

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

RECEIVED OCD

July 14, 2015

2015 JUL 15 P 2:55

NMOCD
c/o Mike McMillan
1220 South St. Francis Drive
Santa Fe, NM 87505

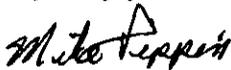
RE: Amendment to DHC-4744
WILLIAMS B FEDERAL #12 - API#: 30-015-42117
Unit Letter "G" Section 29 T17S R28E
Eddy County, New Mexico

Dear Mr. McMillan,

LRE Operating, LLC would like to amend downhole commingle order DHC-4744 to reflect the correct upper zone State pool. The upper zone State pool should be the Red Lake, San Andres (97253). See the attached amended C-102. The BLM and the District office in Artesia have been notified of this amendment.

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

AS DRILLED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-42117		² Pool Code 96830		³ Pool Name Artesia, Glorieta-Yeso	
⁴ Property Code 309867		⁵ Property Name WILLIAMS B FEDERAL			⁶ Well Number 12
⁷ OGRID No. 281994		⁸ Operator Name LRE OPERATING, LLC.			⁹ Elevation 3664' 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
G	29	17-S	28-E		2310	NORTH	2460	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
G	29	17-S	28-E		2277	NORTH	2264	EAST	EDDY

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. 2616.95'

	<p>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.</p> <p>Signature: <u>Mike Pippin</u> Date: 4/11/14</p> <p>Mike Pippin Printed Name</p>
	<p>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.</p> <p>8/19/12 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Filmont F. Jaramillo</p> <p>12797 Certificate Number</p>

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

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1301 W. Grand Avenue, Artesia, NM 88210

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AS DRILLED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-42117		² Pool Code 97253		³ Pool Name Red Lake, San Andres	
⁴ Property Code 309867		⁵ Property Name WILLIAMS B FEDERAL			⁶ Well Number 12
⁷ OGRID No. 281994		⁸ Operator Name LRE OPERATING, LLC.			⁹ Elevation 3664' GL

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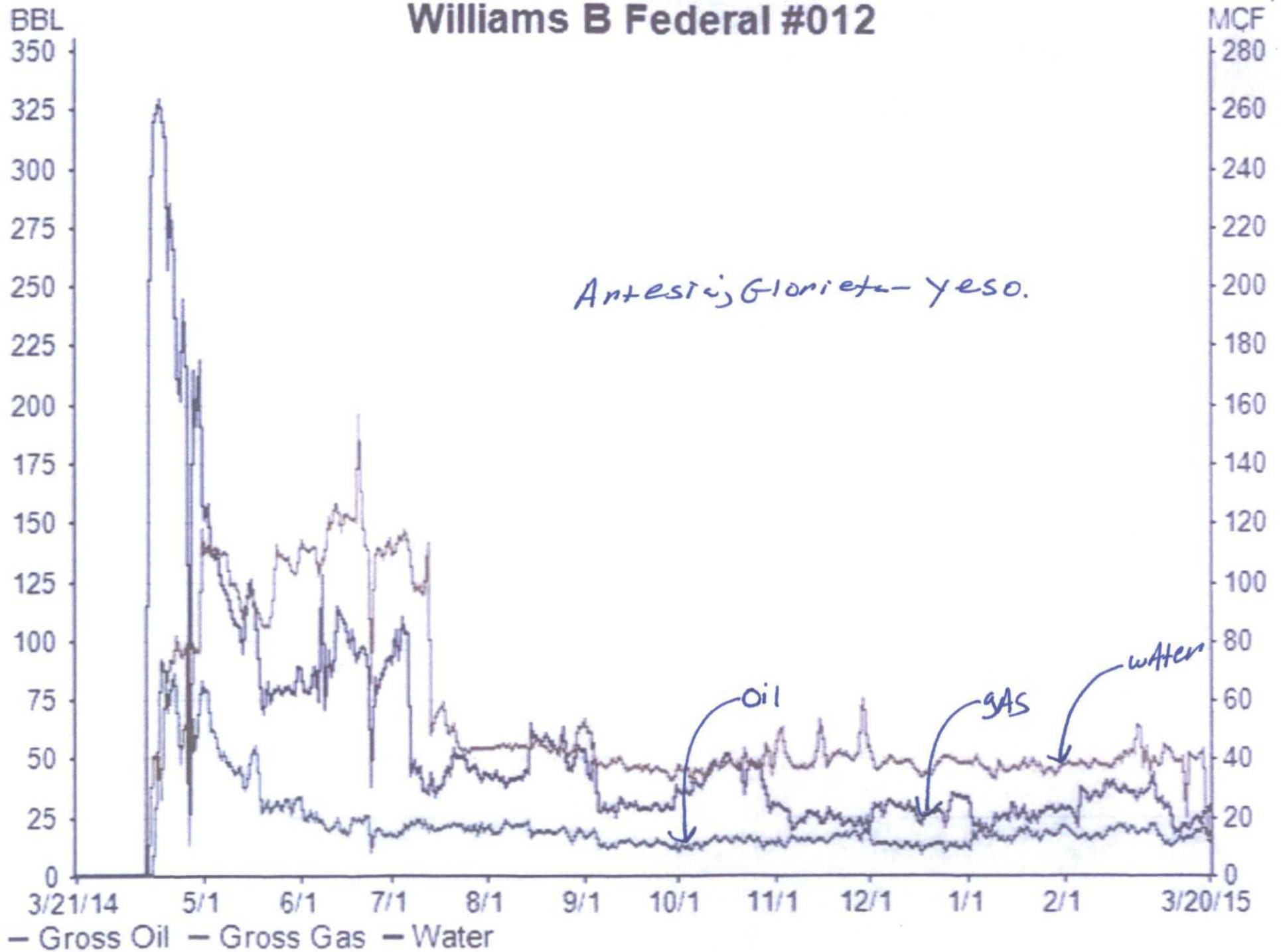
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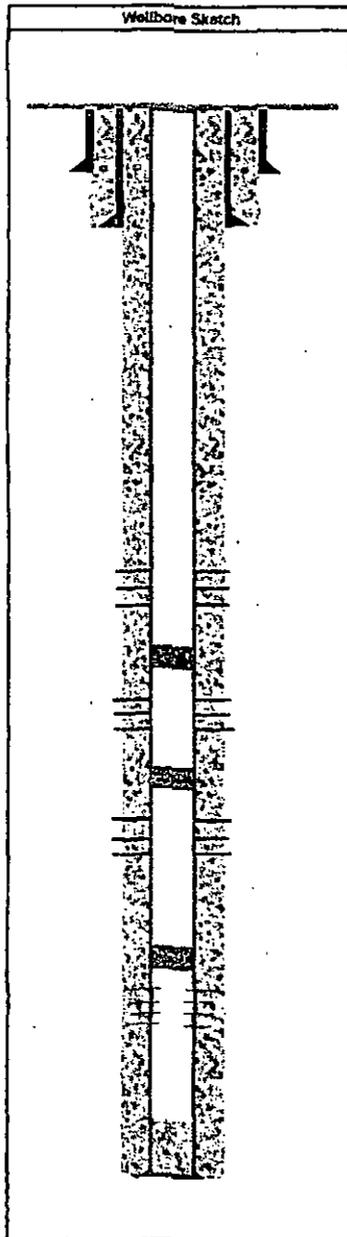
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division. 2616.95'

	<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 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>o 7/14/15</p> <p>Signature Date</p> <p><u>Mike Pippin</u> Printed Name</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>8/19/12</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Filmont F. Jaramillo</p> <p>12797</p> <p>Certificate Number</p>

Williams B Federal #012



LIME ROCK RESOURCES	County	EDDY	Well Name	Williams B Federal #12	Field:	Redlake Glorieta-Yeso NE	Well Sketch:	AFE R15015 LRE Operating, LLC		
	Surface Lat:	32.8056829°N	BH Lat:	32.7977067°N	Survey:	S29-T17S-R28E Unit G	API #	30-015-42117		
	Surface Long:	104.1967750°W	BH Long:	104.2058501°W		2310' FNL & 2460' FEL	OGRID #	281984		
Directional Data:			Tubular Data				Wellhead Data			
KOP	561' MD		Tubulars	Size	Weight	Grade	Thread	TVD	MD	TOC
Max Dev.:	11 Deg		Conductor	14"	68.7#	B	Weld	40'	40'	SURF
Diag sev.:	3.35		Surface	8.5/8"	24#	J-55	STC	436'	436'	SURF
Dev @ Perfs:	.9 Deg		Intermediate							
Ret to Vert:	2108' MD		Production	5 1/2"	17#	J-55	LTC	3,607'	3,621'	SURF
			Liner							
Drilling / Completion Fluid			CEMENT DATA							
Drilling Fluid: 10.2 PPG Brine / Salt Gel				L/cks	Yld	Wt	T/cks	Yld	Wt	XS
Drilling Fluid: 2% KCL			Surface	300	1.35	14.8	NA	NA	NA	59 sx
Completion Fluid:			Intermediate							
Packer Fluid: NA			Liner							
			Production	310	1.9	12.8	335	1.33	14.8	163 sx
Type:			Tree Cap	Flange:						
WP:				Thread:						
Tbg Hanger:										
BTM Flange:										
BPV Profile:										NA
Elevations:										GR - RKB = 11.8'
RKB:										3656'
GL:										3,644.2'



Completion Information					
DEPTHS (MD)	FORMATION TOPS / WELL INFO	PERFORATIONS		# of HOLES	DETAILS
		from	to		
0					
40'	20" Hole				14" Conductor Pipe
436'	12 1/4" Hole				8-5/8" Surf Csg Circ 59 sx Cmt to surf
582'	Seven Rivers				
1,164'	Queen				
1,579'	Grayburg				
1,922'	San Andres				
ALX 320-256-120 pumping unit with 30 HP motor					
2 7/8" tbg, TAC at 1810', SN at 3150', 4" slotted sub, 1jt MA w BP at 3185'					
28- 1" KD bare, 33-1" KD 6 guides/rod, 24- 7/8" KD 6 guides/rod, 39-7/8" KD bare, 4-1.5" Kbars,					
2.5"x2"x20' RHBC-HVR Pump, 107' SL, 9 SPM					
	San Andres	1,910'	2,339'	36	204' Pay, 1500g/15% HCL, 30,000 # 100 Mesh
CBP at 2380'					
	San Andres	2,416	2,698'	31	179,340 # 40/70, 7000 bbls water, 80 + BPM
CBP at 2724'					
	San Andres	2,754'	3,117'	34	283', 1500 g 15% HCL, 30,000 # 100 Mesh
	Glorieta				257,040 # 40/70, 8100 bbls water, 80 + BPM
	Yeso				
CBP at 3350'					
	Stage 1 Yeso Frec	3,398'	3,525'	33	363', 1500 g 15% HCL, 30,000 # 100 Mesh
	PBTD				313,740 # 40/70, 8800 bbls water, 80 + BPM
	PROD CSG				
127' Sig1 - See Frec Design					
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: 3611' TVD 3625' MD	
				Prepared By: Eric McClusky	
				Date: 18-Mar-15	

District I
1423 N. Francis Drive, Hobbs, NM 88240

District II
1241 W. Grand Avenue, Alamogordo, NM 88218

District III
1600 Rio Grande Blvd., Abiquiu, NM 87106

District IV
1220 E. 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

WILLIAMS B FEDERAL #12 Well No. **G SEC. 29 T17S R28E** County **Eddy**

UGRID No. 281994 Property Code 309867 API No. 30-015-42117 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Red Lake; Queen-Grayburg-San Andres		Artesia: Glorieta-Yeso
Pool Code	51300		96830
Top and Bottom of Pay Section (Performed or Open-Hole Interval)	-2064'-3117'		3398'-3524'
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, applicants shall be required to attach production estimates and supporting data.)</small>	Date: RATES:	Date: Rates:	Date: March 8, 2015 Rates: 17 BOPD 40 MCF/D 20 BWPD
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 March 23, 2015

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

E-MAIL ADDRESS mike@pippinllc.com

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order DHC-4744

Order Date: March 26, 2015

Application Reference Number: pMAM1508530904

LRE Operating, LLC
1111 Bagby Street, Suite 4600
Houston, TX 77002

Attention: Mr. Mike Pippin

Williams B Federal Well No. 12
API No: 30-015-42117
Unit G, Section 29, Township 17 South, Range 28 East, NMPM
Eddy County, New Mexico

Pool	RED LAKE; QUEEN-GRAYBURG-SA	Oil	51300
Names:	ARTESIA; GLORIETA-YESO (O)	Oil	96830

Reference is made to your recent application for an exception to 19.15.12.9A. NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A. NMAC, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

As per the application, the assignment of allowable and allocation of production from the well shall be based on the subtraction method. The total well production minus the Artesia; Glorieta-Yeso Pool production shall be assigned to the Red Lake; Queen-Grayburg-SA Pool. The final production allocation percentages of oil and gas between these pools shall be supplied to the Division's Engineering and Geological Services Bureau within 60 days following completion of this well or workover.

It is also understood that notice of this application, pursuant to Division Rule 19.15.4.12A.(6), is not required since the interest ownership between the subject pools to be commingled are common throughout.

REMARKS: The operator shall notify the Division's District II office upon implementation of commingling operations.

This Order is subject to like approval from the Bureau of Land Management.

Pursuant to 19.15.12.11B NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



David R. Catanach
Director

DC/mam

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management – Carlsbad