

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 #19 -- 30-015-41833

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 _____

- DHC 4743
 - LIE Operating LLC
 281 944
 LLC
 - ENRON STATE #19
 30-015-41833

2015 MAR 25 A 10:12
 RECEIVED OOD

[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

POW
 - Artesian, Queen -
 - Artesian, Glorietta
 - Artesian, Glorietta
 YESOCO

[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	 Signature	Petroleum Engineer Title	March 23, 2015 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

March 23, 2015

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

RE: C-107A TO COMMINGLE TWO POOLS
ENRON STATE #19– API#: 30-015-41833
Unit Letter "C" Section 32 T17S R28E
Eddy County, New Mexico

Dear Mr. Goetze,

The referenced oil well was completed on January 14, 2014 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 most recent Yeso production test was on 2/28/15 for 14 BOPD, 38 MCF/D, & 75 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
1623 N. French Drive, Hobbs, NM 88240

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

District III
1009 Rio Hondo Road, Artesia, NM 87410

District IV
1230 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, Farmington, NM 87401
Operator Address

ENRON STATE #19 C SEC. 32 T17S R28E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309885 API No. 30-015-41833 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)	~1872'-3163'		3493'-4099'
Method of Production (Flowing or Artificial Lift)	Prospective		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 <small>(Degree API or Gas BTU)</small>	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: February 28, 2015 Rates: 14 BOPD 38 MCF/D 75 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 M. Pippin TITLE Petroleum Engineer - Agent DATE March 23, 2015

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

E-MAIL ADDRESS mike@pippinllc.com

LIME ROCK RESOURCES	County: EDDY	Well Name: Enron State #19	Field: Redlake	Well Sketch: AFE R15012
	Surface Lat: 32.795067°N	BH Lat: 32.795067°N	Survey: S32-T17S-R28E Unit C	API # 30-015-41833
	Surface Long: 104.2002736°W	BH Long: 104.2002736°W	Glorieta-Yeso NE	OGRID # 281994

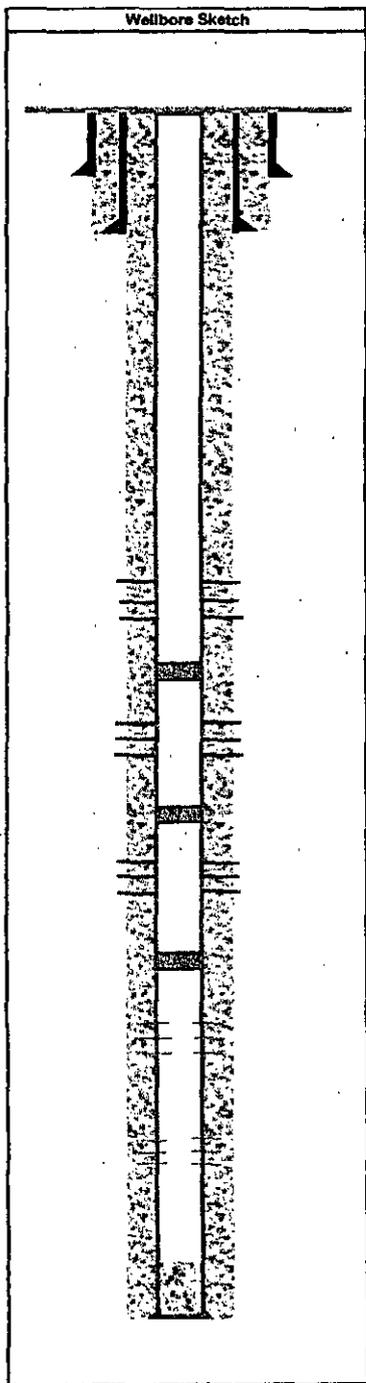
KOP				
Max Dev.:				
Dleg sev:				
Dev @ Ports				
Ret to Vert:				

Tubulars	Size	Weight	Grade	Thread	TVD	MD	TOC
Conductor	14"	68.7#	B	Weld	40'	40'	SURF
Surface	8 5/8"	24#	J-55	STC	426'	426'	SURF
Intermediate							
Production	5 1/2"	17#	J-55	LTC	4,201'	4,201'	SURF
Liner							

Type:	
WP:	
Tree Cap	Flange:
	Thread:
Tbg Hanger:	
BTM Flange:	
BPV Profile:	NA
Elevations:	GR - RKB = 11.8'
RKB:	3715'
GL:	3703.2'

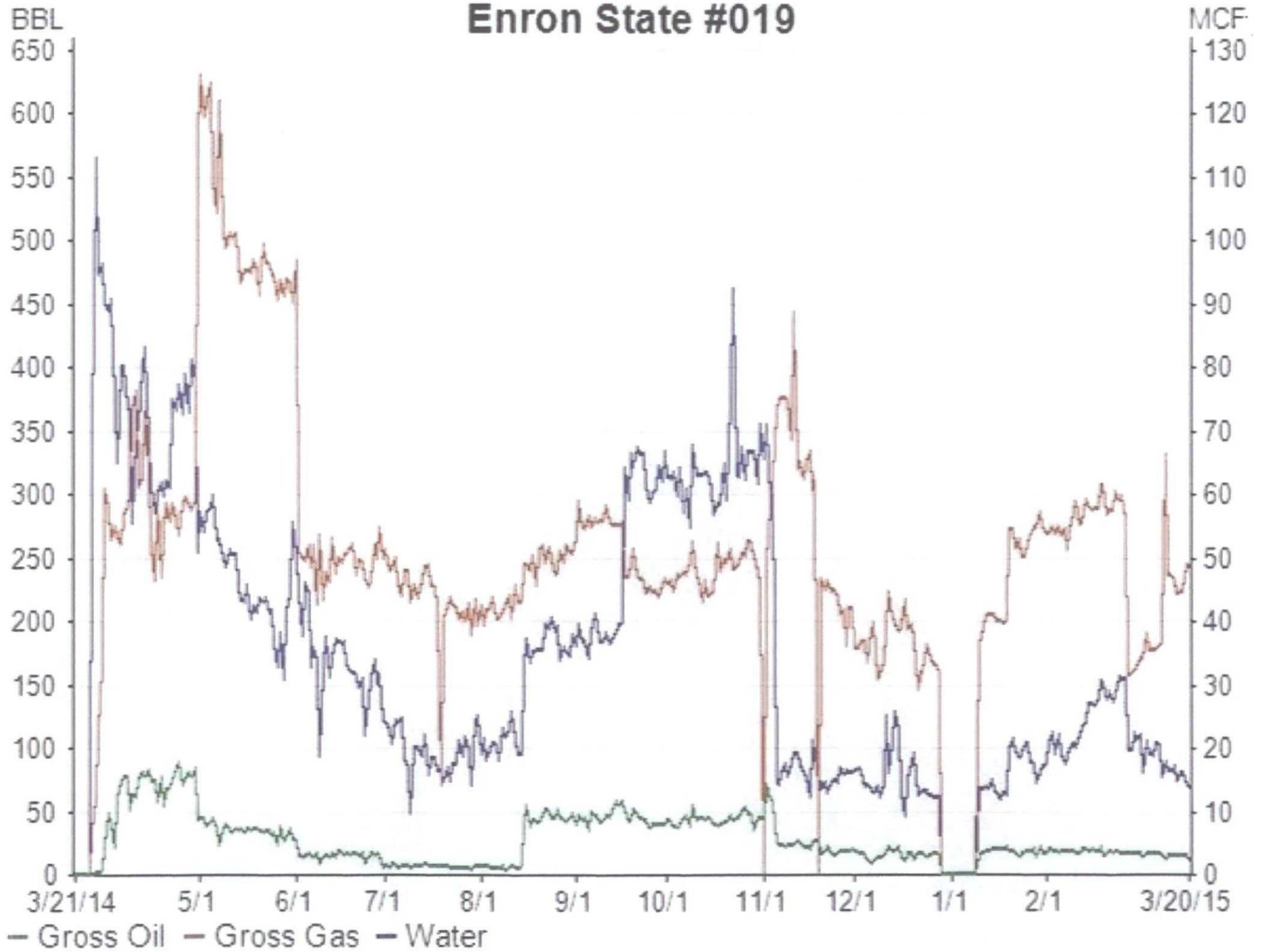
Drilling / Completion Fluid
 Drilling Fluid: 10.2 PPG Brine / Salt Gel
 Drilling Fluid:
 Completion Fluid: 2% KCL
 Completion Fluid:
 Packer Fluid: NA

	L/sks	Yld	Wt	T/sks	Yld	Wt	XS'
Surface	250	1.35	14.8	NA	NA	NA	121 sx
Intermediate							
Liner							
Production	325	1.9	12.8	550	1.33	14.8	162 sx



DEPTHS (MD)	FORMATION TOPS / WELL INFO	PERFORATIONS		# of HOLES	DETAILS
		from	to		
0					
40'	20" Hole				14" Conductor Pipe
426'	12 1/4" Hole				8-5/8" Surf Csg Circ 162 sx Cmt to surf
612'	Seven Rivers				
1,175'	Queen				
1,580'	Grayburg				
1,880'	Premier				
1,910'	San Andres				
2 7/8" tbg, TAC at 1772', SN at 3193', 4' slotted sub, 1 jt MA w BP at 3228'					
37-1" KD, 45- 7/8" KD, 41 - 3/4" KD, 4- 1.5" kbars, 2.5"x1.75"x20' RHBC-HVR Pump					
Lufkin 320-256-120 w 40 HP Motor, 120" SL at 9 SPM					
	Stage #3 San Andres	1,872'	2,211'	32	339', (100' pay) 1500 g 15% HCL 15,000 # 100 Mesh, 87,150 # 40/70, 3,650 bbls water, 80 + BPM
CBP at 2260'					
	Stage #2 San Andres	2,349'	2,647'	30	288', 1500 g 15% HCL, 30,000 # 100 Mesh 289,590 # 40/70, 8500 bbls water, 80 + BPM
CBP at 2700'					
	Stage #1 San Andres	2,748'	3,163'	40	415', 1600 g 15% HCL, 30,000 # 100 Mesh 371,490 # 40/70, 9500 bbls water, 80 + BPM
3,352'	Glorieta				
CBP at 3400'					
3,458'	Yeso				
	Stage 2 Yeso Frac	3,495'	3,763'	45	268' Stg 2 - See Frac Design
	Stimulated 1/10/14				
	Stage 1 Yeso Frac	3,810'	4,100'	33	290' Stg 1 - See Frac Design
	Stimulated 1/10/14				
	PBSD				
4,201'	PROD CSG				above 5-1/2" Float Collar 5-1/2" Prod Csg. Circ 162 SX Cmt to Surf
Comments: NM OCD CLP				Plug back Depth: MD	
				Total Well Depth: 4,206' 4206' MD	
				Prepared By: Eric McClusky	
				Date: 4-Mar-15	

Enron State #019



— Gross Oil — Gross Gas — Water

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

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.)		WELL API NO. 30-015-41833
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator LRE OPERATING, LLC		6. State Oil & Gas Lease No.
3. Address of Operator c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401		7. Lease Name or Unit Agreement Name ENRON STATE
4. Well Location Unit Letter <u>C</u> : <u>990</u> feet from the <u>North</u> line and <u>1700</u> feet from the <u>West</u> line Section <u>32</u> Township <u>17-S</u> Range <u>28-E</u> NMPM Eddy County		8. Well Number #19
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3703' GL		9. OGRID Number 281994
		10. Pool name or Wildcat Artesia, Glorieta-Yeso (96830) Artesia, Queen-Grayburg-San Andres (3230)

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

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input checked="" type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> CLOSED-LOOP SYSTEM <input checked="" type="checkbox"/> OTHER: <u>Recomplete to San Andres & DHC</u> <input checked="" type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>	
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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 @ 3495'-4099'). Perf lower San Andres @ ~2748'-3163' w/~40 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~371,490# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~2700' & PT to ~3500 psi. Perf San Andres @ ~2349'-2647' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~289,590# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~2280' & PT to ~3500 psi. Perf upper San Andres @ ~1872'-2211' w/~32 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 @ 2280' & 2700', & CO to CBP @ 3400'. Run 2-7/8" 6.5#J-55 production tbg & land @ ~3228'. 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 & the approval of our DHC application in Santa Fe, the CBP @ 3400' will be removed & the well DHC.

Spud Date: 12/28/13 Drilling Rig Release Date: 1/3/14

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 3/20/15

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):

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

March 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
ENRON STATE #19 – API#: 30-015-41833
Unit Letter "C" Section 32 T17S R28E
Eddy County, New Mexico

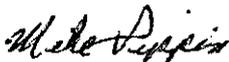
Dear Mr. Martinez:

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 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 30-015-41833		² Pool Code 3230		³ Pool Name Artesia, Queen-Grayburg-San Andres	
⁴ Property Code 309885		⁵ Property Name ENRON STATE			⁶ Well Number 19
⁷ OGRID No. 281994		⁸ Operator Name LRE OPERATING, LLC.			⁹ Elevation 3703' 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
C	32	17-S	28-E		990	NORTH	1700	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.
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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.

	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>	
		3/20/15
	Signature	Date
	Mike Pippin Printed Name	
	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>	
	6/8/12	
	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 30-015-41833		² Pool Code 96830		³ Pool Name Artesia, Glorieta-Yeso	
⁴ Property Code 309885		⁵ Property Name ENRON STATE			⁶ Well Number 19
⁷ OGRID No. 281994		⁸ Operator Name LRE OPERATING, LLC.			⁹ Elevation 3703' 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
C	32	17-S	28-E		990	NORTH	1700	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	
	<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>3/20/15</u></p>	
	<p>Printed Name: <u>Mike Pippin</u></p>	
<p style="text-align: center;">32</p>	¹⁸ SURVEYOR CERTIFICATION	
	<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>6/8/12</p>	
	<p>Date of Survey: _____</p> <p>Signature and Seal of Professional Surveyor: Filmon F. Jaramillo</p> <p>12797</p> <p>Certificate Number</p>	