

DATE: 2/24/2015	SUSPENSE	NAME: MAM	LOGGED IN: 2/25/2015	TYPE: DHC	APP NO: PMAM 1505647141
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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



KERSEY STATE #5 -- 30-015-37693

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

February 23, 2015
 Date

mike@pippinllc.com
 e-mail Address

- DHC 4738
 - LRE Operating, LLC
 281994

RECEIVED OGD
 2015 FEB 25 A 11:25

Well
 - Kersey state #5
 30-015-37693
 Pool
 - Antesia, Queen
 Grayburg - SAN
 Andres
 3230
 - Antesia, Glorietta
 YES
 36830

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

February 23, 2015

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

RE: C-107A TO COMMINGLE TWO POOLS
KERSEY STATE #5— API#: 30-015-37693
Unit Letter "I" Section 32 T17S R28E
Eddy County, New Mexico

Dear Mr. Goetze,

The referenced oil well was completed on January 5, 2011 in the Artesia Glorieta-Yeso (96830). The attached NOI sundry to recomplete this well to the Artesia, Queen-Grayburg San Andres (3230) 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 2/16/15 was 8 BOPD, 47 MCF/D, & 85 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 II

1301 W. Grand Avenue, Arcadia, NM 88210

District III

1000 Rio Dragon Road, Aztec, NM 87410

District IV

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

Oil Conservation Division

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE

X Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

LRE, OPERATING, LLC c/o Mike Pippin LLC (agent), 3104 N. Sullivan, Farmington, NM 87401
Operator Address

KERSEY STATE #5

I SEC. 32 T17S R28E

Eddv

Lease	Well No.	Unit Letter-Section-Township-Range	County
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OGRID No. 281994 Property Code _____ API No. 30-015-37693 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)	~2308'-3386'		3540'-4988'
Method of Production (Flowing or Artificial Lift)	Pumping		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)	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. (Note: For new zones with no production history, applicants shall be required to attach production estimates and supporting data.)	Date: RATES:	Date: Rates:	Date: February 16, 2015 Rates: 8 BOPD 47 MCF/D 85 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?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?**

Yes X No

Are all produced fluids from all commingled zones compatible with each other?

Yes X No

Will commingling decrease the value of production?

Yes No X

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 X 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 Vesper TITLE Petroleum Engineer - Agent DATE February 22, 2015

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

E-MAIL ADDRESS mike@pippinllc.com



LRE Operating LLC,
Kersey State # 5
San Andres Recompletion
AFE # R15009

Kersey State #5
Sec 32-17S-28E (NW of I)
2310' FSL, 890' FEL
Elevation - 3,683' GR
API #: 30-015-37693
Eddy County, NM

8-5/8", 24#
J-55, ST&C
Casing @
458'.
Circulated
157 sx cmt
to surface.
11/8/2010.

2-7/8", 6.5# J-55 Tubing, TAC at 2208', SN at 3350', 4' slotted sub,
1 jt MA w/BP at 3385'. T-couplings, 1" KD pony set, 87- 1" KD, 43-
7/8" KD, 4- 1.5" kbars, 2.5"x2"x20" RHBC-HVR pump, 76" SL at 9
SPM.

CBP at 2700'

San Andres Perfs: 2308'-2658'
34 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 3070'

San Andres Perfs: 2736'-3031'
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 3500'

San Andres Perfs: 3110'-3386'
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

GL/Yeso Perfs: 3540'-3755' - 28 holes @
1 spf then 3764-3810 @ 2
12/1/11 spf all 0.41 EHD & 29" pen

STIM INFO: 2646 gals 15% NEFE; fraced
w/128,000# 16/30 Brady & 29,000# 16/30 Resin
sand in 25# X-linked gel

Yeso Perfs: 3875'-4158', 42 holes
12/29/2010

STIM INFO: 3486 gals 15% NEFE; fraced w/177,460# 16/30 &
49,690# 20/40 Super LC sand in 25# X-linked gel.

Yeso Perfs: 4255'-4547', 44 holes
12/30/2010

STIM INFO: 3422 gals 15% NEFE; fraced w/130,390# 16/30 &
38,488# 20/40 Super LC sand in 25# X-linked gel

Yeso Perfs: 4599'-4988', 50 holes
12/31/2010

STIM INFO: 4158 gals 15% NEFE; fraced w/153,484# 16/30 &
46,053# 20/40 Super LC sand in 25# X-linked gel

PBTD @ 5,047'

5-1/2", 17# J-55, ST&C Casing 5,089'. Circulated cmt
to surface. (11/22/2010)

TD @ 5,106'

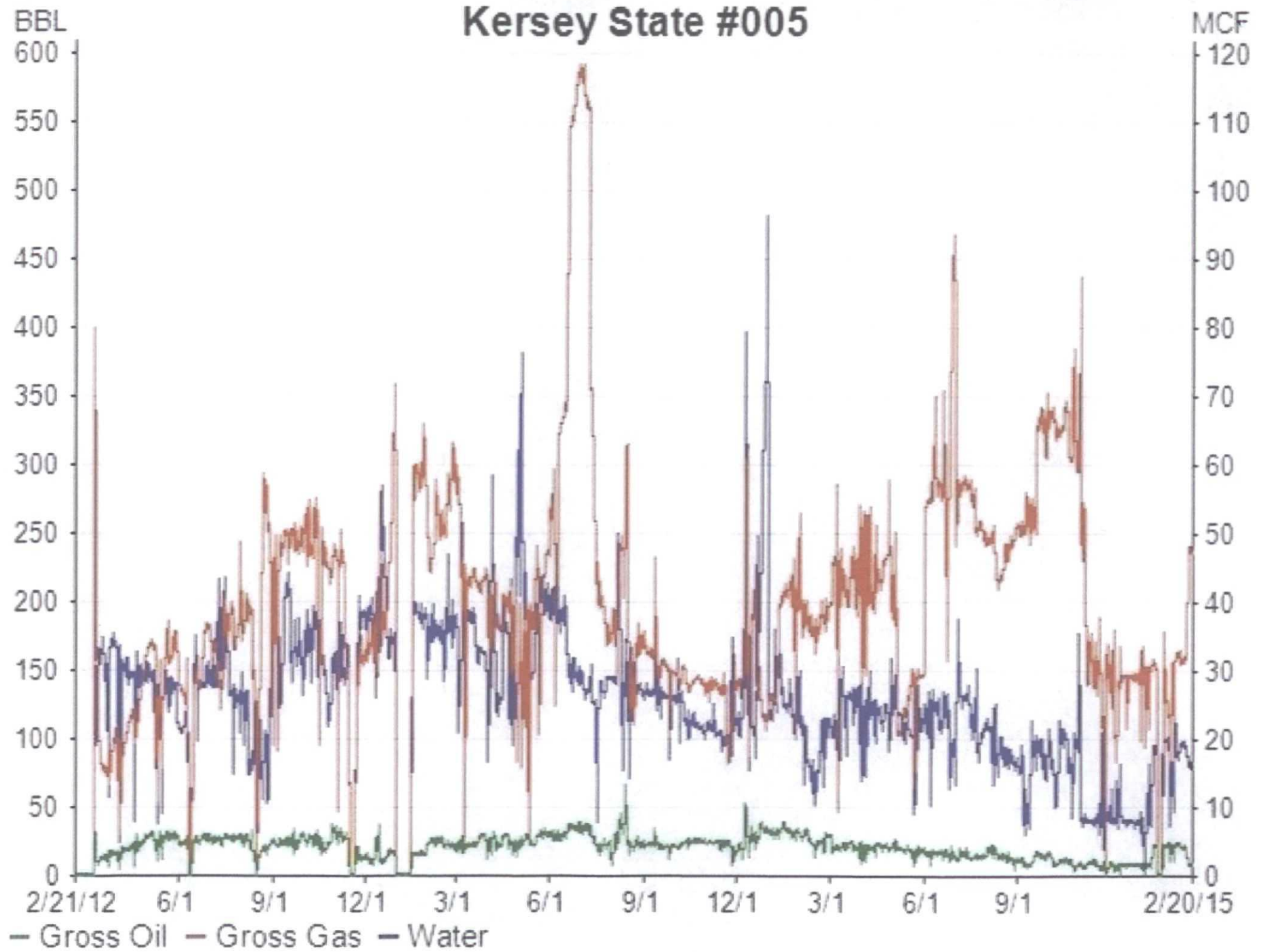
GEOLOGY

Zone	Top
Queen	1,218'
Grayburg	
San Andres	1,967'
Glorieta	3,433'
Yeso	3,598'
Tubb	4,915

SURVEYS

Degrees	Depth
1/4°	446'
1/2°	1,007'
1/2°	1,512'
3/4°	2,017'
1°	2,490'
3/4°	2,996'
1°	3,495'
1-1/2°	4,495'

Kersey State #005



— Gross Oil — Gross Gas — Water

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

February 23, 2015

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
KERSEY STATE #5 – API#: 30-015-37693
Unit Letter "I" Section 32 T17S R28E
Eddy County, New Mexico

Dear Mr. Martinez:

LRE Operating, LLC would like to commingle the existing, producing Artesia, Glorieta-Yeso interval with the proposed, Artesia, Queen-Grayburg-San Andres interval. The designated acreage for the proposed commingle will be the northeast quarter of the southeast 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. 30-015-37693
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 KERSEY STATE
8. Well Number #5
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 I : 2310 feet from the NORTH line and 890 feet from the EAST line
Section 32 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3683' GL

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
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 checked="" type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>	CLOSED-LOOP SYSTEM <input checked="" type="checkbox"/>		
OTHER: Recomplete to San Andres & DHC <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 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 @ ~3500' & PT to ~3500 psi. (Existing Yeso perms are @ 3540'-4988'). Perf lower San Andres @ ~3110'-3386' 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 @ ~3070' & PT to ~3500 psi. Perf San Andres @ ~2736'-3031' 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 @ ~2700' & PT to ~3500 psi. Perf upper San Andres @ ~2308'-2658' w/~34 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~257,040# 40/70 Ottawa sand in slick water.

CO after frac & drill out CBPs @ 2700' & 3070', & CO to CBP @ 3500'. Land 2-7/8" 6.5#J-55 production tbg @ ~3385'. Run pump & rods. 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 and the approval of the DHC application in Santa Fe, the CBP @ 3500' will be removed & the well DHC.

Spud Date: 11/6/10 Drilling Rig Release Date: 11/22/10

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 2/20/15
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): _____

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 30-015-37693	² Pool Code 3230	³ Pool Name Artesia, Queen-Grayburg-San Andres
⁴ Property Code 309886	⁵ Property Name KERSEY STATE	⁶ Well Number 5
⁷ OGRID No. 281994	⁸ Operator Name LRE OPERATING, LLC.	⁹ Elevation 3683' 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
I	32	17-S	28-E		2310	SOUTH	890	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;">32</div>	<div style="text-align: center; font-size: 1.5em;">890'</div>	<div style="text-align: center; font-size: 1.5em;">2310'</div>	¹⁷ OPERATOR CERTIFICATION <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> <div style="display: flex; justify-content: space-between;"> <div> <i>Mike Pippin</i> Signature </div> <div>2/20/15 Date</div> </div> <div style="border-top: 1px solid black; padding-top: 5px;"> Mike Pippin Printed Name </div>
			¹⁸ SURVEYOR CERTIFICATION <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> 2/1/10 Date of Survey Signature and Seal of Professional Surveyor: Gary G. Eidson 12641 Certificate Number

DISTRICT I
1625 N. FRENCH DR., HOBBES, NM 87240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
For Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 96830	Pool Name Artesia; GL-Yeso
Property Code 305463	Property Name KERSEY STATE	Well Number 5
OGRIID No. 255333	Operator Name LIME ROCK RESOURCES A, L.P.	Elevation 3683'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	32	17-S	28-E		2310	SOUTH	890	EAST	EDDY

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.						

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>GEODEIC COORDINATES NAD 27 NME SURFACE LOCATION Y=651138.6 N X=543513.1 E LAT.=32.789990° N LONG =104.191739° W</p>		<p>XXXXXXXXXXXX</p> <p>S.L. 890'</p> <p>2310'</p> <p>XXXXXXXXXXXX</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>George R. Smith</i> 3/10/10 Signature Date George R. Smith, POA agent Printed Name</p> <p>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>FEBRUARY 1, 2010 Date Surveyed Signature & Seal of Professional Surveyor <i>Gary C. Eidson</i> 2/5/10 10.11.0412 Certificate No. GARY C. EIDSON 12641 RONALD J. EIDSON 3239</p>
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