

3/04/2015 DATE IN	SUSPENSE	M A M ENGINEER	3/04/2015 LOGGED IN	DH C TYPE	P44M1506428614 APP NO.
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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
ENRON STATE #18 -- 30-015-40339

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	<i>Mike Pippin</i> Signature	Petroleum Engineer Title	March 2, 2015 Date
		mike@pippinllc.com e-mail Address	

- DHC 474
- LRE OPERATING LLC
281994
Pool
- Antestay Queen
Gnarbung - SAN
Andres
3230
- Antestay
Glueta - Y-8019
96830

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

March 2, 2015

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

RE: C-107A TO COMMINGLE TWO POOLS
ENRON STATE #18– API#: 30-015-40339
Unit Letter "D" Section 32 T17S R28E
Eddy County, New Mexico

Dear Mr. Goetze,

The referenced oil well was completed on February 4, 2014 in the Artesia Glorieta-Yeso (96830). The attached NOI sundry to recomple 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 2/4/15 was 12 BOPD, 76 MCF/D, & 84 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 Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

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 #18 D SEC. 32 T17S R28E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309874 API No. 30-015-40339 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)	~1862'-3121'		3460'-4140'
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 4, 2015 Rates: 12 BOPD 76 MCF/D 84 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 March 2, 2015

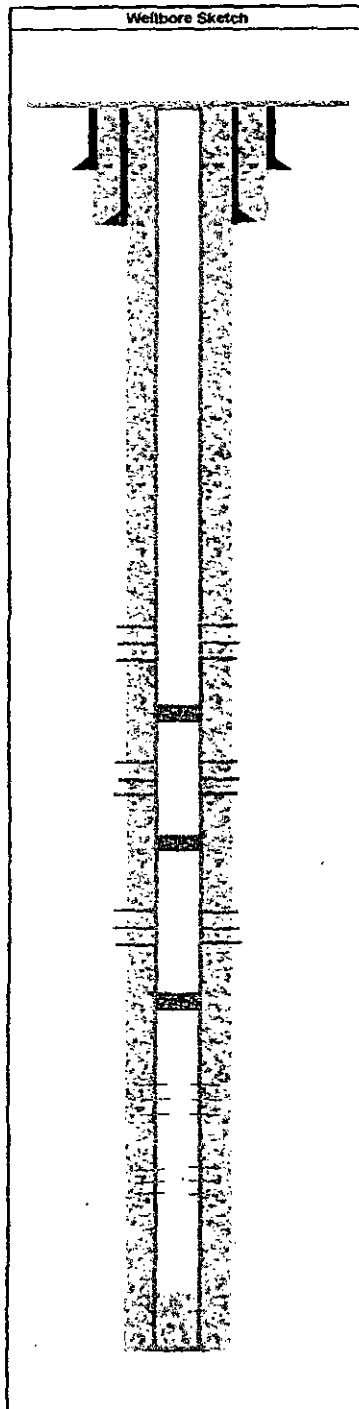
TYPE OR PRINT NAME Mike Pippin TELEPHONE NO. (505) 327-4573

E-MAIL ADDRESS mike@pippinllc.com

	County	EDDY	Well Name	Enron State #18	Field	Fedlake Glorieta-Yeso NE	Well Sketch:	AFE R15011 LRE Operating, LLC
	Surface Lat:	32.7977087°N	BH Lat:	32.7977087°N	Survey:	S32-T17S-R28E Unit D	API #	30-015-40339
	Surface Long:	104.2058501°W	BH Long:	104.2058501°W		990' FNL & 330' FWL	OGRID #	281994

Directional Data:				Tubular Data								Wellhead Data	
KOP				Tubulars	Size	Weight	Grade	Thread	TVD	MD	TOC	Type:	
Max Dev.:				Conductor	14"	68.7#	B	Weld	40'	40'	SURF	WP:	
Dleg sev:				Surface	8 5/8"	24#	J-55	STC	425'	425'	SURF	Tree Cap	Flange:
Dev @ Perfs				Intermediate								Thread:	
Ret to Vert:				Production	5 1/2"	17#	J-55	LTC	4,243'	4,243'	SURF	Tbg Hanger:	
				Liner								8TM Flange:	

Drilling / Completion Fluid				CEMENT DATA							
Drilling Fluid: 10.2 PPG Brine / Salt Gel					L/sks	Yld	Wt	T/sks	Yld	Wt	XS
Drilling Fluid:				Surface	250	1.35	14.8	NA	NA	NA	145 sx
Completion Fluid: 2% KCL				Intermediate							
Completion Fluid:				Liner							
Packer Fluid: NA				Production	310	1.9	12.8	550	1.33	14.8	163 sx



Completion Information					
DEPTHS (MD)	FORMATION TOPS / WELL INFO	PERFORATIONS		# of HOLES	DETAILS
		from	to		
0					
40'	20" Hole				14" Conductor Pipe
425'	11" Hole				8-5/8" Surf Csg Circ 145 sx Cmt to surf
513'	Seven Rivers				
1,080'	Queen				
1,507'	Grayburg				
1,782'	Premier				
1,820'	San Andres				
2 7/8" tbg, TAC at 1762', SN at 3150', 4' slotted sub, 1 jt MA w BP at 3185'					
38-1" KD, 40- 7/8" KD, 44 - 3/4" KD, 4- 1.5" kbars, 2.5"x2"x20" RHBC-HVR Pump					
American 320-256-120 w 30 HP Motor, 107" SL at 8 SPM					
	Stage #3 San Andres	1,862'	2,103'	36	241', (70' pay) 1500 g 15% HCL
					15,000 # 100 Mesh, 87,150 # 40/70,
					3,650 bbls water, 80 + BPM
CBP at 2180'					
	Stage #2 San Andres	2,270'	2,641'	37	371', 1500 g 15% HCL, 30,000 # 100 Mesh
					344,190 # 40/70, 9200 bbls water, 80 + BPM
CBP at 2710'					
	Stage #1 San Andres	2,782'	3,121'	34	339', 1500 g 15% HCL, 30,000 # 100 Mesh
					305,340 # 40/70, 8700 bbls water, 80 + BPM
CBP at 3400'					
3,203'	Glorieta				
3,318'	Yeso				
	Stage 2 Yeso Frac	3,460'	3,753'	49	293' Stg 2 - See Frac Design
Yeso completed 1/31/14					
	Stage 1 Yeso Frac	3,800'	4,141'	36	340' Stg 1 - See Frac Design
	PBTD				
4,243'	PROD CSG				above 5-1/2" Float Collar
					5-1/2" Prod Csg. Circ 163 SX Cmt to Surf
Comments: NM OCD CLP				Plug back Depth:	MD
				Total Well Depth:	4,250' 4250' MD
				Prepared By:	Date:
				Eric McClusky	27-Feb-15

Submit 1 Copy To Appropriate District
Office
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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

WELL API NO. 30-015-40339
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 ENRON STATE
8. Well Number #18
9. OGRID Number 281994
10. Pool name or Wildcat Artesia, Glorieta-Yeso (96830) Artesia, Queen-Gravburg-San Andres (3230)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3700' GL

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 D : 990 feet from the North line and 330 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

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 ☒
OTHER: Recomplete to San Andres & DHC ☒

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 @ ~3400' & PT to ~3500 psi. (Existing Yeso perms are @ 3460'-4140'). Perf lower San Andres @ ~2782'-3121' w/~34 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~305,340# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~2710' & PT to ~3500 psi. Perf San Andres @ ~2270'-2641' w/~37 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~344,190# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~2180' & PT to ~3500 psi. Perf upper San Andres @ ~1862'-2103' w/~36 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~15,000# 100 mesh & ~87,150# 40/70 Ottawa sand in slick water.

CO after frac & drill out CBPs @ 2180' & 2710', & CO to CBP @ 3400'. Run 2-7/8" 6.5#J-55 production tbg & land @ ~3185'. 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 @ 3400' will be removed & the well DHC.

Spud Date: 1/11/14

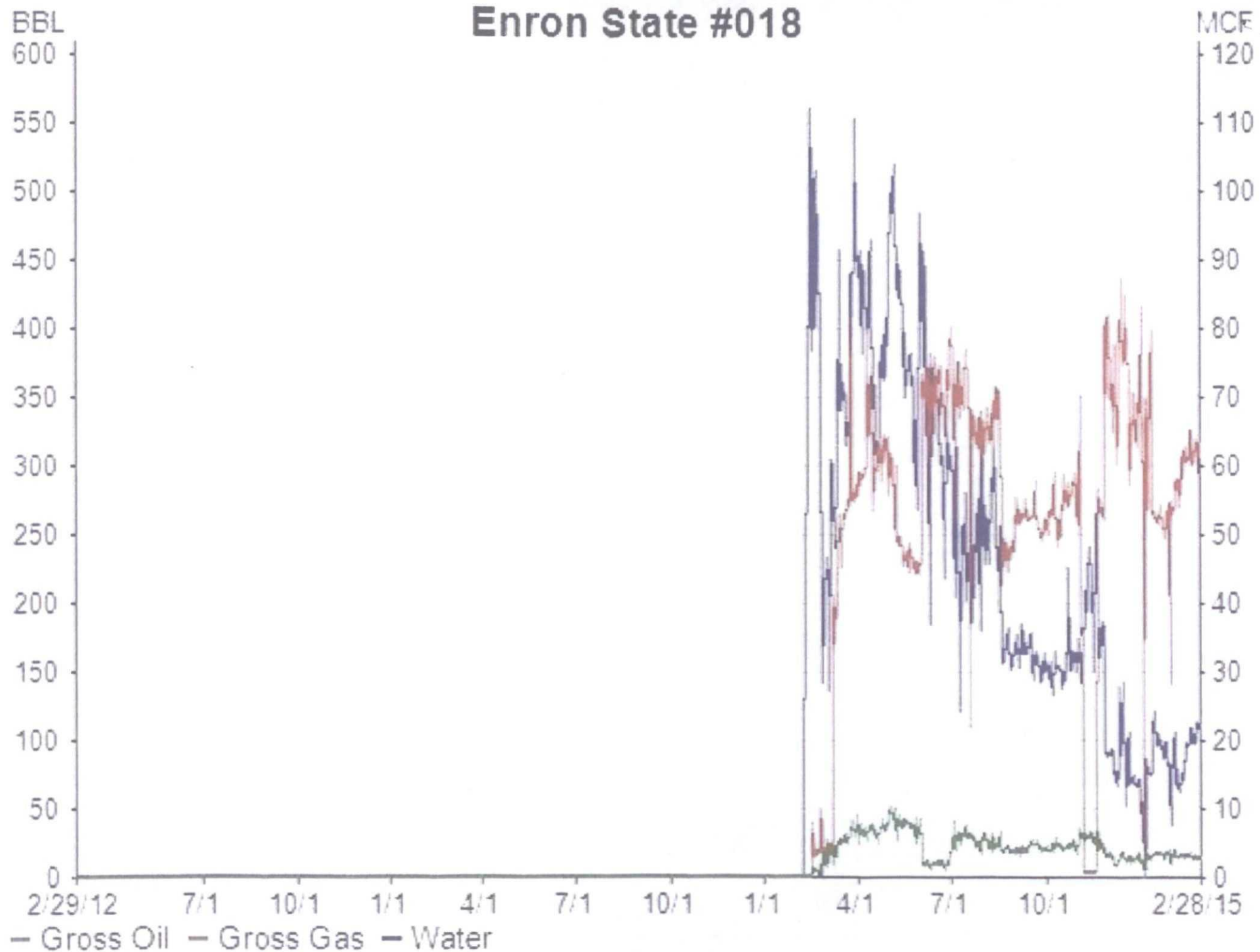
Drilling Rig Release Date: 1/16/14

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 2/27/15
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): _____

Enron State #018



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

March 2, 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
ENRON STATE #18 – API#: 30-015-40339
Unit Letter "D" 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 northwest 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

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 30-015-40339		² Pool Code 96830		³ Pool Name Artesia, Glorieta-Yeso	
⁴ Property Code 309874		⁵ Property Name ENRON STATE			⁶ Well Number 18
⁷ OGRID No. 281994		⁸ Operator Name LRE OPERATING, LLC.			⁹ Elevation 3700' 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
D	32	17-S	28-E		990	NORTH	330	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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

				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: 2/27/15 Printed Name: <u>Mike Pippin</u>	
			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. 9/1/14 Date of Survey Signature and Seal of Professional Surveyor: Filmon F. Jaramillo 12797 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 30-015-40339	² Pool Code 3230	³ Pool Name Artesia, Queen-Grayburg-San Andres
⁴ Property Code 309874	⁵ Property Name ENRON STATE	
⁷ OGRID No. 281994	⁶ Well Number 18	⁹ Operator Name LRE OPERATING, LLC.
		⁸ Elevation 3700' 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
D	32	17-S	28-E		990	NORTH	330	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
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

				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: 2/27/15 Printed Name: <u>Mike Pippin</u>
	32			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. 9/1/14 Date of Survey Signature and Seal of Professional Surveyor: Filmon F. Jaramillo 12797 Certificate Number