

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 24 2014

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

5. Lease Serial No.

NMLC 0462508

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 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 checked="" 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 Drill CBP & DHC
	<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 recompleat 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 recompleat 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
RD 9-26-14

On 6/9/14, MIRUSU. TOH w. rods, pump & tbg. Drilled out CBP @ 3260' & CO to PBTD3557'. On 6/12/14, landed 2-7/8" 6.5# J-55 tbg @ 3494'. Ran pump & rods. Released rig on 6/12/14. Completed well as a commingled San Andres/Yeso oil well. This well has BLM DHC approval along with the State order DHC-4641.

The prior approved pool allocations are:

UPPER POOL (SA)

OIL

72%

GAS

83%

LOWER POOL (YESO)

28%

17%

WATER

91%

9%

ACCEPTED FOR RECORD

See the attached pool allocation calculations.

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

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Date

June 13, 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 false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

LRE OPERATING, LLC
WILLIAMS B FEDERAL #3
Artesia; Glorieta-Yeso & Red Lake, San Andres
F Section 29 T17S R28E
6/13/2014 – Mike Pippin
API#: 30-015-34723

Commingle Allocation Calculations

This well was originally completed in the Yeso on 5/1/06. On 10/15/13, this well was recompleted from the Yeso to the San Andres. Before the workover, on June 22, 2013, the lower zone (Yeso) tested for **11 BOPD, 26 MCF/D & 33 BWPD** from Yeso perms 3284'-3506'.

Following the workover the new and upper zone (San Andres) was tested on 11/1/13 for **28 BOPD, 130 MCF/D, & 348 BWPD** from San Andres perms 2000'-3200'.

Therefore, the total oil (commingled) should be: $11 + 28 = \underline{39 \text{ BOPD}}$.
The total gas (commingled) should be $26 + 130 = \underline{156 \text{ MCF/D}}$.
The total water (commingled) should be $33 + 348 = \underline{381 \text{ BWPD}}$.

RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{11}{39} = \underline{28\%}$$

$$\% \text{ Upper Zone} = \frac{28}{39} = \underline{72\%}$$

RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \frac{26}{156} = \underline{17\%}$$

$$\% \text{ Upper Zone} = \frac{130}{156} = \underline{83\%}$$

RECOMMENDED NEW WATER ALLOCATION

$$\% \text{ Lower Zone} = \frac{33}{381} = \underline{9\%}$$

$$\% \text{ Upper Zone} = \frac{348}{381} = \underline{91\%}$$