

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

RECEIVED
JUL 11 2013
NMLC ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
LRE OPERATING, LLC

3a. Address c/o Mike Pippin LLC
 3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)
 505-327-4573

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 1650' FNL & 990' FWL Unit E
 Sec. 29, T17S, R28E

5. Lease Serial No.
NMLC-046250-B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
WILLIAMS B FEDERAL #1

3
 30-015-35627

10. Field and Pool, or Exploratory Area
 Artesia, Glorieta-Yeso (96830)
 Red Lake, San Andres (97253)
 AND
 Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Alter Casing <input checked="" type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity <input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input checked="" type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other <u>Recomplete to San Andres</u> <input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Final Abandonment Notice <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

LRE would like to recomplete this Yeso oil well to the San Andres as follows: MIRUSU. TOH w/rods & pump. Set a 5-1/2" CBP @ ~3220' & PT to ~3500 psi. Perf lower SA @ about 2918'-3201' w/~30 holes. Stimulate w/~3000 gal 15% NEFE HCL acid & frac w/~81,000# 16/30 sand in X-linked gel. Set a 5-1/2" CBP @ ~2894' & PT to ~3500 psi. Perf middle SA @ about 2630'-2871' w/~26 holes. Stimulate w/~3000 gal 15% NEFE HCL acid & frac w/~73,000# 16/30 sand in X-linked gel. Set a 5-1/2" CBP @ ~2610' & PT to ~3500 psi. Perf upper SA @ about 2380'-2591' w/~22 holes. Stimulate w/~3000 gal 15% NEFE HCL acid & frac w/~67,000# 16/30 sand in X-linked gel. Set a 5-1/2" CBP @ ~2350' & PT to ~3500 psi. Perf upper SA @ about 2052'-2351' w/~20 holes. Stimulate w/~3000 gal 15% NEFE HCL acid & frac w/~82,000# 16/30 sand in X-linked gel.

CO after frac, drill CBPs & 2350', 2610', & 2894' & CO to CBP @ 3220'. Land 2-7/8" tbg @ ~3165' & run pump & rods. Release workover rig & complete as a single San Andres oil well. The existing Glorieta-Yeso perfs (53 holes @ 3233'-3503') will be SI below the CBP @ 3220'. After about two months of San Andres production, the well will be evaluated for DHC.

S. P. Dade 7/11/2013
Accepted for record

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) **Mike Pippin** Title **NMLC Petroleum Engineer (Agent)**

Signature *Mike Pippin* Date **May 27, 2013**

APPROVED
JUL 9 2013
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

THIS SPACE FOR FEDERAL OR STATE USE

Approved by _____ Title _____ Date **JUL 9 2013**

Office _____

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

LRE Operating, LLC
 San Andres 4 Stage Recompletion
 AFE # R13012

Williams B Federal #1
Sec 29-17S-28E (E)
1650' FNL, 990' FWL
Elevation – 3,607'
API #: 30-015-35627
Eddy County, NM

- TOH w/ rods, pump. N/U BOP.
- POOH, run bit and scraper, Test CSG w PKR and RBP, LD tubing.
- MIRU WLU and perforate, acidize, and frac the San Andres in four stages as described below.
- PU 2-7/8" tubing and drill CBP's and clean out to CBP at 3220'.
- TIH w/ tubing (TAC at 1952', SN at 3100', 4' slotted sub, 2 jt MA w BP at ~3165')
- TIH w/pump and rods and turn to production.
- Produce the San Andres interval until production declines
- Produce the San Andres and Glorieta/Yeso when a commingle permit is obtained

GEOLOGY	
Zone	Top
Yates	628'
7 Rivers	740'
Queen	1,044'
Grayburg	1,432'
San Andres	1,834'
Glorieta	3,220'
Yeso	3,334'

8-5/8",
 24#, K-55,
 ST&C
 Casing @
 457'. 375
 sks.
 Circulated
 130 sx to
 surface.

2-7/8"; 6.5#, J-55 Tubing, TAC at 1952', SN at 3100',
 4' slotted sub, 2 jt MA w BP at ~ 3165'

Proposed San Andres Perfs and Stimulation

CBP at 2350'

Stage 4 San Andres: 2052'-2351', 1 spf, 20 holes
 3000 g 15% HCL acid and 30 bio balls, 49,000 g X-link 20# gel, 63,500 lbs 16/30 Brady, 18,000 lbs 16/30 resin coated sand, staged 1-4.5 ppg, at 65 BPM

CBP at 2610'

Stage 3 San Andres: 2380'-2591', 1 spf, 22 holes
 3000 g 15% HCL acid and 33 bio balls, 37,000 g X-link 25# gel, 49,000 lbs 16/30 Brady, 18,000 lbs 16/30 resin coated sand, staged 1-4.5 ppg, at 65 BPM

CBP at 2894'

Stage 2 San Andres: 2630'-2871', 1 spf, 26 holes
 3000 g 15% HCL acid and 39 bio balls, 42,000 g X-link 20# gel, 54,500 lbs 16/30 Brady, 18,000 lbs 16/30 resin coated sand, staged 1-4.5 ppg, at 65 BPM

CBP at 3220'

Stage 1 San Andres: 2918'-3201', 1 spf, 30 holes
 3000 g 15% HCL acid and 45 bio balls, 49,500 g X-link 25# gel, 62,750 lbs 16/30 Brady, 18,000 lbs 16/30 resin coated sand, staged 1-4.5 ppg, at 65 BPM

Do not drill this
 CBP until a
 commingling
 permit is
 obtained

Glorieta/Yeso Perfs: 3233' - 34', 42' - 43', 59' - 60', 78' - 79', 3,309' - 10', 36' - 37', 3,460' - 62', 78' - 79', 94' - 96' & 3,501' - 03' (2 SPF, 26 holes) (12/22/11)
Stim Info: 3500 gal 7.5% NEFE; Frac w/ 79.8k gal 20 # x-linked Borate gel + 129,000# 16/30 Brady + 18,000# 16/30 CRC. (12/23/11)

Yeso Perfs: 3356', 63, 65, 71, 75, 76, 81, 87, 88, 92, 93, 96, 3400, 04, 11, 12, 16, 17, 18, 19, 20, 25, 26, 32, 33, 40, 46' (1 SPF, 27 holes) (8/9/07)
Stim Info: 3000 gal 15% NEFE; 20k gal heated 20% HCl, 27.7k gal heated 40# linear gel, 3000 gal 15% HCL cool down (8/15/07)

PBTD @ 3,530'

5-1/2", 15.5#,
 K-55; ST&C
 Casing @
 3,564'. 850
 sks.
 Circulated 16
 sx to surface.
 (06/29/2007)

TD @ 3,575'

SURVEYS	
Degrees	Depth
3/4°	465'
1/4°	982'
3/4°	1,518'
3/4°	2,536'
1°	3,043'
3/4°	3,575'

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 30-015-35627		² Pool Code 97253		³ Pool Name Red Lake, San Andres	
⁴ Property Code 309867		⁵ Property Name WILLIAMS B FEDERAL			⁶ Well Number 1
⁷ OGRID No. 281994		⁸ Operator Name LRE OPERATING, LLC			⁹ Elevation 3607' 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	29	17-S	28-E		1650	NORTH	990'	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.

	<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: <u>5/27/13</u></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>9/11/00 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Dan R. Reddy</p> <p>5412 Certificate Number</p>

**Williams B Federal 1
30-015-35627
LRE Operating, LLC.
July 9, 2013
Conditions of Approval**

Work to be completed by October 9, 2013.

Notify BLM at 575-361-2822 a minimum of 24 hours prior to commencing work.

- 1. Must conduct a casing integrity test before any perforating or fracturing can be done. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure.**
- 2. If CIT does not fail, work is approved as written.**
- 3. No DHC shall be done without approval from both the BLM and the State.**
4. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
5. Surface disturbance beyond the originally approved pad must have prior approval.
6. Closed loop system required.
7. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
8. Operator to have H2S monitoring equipment on location.
9. A minimum of a 2000 (2M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.

10. **Subsequent sundry required detailing work done and completion report for the new formation. Operator to include well bore schematic of current well condition when work is complete.**

JAM 070913