "H" Section 30 T17S R28E
Eddy County, New Mexico

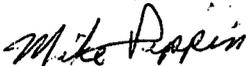
Dear Mr. Goetze,

The referenced oil well was completed on July 26, 2010 in the Red Lake Glorieta-Yeso NE (96836). The attached NOI sundry to recompleate this well to the Red Lake, San Andres has been submitted to the NM District office in Artesia. Interests in these two pools are identical, and the NM Commissioner of Public Lands has been notified.

The Yeso production test before the recompletion on 12/9/14 was 2 BOPD, 25 MCF/D, & 83 BWPD. After the recompletion to San Andres and a test of the San Andres alone, the CBP between the two pools will be removed and the two pools downhole commingled. The production allocations for each pool will then be calculated by subtracting the current (Yeso) production from the total well production after about two months of commingled production. We plan to submit these calculations and the resulting allocations to the district office.

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 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 30-015-37674		² Pool Code 97253		³ Pool Name Red Lake, San Andres	
⁴ Property Code 309874		⁵ Property Name STALEY STATE			⁶ Well Number 14
⁷ OGRID No. 281994		⁸ Operator Name LRE OPERATING, LLC.			⁹ Elevation 3588' 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
H	30	17-S	28-E		2310	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.

<p>30</p>	<p>2310'</p>	<p>990'</p>	<p>¹⁷ OPERATOR CERTIFICATION</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 as 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: 12/24/14</p> <p>Printed Name: <u>Mike Pippin</u></p>
	<p>¹⁸ SURVEYOR CERTIFICATION</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>2/2/10</p> <p>Date of Survey: _____</p> <p>Signature and Seal of Professional Surveyor: Gary G. Eidson</p> <p>12641</p> <p>Certificate Number</p>		

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

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

District III
1000 Rio Hondo 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, Farmineton, NM 87401

Operator Address

STALEY STATE #14 H SEC. 30 T17S R28E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code _____ API No. 30-015-37674 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	RED LAKE; San Andres		RED LAKE; Glorieta-Yeso NE
Pool Code	97253		96836
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	~1972'-3025'		3314'-4650'
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
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>	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. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: RATES:	Date: Rates:	Date: December 9, 2014 Rates: 2 BOPD 25 MCF/D 83 BWP/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	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 26, 2014

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

E-MAIL ADDRESS mike@pippinllc.com

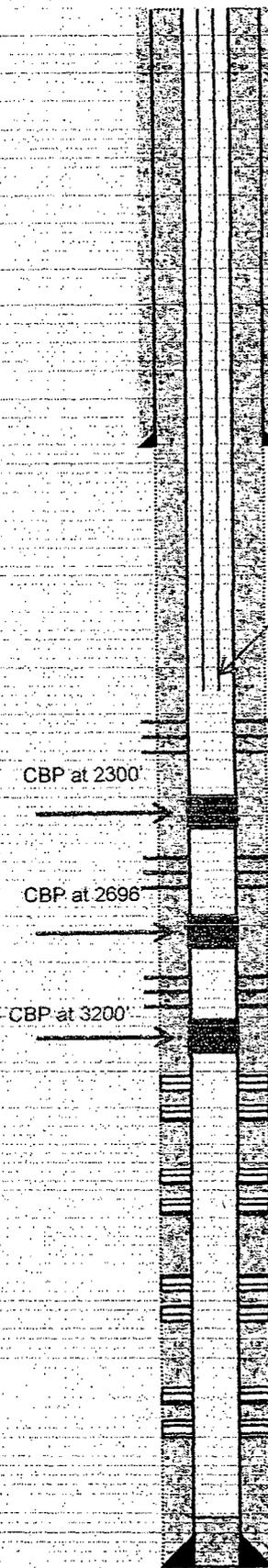


LRE Operating LLC,
 Staley State #14
 San Andres Recompletion
 AFE # R14027

Staley State #14
Sec 30-17S-28E(SW of H)
2310' FNL, 990' FEL
Elevation - 3,588'
API #: 30-015-37674
Eddy County, NM

GEOLOGY	
Zone	Top
Queen	1,053'
Grayburg	1,476'
San Andres	1,788'
Glorieta	3,180'
Yeso	3,299'
Tubb	4,708'

SURVEYS	
Degrees	Depth
1/2°	416'
1/4°	1,032'
1/4°	1,512'
1/2°	2,017'
3/4°	2,517'
3/4°	3,022'
1°	3,022'
1-1/4°	3,526'
1-3/4°	4,025'
1-1/2°	4,505'



8-5/8", 23#, J-55, ST&C Casing @ 425'. Circulated
 125 sx to Surface.

2-7/8", 6.5#, J-55 Tubing with ESP and pump intake at 1772'

San Andres Perfs: 1972'-2241'
 30 holes

Stim Info: 1500 g 15% HCL, 7,300 bbls
 water, 30,000 #'s 100 Mesh, 195,090 #'s
 40/70 Ottawa, 80+ BPM

CBP at 2300'

San Andres Perfs: 2358'-2663'
 30 holes

Stim Info: 1500 g 15% HCL, 8,100 bbls water,
 30,000 #'s 100 Mesh, 257,040 #'s 40/70
 Ottawa, 80+ BPM

CBP at 2696'

San Andres Perfs: 2730'-3025'
 30 holes

Stim Info: 1500 g 15% HCL, 8,100 bbls water,
 30,000 #'s 100 Mesh, 257,040 #'s 40/70
 Ottawa, 80+ BPM

CBP at 3200'

Yeso Perfs: 3,314' - 3,503' (2 SPF - 48 holes)

Stim Info: 6594 gal 15% NEFE; Frac w/ 85,937 # 16/30
 Ottawa & 33,258 # SLC in 95k gal of .25# x-linked gel.
 (7/21/10)

Yeso Perfs: 3,567' - 3,857' (2 SPF - 52 holes)

Stim Info: 3500 gal 15% NEFE; Frac w/ 94,410 # 16/30
 Ottawa & 44,198 # SLC in 104k gal of .25# x-linked gel.
 (7/21/10)

Yeso Perfs: 3,896' - 4,228' (2 SPF - 48 holes)

Stim Info: 3500 gal 15% NEFE; Frac w/ 110,808 # 16/30
 Ottawa & 49,238 # SLC in 120k gal .25# x-linked gel.
 (7/21/10)

Yeso Perfs: 4,288' - 4,650' (2 SPF - 56 holes)

Stim Info: 3500 gal 15% NEFE; Frac w/ 112,336 # 16/30
 Ottawa & 49,864 # SLC in 142k gal of .25# x-linked gel.
 (7/21/10)

PBSD @ 4,788'

5-1/2", 17#, J-55; ST&C Casing @ 4,829'. 550 sks
 Lead and 550 sks Tail. Circulated 173 sx to Surface.

TD @ 4,845'

(07/02/2010)

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

December 26, 2014

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
STALEY STATE #14 – API#: 30-015-37674
Unit Letter "H" Section 30 T17S R28E
Eddy County, New Mexico

Dear Mr. Martinez:

LRE Operating, LLC would like to commingle the existing, producing Red Lake, Glorieta-Yeso NE interval with the proposed, Red Lake, San Andres interval. The designated acreage for the proposed commingle will be the southeast quarter of the northeast quarter of section 30.

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.

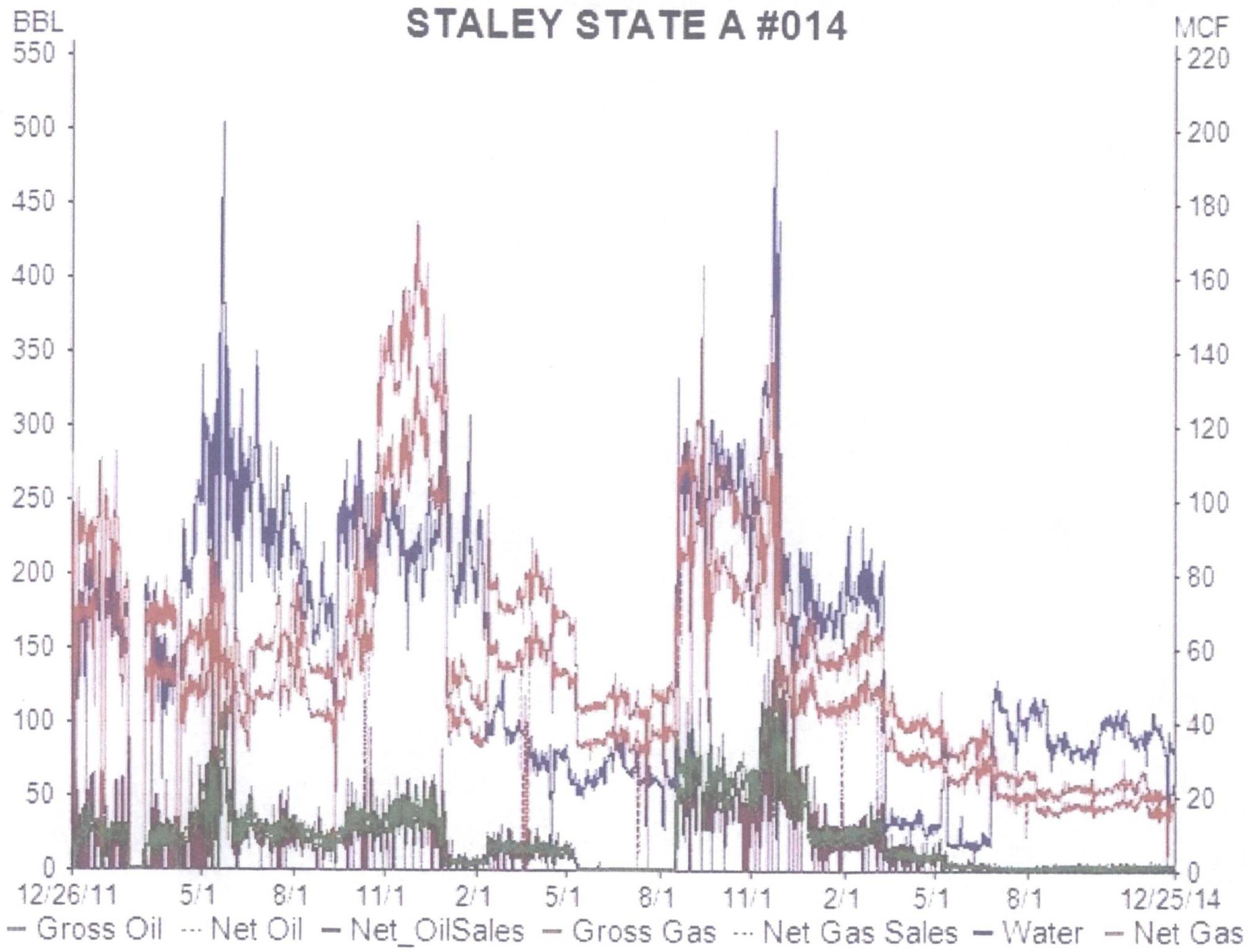
Please contact me at 505-327-4573 should you have any questions.

Very truly yours,



Mike Pippin
Petroleum Engineer

STALEY STATE A #014



Submit 1 Copy To Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources

Form C-103 Revised July 18, 2013

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

WELL API NO. 30-015-37674
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name STALEY STATE
8. Well Number #14
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, San Andres (97253)

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 [X] 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 H Section 30 Township 17-S Range 28-E NMPM Eddy County
2310 feet from the North line and 990 feet from the East line

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3588' GL

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 []
CLOSED-LOOP SYSTEM [X]
OTHER: Recomplete to San Andres & DHC [X]
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS [] P AND A []
CASING/CEMENT JOB []
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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.
LRE Operating, LLC would like to recomplete this Yeso oil well to the San Andres & DHC as follows: MIRUSU. TOH w/rods, pump, & tbg. Set a 5-1/2" CBP @ ~3200' & PT to ~3500 psi. (Existing Yeso perms are @ 3314'-4650'). Perf lower San Andres @ ~2730'-3025' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~257,040# 40/70 Ottawa sand in slick water.
Set a 5-1/2" CBP @ ~2696' & PT to ~3500 psi. Perf San Andres @ ~2358'-2663' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~257,040# 40/70 Ottawa sand in slick water.
Set a 5-1/2" CBP @ ~2300' & PT to ~3500 psi. Perf upper San Andres @ ~1972'-2241' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~195,090# 40/70 Ottawa sand in slick water.
CO after frac & drill out CBPs @ 2300' & 2696', & CO to CBP @ 3200'. Run ESP on 2-7/8" 6.5#J-55 production tbg & land @ ~1800'. Release workover rig. Complete as a single San Andres oil well. See the attached proposed wellbore diagram. Following a test of the San Andres alone & the approval of our DHC application in Santa Fe, the CBP @ 3200' will be removed & the well DHC.

Spud Date: 6/9/10 Drilling Rig Release Date: 7/2/10
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 12/24/14

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):