

DATE IN 9/28/09	SUSPENSE None	ENGINEER WVY	LOGGED IN 9/28/09	TYPE DHC	APP NO. WVJ0927155543
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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



WELCH RL STATE #1 30-015-31916

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

September 24, 2009
Date

mike@pippinllc.com
e-mail Address

LIME ROCK RESOURCES A, L.P.
Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) mike@pippinllc.com

September 24, 2009

NMOCD
c/o Will Jones
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: C-107A TO COMMINGLE TWO POOLS
WELCH RL STATE #1 – API#: 30-015-31916
Unit Letter "E" Section 28 T17S R28E
Eddy County, New Mexico

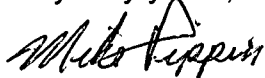
Dear Mr. Jones:

The referenced oil well has produced since November 2002 from the Red Lake, San Andres (97253). Lime Rock would like to open a lower pool, the Artesia, Glorieta-Yeso (96830) and commingle the two pools. A sundry notice has been submitted to open the lower interval.

Lime Rock is requesting approval to commingle the two pools upon completion of rig operations. The allocation will be calculated by subtracting the total well production after two months of commingled production from the current production of 2 BOPD and 5 MCF/D. We plan to submit these calculations and the resulting allocation to the district office after the well has been on line for about 2 months.

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

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

District III
1090 Rio Brazos 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

LIME ROCK RESOURCES A, L.P. c/o Mike Pippin LLC (agent), 3104 N. Sullivan, Farmington, NM 87401
Operator Address

WELCH RL STATE #1 E SEC. 28 T17S R28E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 255333 Property Code _____ API No. 30-015-31916 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	RED LAKE; San Andres		ARTESIA: Glorieta-Yeso
Pool Code	97253		96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2332'-3055'		~3306'-3458'
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	34.8		38.32
Producing, Shut-In or New Zone	Producing		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: February 2009 RATES: 2 BOPD 5 MCF/D	Date: Rates:	Date: Rates:
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 September 24, 2009

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

E-MAIL ADDRESS mike@pippinllc.com

WELCH RL STATE #1

Current

ARTESIA; Glorieta-Yeso

RED LAKE; San Andres

(E) Section 28, T-17-S, R-28-E, Eddy County, NM

Today's Date: 9/24/09

Spud: 9/27/01

Completed: 10/24/01

Elevation: 3633' GL

API#: 30-015-31916

Queen @ 1360'

Grayburg @ 1606'

San Andres @ 1927'

Glorieta @ 3300'

12-1/4" hole

8-5/8" 24# Csg @ 455'
Cmt w/350 sxs (Circ. 130 sx cmt)

2-7/8" tubing @ 2985'

RED LAKE; San Andres Existing Perfs:
2332'-3055'

NO CROSS flow

ARTESIA; Glorieta-Yeso
Proposed Perfs: ~3306'-3458'

PBTD 3469'

7-7/8" hole

TD 3505'

5-1/2" 17&15.5# Csg @ 3499'
Cmt with 800 sx. Circ 75 sx cmt

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 30-015-31916	² Pool Code 96830	³ Pool Name Artesia, Glorieta-Yeso
⁴ Property Code	⁵ Property Name WELCH RL STATE	⁶ Well Number 1
⁷ OGRID No. 255333	⁸ Operator Name LIME ROCK RESOURCES A, L.P.	⁹ Elevation 3633' GL

¹⁰ Surface Location

UL or lot no. E	Section 28	Township 17-S	Range 28-E	Lot 1dn	Feet from the 2310'	North/South line NORTH	Feet from the 430'	East/West line WEST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1dn	Feet from the	North/South line	Feet from the	East/West line	County
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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="display: flex; align-items: center; justify-content: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">2310'</div> <div style="border: 2px solid black; width: 100px; height: 100px; margin: 10px;"> <div style="display: flex; align-items: center; justify-content: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">430'</div> <div style="margin: 0 10px;">O</div> </div> </div> </div>	28	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; margin-top: 10px;"> <div>Signature <i>Mike Pippin</i></div> <div>Date 7/22/09</div> </div> <div style="margin-top: 10px;"> Printed Name <u>Mike Pippin</u> </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> Date of Survey 6/11/01 Signature and Seal of Professional Surveyor: Dan R. Reddy
		Certificate Number 5412

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 30-015-31916	² Pool Code 97253	³ Pool Name Red Lake, San Andres
⁴ Property Code	⁵ Property Name WELCH RL STATE	⁶ Well Number 1
⁷ OGRID No. 255333	⁸ Operator Name LIME ROCK RESOURCES A, L.P.	⁹ Elevation 3633' 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
E	28	17-S	28-E		2310'	NORTH	430'	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
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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;">2310'</div> <div style="text-align: center;">O</div> <div style="text-align: center;">430'</div>	<div style="text-align: center;">28</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>Signature <i>Mike Pippin</i></div> <div>Date 7/22/09</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Mike Pippin</div> <div></div> </div> <div>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> 6/11/01 Date of Survey Signature and Seal of Professional Surveyor: Dan R. Reddy
		5412 Certificate Number

Rate/Time Graph

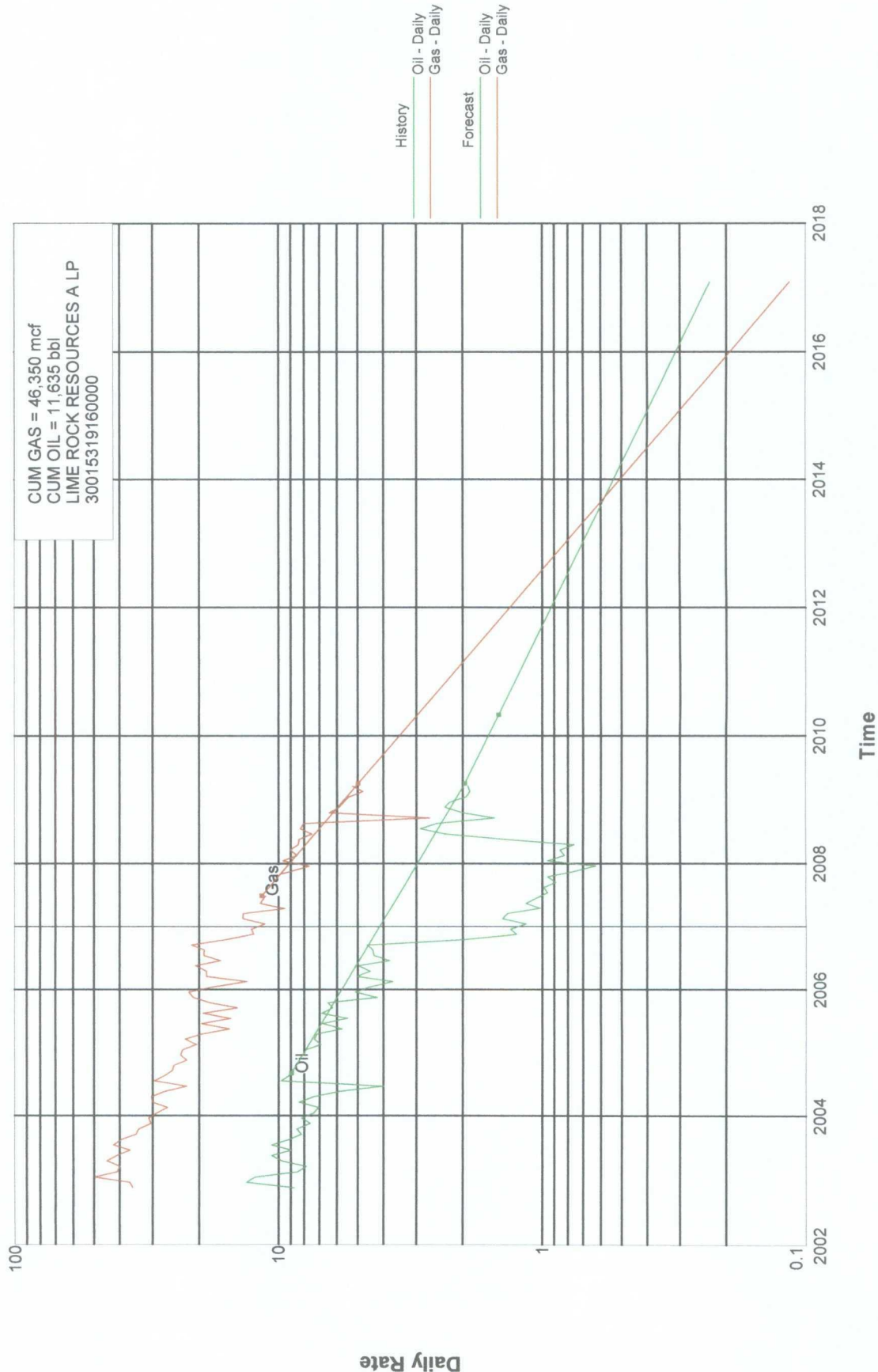
Project: c:\program files\hs energy\powerools v9.0\projects\biya2project1.mdb

Date: 9/11/2009
Time: 8:39 AM

Lease Name: WELCH RL STATE (1)
County, ST: EDDY, NM
Location: S17 E28 28 SW SW NW

Operator: LIME ROCK RESOURCES A LP
Field Name: RED LAKE

WELCH RL STATE - 1 SAN ANDRES S17 E28 28 SW SW NW 11/2002



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

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. 30-015-31916
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 LIME ROCK RESOURCES A, L.P.		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 WELCH RL STATE
4. Well Location Unit Letter <u>E</u> : <u>2310</u> feet from the <u>NORTH</u> line and <u>430</u> feet from the <u>WEST</u> line Section <u>28</u> Township <u>17-S</u> Range <u>28-E</u> NMPM Eddy County		8. Well Number <u>#1</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3633' GL		9. OGRID Number <u>255333</u>
		10. Pool name or Wildcat: Artesia, Glorieta-Yeso (96830) Red Lake, San Andres (97253)

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 type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: Recomplete to Yeso & Commingle w/ San Andres <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.

Lime Rock plans to recomplete to the Yeso as follows: TOH w/rods, pump, & tbg. CO to 3469'. Perf Yeso @ about 3306'-3458'. Set pkr @ ~3270' on 3-1/2" frac string. Breakdown Yeso perfs w/ about 5000 gal 15% NEFE acid. Frac Yeso w/about 105,000# 16/30 & 41,000# 12/20 sand in 25# X-linked gel. TOH w/frac string & pkr. CO after frac to 3469'. Land 2-7/8" tbg @ ~3465'. Run pump & rods & complete as a commingled Yeso/San Andres oil well.

A C-107A package has been submitted to Santa Fe to DHC the proposed Yeso with the existing San Andres. This proposed work will not be initiated until the DHC has been approved.

Spud Date: 8/27/01 Drilling Rig Release Date: 9/3/01

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 9/24/09

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):