

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

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)

2310' FNL & 2310' FWL Unit F

Sec. 29, T17S, R28E

RECEIVED

JAN 29 2014

NMOC D ARTESIA

5. Lease Serial No.

NMLC 046250B

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 #3

9. API Well No.

30-015-34723

10. Field and Pool, or Exploratory Area

Red Lake, San Andres (97253)

Artesia: Glorieta-Yeso (96830)

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"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other DHC
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Application in
	<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 recompleate 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.)

Accepted for record
NMOC D JES
1-29-2014

LRE requests administrative approval to downhole commingle the existing Artesia, Glorieta-Yeso (96830) and the proposed Red Lake, San Andres (97253). The well was originally completed in the Yeso on 5/1/06. An NOI sundry to recompleate into the San Andres has been submitted to your office. Both intervals have common ownership (Category #1), & we have not experienced any significant cross flows, & all the fluids are compatible. Downhole commingling will improve recovery of liquids & gas, eliminate redundant surface equipment, which reduces the environmental impact, & maximize productivity. Notice has been filed concurrently on form C-107A with the State.

LRE is requesting approval to commingle the two pools upon completion of the recompleation rig operations. The production allocation will be calculated by subtracting the current Yeso producing rate of 11 BOPD & 26 MCF/D from the commingled production (after about 2 months of commingled production). See the attached C-107A, WBD & other supporting data, which has been filed with the State.

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

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Mike Pippin

Date

September 9, 2013

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

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.

APPROVED
P. B. Fernandez
JAN 24 2014
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

**SUBJECT TO LIKE
APPROVAL BY STATE**

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

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

District III
1000 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

LRE OPERATING, LLC c/o Mike Pippin LLC (agent), 3104 N. Sullivan, Farmington, NM 87401
Operator Address

WILLIAMS B FEDERAL #3 F SEC. 29 T17S R28E Eddy County
Lease Well No. Unit Letter-Section-Township-Range

OGRID No. 281994 Property Code 309867 API No. 30-015-34723 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)	~2000'-3201'		3284'-3506'
Method of Production (Flowing or Artificial Lift)	Plan to Pump		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)	690 psi		851 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	34.8		38.32
Producing, Shut-In or New Zone	Prospective New Zone		Producing
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: RATES:	Date: Rates:	Date: 6/22/13 Rates: 11 BOPD 26 MCF/D
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 9, 2013

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

E-MAIL ADDRESS mike@pippinllc.com

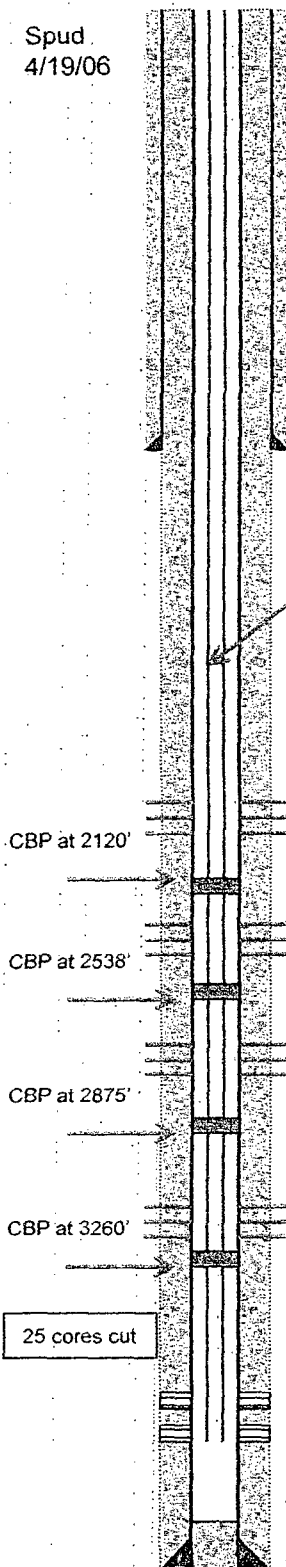


**LIME ROCK
RESOURCES**

**LRE Operating, LLC
Proposed 4 Stage San
Andres Recompletion &
Commingle With Yeso
AFE # R13023**

**Williams B Federal #3
Sec 29-17S-28E (F)
2310' FNL, 2310' FWL
Elevation - 3,649'
API #: 30-015-34723
Eddy County, NM**

Spud
4/19/06



8-5/8", 28#, K-55, ST&C Casing @ 465'. Cmt w 375
sx. Circulated 91 sx to surface.

2-7/8", 6.5#, J-55 Tubing, TAC @ 1900', SN @ 3510', 4' slotted sub, 1 jt
MA w BP @ 3545'

San Andres Perfs: Stage # 4
2,000' - 2,057'
(1 SPF, 0.42" EHD - 16 holes)

Stim Info: 5000 g 15% NEFE HCL
& 24 bio balls

San Andres Perfs: Stage # 3
2,186' - 2,515'
(1 SPF, 0.42" EHD - 32
holes)

Stim Info: 3300 g 15% NEFE HCL &
48 bio balls; Frac w/89,500 # 16/30
Brady & 18,000 # 16/30 Resin in 20#
Xlinked gel

San Andres Perfs: Stage # 2
2,560' - 2,851'
(1 SPF, 0.42" EHD - 27 holes)

Stim Info: 3000 g 15% NEFE HCL &
41 bio balls; Frac w/73,000 # 16/30
Brady & 18,000 # 16/30 Resin in
20# Xlinked gel

San Andres Perfs: Stage # 1
2,900' - 3,201'
(1 SPF, 0.42" EHD - 29 holes)

Stim Info: 3000 g 15% NEFE HCL & 44 bio balls; Frac
w/73,000 # 16/30 Brady & 18,000 # 16/30 Resin in 20#
Xlinked gel

Glorieta & Yeso Additional Perfs: 3284' -
85', 3301' - 02', 37' - 38', 3482' - 83', 3496'
- 97', 99' - 3500' & 04' - 06' (2 SPF - 18
holes) (4/28/11)

Stim Info: 3500 gal 15% NEFE; Frac w/ 100k gal x-linked
gel + 125,680# 16/30 Brady + 18,980# 16/30 CRC sand at
80 BPM. (4/29/11)

Yeso Perfs: 3390', 91', 92', 95', 96', 3400',
01', 02', 10', 3411', 12', 21', 22', 26', 29', 30',
39', 40', 42', 43', 51', 54', 56', 58', 62' (1
SPF - 26 holes) (6/16/06)

Stim Info: 3000 gal 15% NEFE; Treat w/ 20k gal
gelled 20% HCl & 30k gal 40# linear gel + 4000 gal
15% HCl NEFE Cool down. (6/20/06)

PBTD @ 3,557'

5-1/2", 14#, J-55, ST&C Casing @ 3,577'. Cmt w 375
sx lead and 400 sx tail. Circulated 91 sx to surface.
(05/03/2006)

TD @ 3,585'

GEOLOGY

Zone	Top
Yates	343'
7 Rivers	570'
Bowers Sand	913'
Queen	1,135'
San Andres	1,875'
Glorieta	3,250'
Yeso	3,361'

SURVEYS

Degrees	Depth
1/4°	472'
1/2°	581'
1/2°	1,497'
1/2°	1,995'
1/4°	2,524'
1/2°	3,022'
1/2°	3,585'

District I

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District II

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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 30-015-34723	² Pool Code 97253	³ Pool Name Red Lake; San Andres
⁴ Property Code 309867	⁵ Property Name WILLIAMS B FEDERAL	⁶ Well Number 3
⁷ OGRID No. 281994	⁸ Operator Name LRE OPERATING, LLC.	⁹ Elevation 3649' 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
F	29	17-S	28-E		2310	NORTH	2310	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 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: <u>9/6/13</u> 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. Date of Survey: <u>2/1/06</u> Signature and Seal of Professional Surveyor: <u>Dan R. Reddy</u> Certificate Number: <u>5412</u>	

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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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 96830	³ Pool Name Artesia, Glorieta - Gese
⁴ Property Code 27688	⁵ Property Name WILLIAMS B FEDERAL	⁶ Well Number 3
⁷ OGRID No. 020451	⁸ Operator Name SDX RESOURCES, INC.	⁹ Elevation 3649

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
F	29	17-S	28-E		2310	NORTH	2310	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 Acre 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>16</p>	<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 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 working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Bonnie Atwater</i> 2/8/06 Signature Date</p> <p>Bonnie Atwater 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>FEBRUARY 1, 2006 Date of Survey</p> <p><i>DAN R. REDDY</i> Signature and Seal of Registered Surveyor</p> <p>REGISTERED PROFESSIONAL ENGINEER 5412 DAN R. REDDY NM P.E. 5412</p>