

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 reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

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

RECEIVED

MAY 12 2014

ARTESIA

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' FSL &amp; 790' FWL Unit L

Sec. 29, T17S, R28E

5. Lease Serial No.

NM-048344

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

WILLIAMS A FEDERAL #6

3

30-015-34200

10. Field and Pool, or Exploratory Area

Red Lake, Queen-Grayburg-San Andres (51300)

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 Application
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<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 recomple 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 requests administrative approval to downhole commingle the existing (SI) Artesia, Glorieta-Yeso (96830) and the currently producing Red Lake, Queen-Grayburg-San Andres (51300). Both intervals have common ownership (Category 1), we have not experienced any significant cross flows, & all the fluids are compatible. Downhole commingling will maximize the ultimate recovery of oil & gas, eliminate redundant surface equipment, & maximize productivity. Order DHC-4644 has been obtained from the State. The DHC will be accomplished by drilling out the CBP @ 3190'. See the attached supporting data. The attached calculations indicate that the pool allocations should be:

	UPPER ZONE (SA)
OIL:	90%
GAS:	43%
WATER:	98%

	LOWER ZONE (YESO)
	10%
	57%
	3%

SUBJECT TO LIKE  
APPROVAL BY STATESEE ATTACHED FOR  
CONDITIONS OF APPROVAL

Accepted for record

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

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Mike Pippin

Date

February 25, 2014

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 fraudulent statements or representations as to any matter within its jurisdiction.

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

LRE OPERATING, LLC  
**WILLIAMS A FEDERAL #6**  
 Artesia; Glorieta-Yeso & Red Lake, Queen-Grayburg-San Andres  
 L Section 29 T17S R28E  
 2/25/2014  
 API#: 30-015-34200

## Commingled Allocation Calculations

On 12/7/05, the Yeso (lower zone) was completed as a new well. On 1/18/14, the well was recompleted into the San Andres (upper zone) with the lower zone shut-in below a CBP @ 3190'. The last Yeso production test on 9/25/13 before the recompletion was 4 BOPD, 40 MCF/D, & 5 BWPD. The San Andres alone after the recompletion last tested 2/5/14 for 35 BOPD, 30 MCF/D, & 240 BWPD.

	Upper Zone (SA)	+	Lower Zone (YESO)	=	Total
Total Oil (bbls/d)	35	+	4	=	39
Total Gas (mcf/d)	30	+	40	=	70
Total Water (bbls)	240		5	=	245

### OIL

Upper Zone (SA) = 35 BOPD  
 Total oil = 39 BOPD  
 % Upper Zone =  $\frac{35}{39} = \underline{90\%}$

Lower Zone (Yeso) = 4 BOPD  
 % Lower Zone =  $\frac{4}{39} = \underline{10\%}$

### GAS

Upper Zone (SA) = 30 mcf/d  
 Total gas = 70 mcf/d  
 % Upper Zone =  $\frac{30}{70} = \underline{43\%}$

Lower Zone (Yeso) = 40 mcf/d  
 % Lower Zone =  $\frac{40}{70} = \underline{57\%}$

### WATER

Upper Zone (SA) = 240 BWPD  
 Total gas = 245 BWPD  
 % Upper Zone =  $\frac{240}{245} = \underline{98\%}$

Lower Zone (Yeso) = 5 BWPD  
 % Lower Zone =  $\frac{5}{245} = \underline{2\%}$

## DOWNHOLE COMMINGLING WORKSHEET

Operator: LRE OPERATING, LLC
Lease/Well Name/API#/Location: NMNM-048344, WILLIAMS A FEDERAL #6, 30-015-34200, L SEC 29 T17S R28E
Date: 2/25/2014

Data	Bottom Formation	Upper Formation	Estimated Combined Production Data
Pool Name:	Artesia, G-Y	Red Lake, Q-G-SA	(See attached weighted average calculations)
Pool Code:	96830	51300	
State Form C-102 w/dedicated Acres provided:	Yes 40 acres	Yes 40 acres	
Formation Name:	Yeso	San Andres	
Top & Bottom of Pay Section (Perfed or OH interval):	3215'-3484' Perfed	1780'-3134' Perfed	
Method of Production:	Plan to Pump	Pumping	
Bottom Hole Pressure:	851 psi	690 psi	
Reservoir Drive Mechanism:	Solution gas drive	Solution gas drive	
Oil Gravity &/or BTU:	38.7 / 1251	34.1 / 1197*	34.6 / 1228
Average Sulfur Content (Wt%):	0.5477	1.2293*	1.1594
Oil Sample Analysis Provided:	Yes	Yes*	
Gas Analysis Provided:	Yes	Yes*	
Produce Water Analysis Provided:	Yes	Yes*	
H2S Present:	22,000 ppm	3500 ppm*	14,071 ppm
Producing, Shut-in or New Zone:	SI	Pumping	
Date & Oil/Gas/Water rates of Last Production (new zones or no production history Operator shall attach production estimate & supporting data):	9/25/2013 4 BOPD 40 MCF/D 5 BWPD	2/5/2014 35 BOPD 30 MCF/D 240 BWPD	Estimated Rates: 45 BOPD 80 MCF/D 250 BWPD
Average decline % (provide back up data):	OIL = 9.76%* GAS = 1.57%*	OIL = 9.51%* GAS = 5.89%*	OIL = 8.59%* GAS = 1.91%*
Fixed Allocation %: (See attached calculations)	OIL = 10% GAS = 57% WTR = 2%	OIL = 90% GAS = 43% WTR = 98%	

Remarks: *See attached back-up data & "Williams A & B Field Study of Yeso & San Andres". The State DHC order is DHC-4644.
Operator Signature: _____
Date: 2/25/2014

### Attached Supporting Documents

State Form C-102 w/dedicated Acres Provided  
 Oil Sample Analysis Provided (Must be Current)  
 Gas Analysis provided (Must be Current)  
 Produce Water Analysis provided (Must be Current)  
 Any additional supporting data (i.e. offset well production & decline curves etc.)

\* FROM WILLIAMS A & B FIELD STUDY

LRE OPERATING, LLC  
**WILLIAMS A FEDERAL #6**  
Artesia; Glorieta-Yeso & Red Lake, Queen-Grayburg-San Andres  
L Section 29 T17S R28E  
2/25/2014 – Mike Pippin  
API#: 30-015-34200

## WEIGHTED AVERAGES

### OIL GRAVITY:

Bottom zone (Yeso) = 4 BOPD, 38.7

Upper zone (SA) = 35 BOPD, 34.1

$$(4 \times 38.7) + (35 \times 34.1) = 154.8 + 1193.5 = 1348$$

$$1348 / (4 + 35) = \underline{\mathbf{34.6 \text{ GRAVITY OIL}}}$$

### GAS BTU:

Bottom zone (Yeso) = 40 MCF/D, 1251 BTU

Upper zone (SA) = 30 MCF/D, 1197 BTU

$$(40 \times 1251) + (30 \times 1197) = 50,040 + 35,910 = 85,950$$

$$85,950 / (40 + 30) = \underline{\mathbf{1228 \text{ BTU GAS}}}$$

### H2S in GAS:

Bottom zone (Yeso) = 40 MCF/D, 22,000 ppm

Upper zone (SA) = 30 MCF/D, 3500 ppm

$$(40 \times 22,000) + (30 \times 3500) = 880,000 + 105,000 = 985,000$$

$$985,000 / (40 + 30) = \underline{\mathbf{14,071 \text{ ppm H2S}}}$$

### Sulfur in Oil:

Bottom zone (Yeso) = 4 BOPD, 0.5477

Upper zone (SA) = 35 BOPD, 1.2293

$$(4 \times 0.5477) + (35 \times 1.2293) = 2.1908 + 43.0255 = 45.2163$$

$$45.2163 / (4 + 35) = \underline{\mathbf{1.1594 \text{ Wt\% Sulfur}}}$$

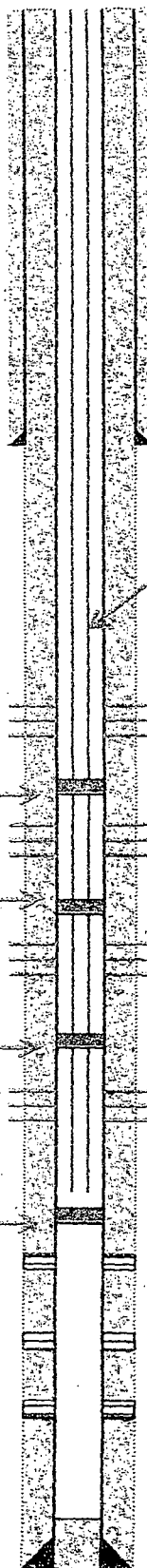


**LIME ROCK  
RESOURCES**

**LRE Operating, LLC**  
**Proposed 4 Stage San Andres**  
**Recompletion & Commingle**  
**With Yeso**  
**AFE # R13024**

**Williams A Federal #6**  
**Sec 29-17S-28E (L)**  
**2310' FSL, 790' FWL**  
**Elevation - 3,637' KB**  
**API #: 30-015-34200**  
**Eddy County, NM**

Spud  
11/3/05



8-5/8", 24#, J-55, ST&C Casing @ 478'. Circulated  
55 sx to surface. (425 sx CI H)

2-7/8", 6.5#, J-55 Tubing, TAC @ 1680', SN @ 3140', 4' slotted sub, 1 jt  
MA w BP @ 3175'  
When Commingled: TAC @ 1680', SN @ 3450', 4' slotted sub, 1 jt MA  
w BP @ 3485'.

San Andres Perfs: Stage # 4  
1,789' - 2,021'  
(1 SPF, 0.42" EHD - 33 holes)

Stim Info: 1500 g 15% NEFE HCL & 50  
bio balls; Frac w/40,500 # 16/30 Brady &  
13,500 # 16/30 Resin in 20# Xlinked gel

San Andres Perfs: Stage # 3  
2,142 - 2,401'  
(1 SPF, 0.42" EHD - 25 holes)

Stim Info: 2600 g 15% NEFE HCL & 38 bio  
balls; Frac w/56,500 # 16/30 Brady &  
18,000 # 16/30 Resin in 20# Xlinked gel

San Andres Perfs: Stage # 2  
2,430 - 2,745'  
(1 SPF, 0.42" EHD - 25 holes)

Stim Info: 3200 g 15% NEFE HCL & 38  
bio balls; Frac w/73,000 # 16/30 Brady &  
18,000 # 16/30 Resin in 20# Xlinked gel

San Andres Perfs: Stage # 1  
2,824 - 3,135'  
(1 SPF, 0.42" EHD - 32 holes)

Stim Info: 3200 g 15% NEFE HCL & 48 bio balls; Frac w/73,000 #  
16/30 Brady & 18,000 # 16/30 Resin in 25# Xlinked gel

**Additional Glorieta, Upper and Lower Yeso:**

3,215'-16', 3,229'-30', 3,252'-53', 3,272'-73', 3,303'-04', 3,319'-20', 3,431'-32', 3,445'-46', 3,464'-66',  
3,482'-84' all 2 SPF - 24 Holes, 3-1/8" guns, 0.4" EHD and 30" Penetration (7/21/11)

**Re-Frac Stim Info:**

5838 gals 15% HCL w/ Ball Sealers at 20 BPM. 75,600 gals 20# borate x-linked gel with 126,240# 16/30  
Ottawa sand and 21,000# 16/30 Resin Coated Sand pumped at 65 BPM with sand ramped from 1# ppa  
to 5# ppa. (7/22/11)

**Lower Yeso Perfs:**

3,331' - 3,419' (1 SPF, 27 holes) (12/7/05)

Stim Info: 3000 gal 15% NEFE; 20k gal gelled 20% HCl,  
30k gal 40# gel (12/7/05)

PBTD @ 3,510'

5-1/2"; 15.5-17#; K-55; ST&C Casing @ 3,548'.

Cmt'd w/ 500 sx 50/50 H Poz lead & 350 sx CI C tail.

Circulated 103 sx to surface. (11/10/2005)

TD @ 3,562'

**GEOLOGY**

Zone	Top
Yates	580'
7 Rivers	900'
Queen	1,050'
Grayburg	1,520'
San Andres	1,831'
Glorietta	3,196'
Yeso	3,287'

**SURVEYS**

Degrees	Depth
3/4°	485'
1/2°	510'
1/2°	1,000'
1/2°	1,500'
3/4°	2,004'
3/4°	2,532'
1/2°	3,026'
1/2°	3,557'

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

District II  
1201 W. Grand Avenue, Artesia, NM 88210

District III  
1050 N. Grand Avenue, Artesia, NM 88210

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

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

Lease WILLIAMS A FEDERAL #6 Well No. L SEC. 29 T17S R28E Unit Letter-Section-Township-Range Eddy County

OORID No. 281994 Property Code 309877 API No. 30-015-34200 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 (Perforated or Open-Hole Interval)	-1780'-3135'		3215'-3484'
Method of Production (Flowing or Artificial Lift)	Plan to Pump		Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottomhole 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: 9/25/13 Rates: 4 BOPD 40 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?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐  
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 ☐

NMOC 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.

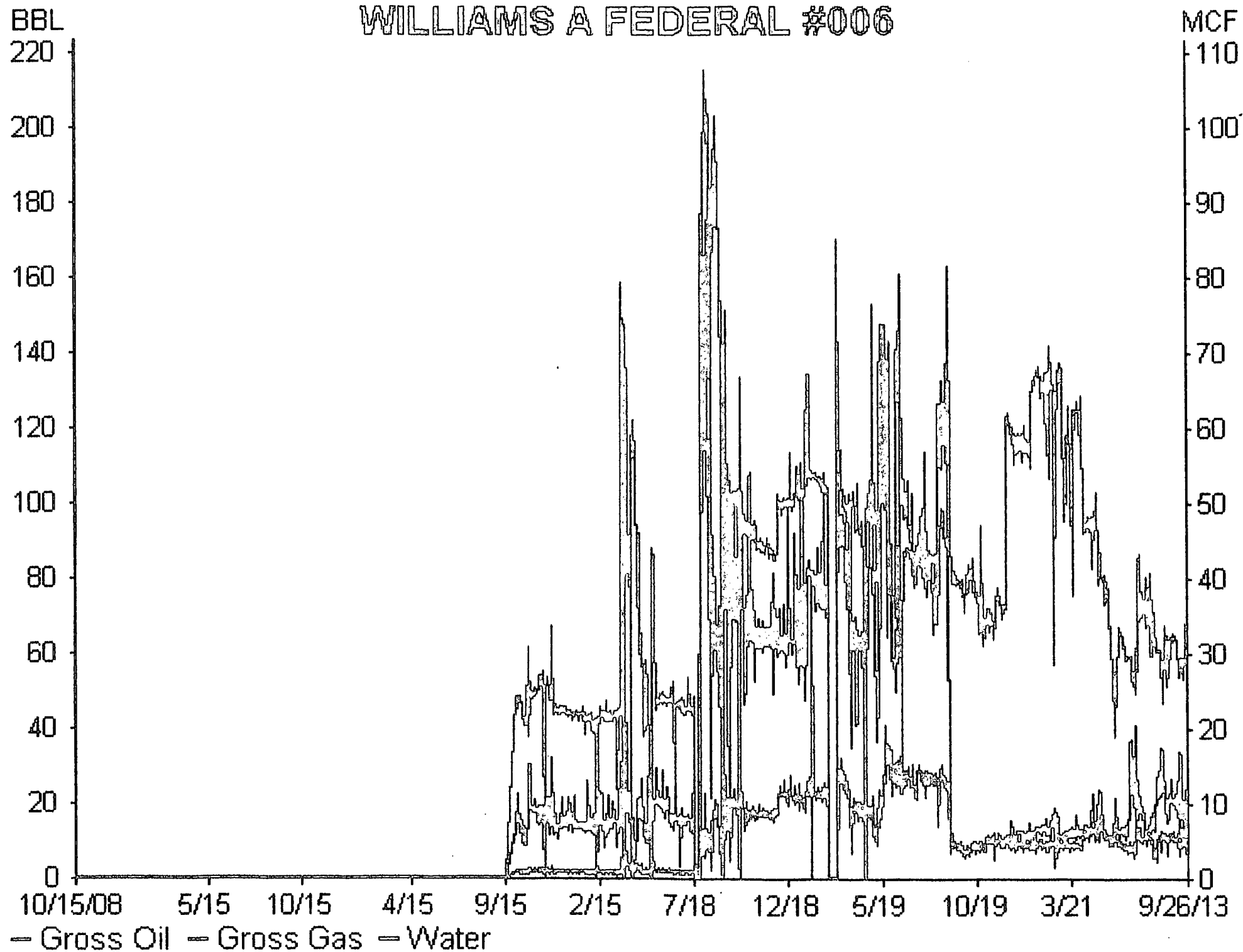
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Mike Pippin TITLE Petroleum Engineer - Agent DATE September 27, 2013

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

E-MAIL ADDRESS mike@pippinllc.com

# WILLIAMS A FEDERAL #006



**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 &amp; 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

<sup>1</sup> API Number 30-015-34200	<sup>2</sup> Pool Code 51300	<sup>3</sup> Pool Name Red Lake; Queen-Grayburg-San Andres
<sup>4</sup> Property Code 309877	<sup>5</sup> Property Name WILLIAMS A FEDERAL	<sup>6</sup> Well Number 6
<sup>7</sup> OGRID No. 281994	<sup>8</sup> Operator Name LRE OPERATING, LLC.	<sup>9</sup> Elevation 3630' GL

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	29	17-S	28-E		2310	SOUTH	790	WEST	EDDY

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p>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 undivided 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><i>Mike Pippin</i> 9/19/13 Signature Date</p> <p>Mike Pippin Printed Name</p>	
		<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p>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>5/17/05 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Dan R. Reddy</p> <p>5412 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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1000 Rio Brazos Rd., Albec NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

# OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, NM 87505

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code <b>96830</b>	Pool Name <b>Artesia Gloria - Yeso</b>
Property Code <b>26370</b>	Property Name <b>WILLIAMS A FEDERAL</b>	Well Number <b>6</b>
OGRID No. <b>020451</b>	Operation Name <b>SDX RESOURCES, INC.</b>	Elevation <b>3630</b>

### Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
<b>L</b>	<b>29</b>	<b>17-S</b>	<b>28-E</b>		<b>2310</b>	<b>SOUTH</b>	<b>790</b>	<b>WEST</b>	<b>EDDY</b>

### 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

Dedicated Acres <b>40</b>	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.</p> <p><i>Bonnie Atwater</i> Signature</p> <p>Bonnie Atwater Printed Name</p> <p>Regulatory Tech Title</p> <p>5/25/05 Date</p>			
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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 KNOWLEDGE AND BELIEF.</p> <p>MAY 17, 2005 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>NEW MEXICO 5412 Professional Surveyor</p>			

## **Conditions of Approval, (Commingle SA & Yeso)**

**LRE Operating, LLC**  
**Williams A – 06**  
**API 3001534200, T17S-R28E, Sec 29**  
May 08, 2014

1. The "Williams A & B Field Study of the Yeso & San Andres" dated 11/23/2013 reviewed and Approved by EGF on 01/27/2014 has been accepted by BLM CFO as justification for a downhole pool comingling project on the Williams A and Williams B federal leases. The Yeso is currently capable of production in paying quantities and is to be produced until that formation's economic limits are achieved. This being said, the combined formations should increase field production.
2. A new "Well Location and Acreage Dedication Plat" (NMOCD Form C-102) is required with the notice of intent package when opening another pay zone.
3. A subsequent sundry detailing work done and a completion report for the San Andres and Yeso formations is necessary.
4. Surface disturbance beyond the originally approved pad must have prior approval.
5. Closed loop system required.
6. 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.
7. Functional H<sub>2</sub>S monitoring equipment shall be on location.
8. 2000 (2M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Ram(s) for the work string(s) used is required equipment. Manual BOP closure system including a blind ram and pipe ram(s) designed to close on all (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.

EF/PS

Access information for **use of Form 3160-5** "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - [http://www.blm.gov/nm/st/en/prog/energy/oil\\_and\\_gas.html](http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html)

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.