

NM OIL CONSERVATION
ARTESIA DISTRICT
OCD Artesia

JAN 13 2015

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS RECEIVED**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

5. Lease Serial No.
NMLC046250B
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
9. API Well No.
30-015-35627
10. Field and Pool, or Exploratory
RED LAKE, SAN ANDRES 97253
11. County or Parish, and State
EDDY COUNTY, NM

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
LRE OPERATING, LLCContact: MIKE PIPPIN
E-Mail: mike@pipinllc.com3a. Address
C/O MIKE PIPPIN 3104 N. SULLIVAN
FARMINGTON, NM 874013b. Phone No. (include area code)
Ph: 505-327-45734. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 29 T17S R28E SENW 1650FNL 990FWL

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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Subsurface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (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.)

This well was originally completed in the Yeso on 8/15/07. On 8/6/13, this well was recompleat from the Yeso to the San Andres (SA). Before the workover, on June 12, 2013, the lower zone tested for 3 BOPD, 15 MCF/D, & 22 BWPD from Yeso perms 3233'-3503'. Originally, the pool allocations were calculated using a San Andres test on 8/22/13. The San Andres was again tested on 4/20/14, which was before the two pools were DHC on 7/18/14. Therefore, we have used the up-dated San Andres test on 4/20/14 of 18 BOPD, 39 MCF/D, & 82 BWPD to calculate an up-dated pool allocation. See the attached calculations.

	LOWER ZONE (YESO)	UPPER ZONE (SA)
OIL	14%	86%
GAS	28%	72%
WATER	21%	79%

Accepted for record
NM OCD

RED

1/14/15

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

Electronic Submission #258564 verified by the BLM Well Information System
For LRE OPERATING, LLC, sent to the Carlsbad
Committed to AFMSS for processing by DINAH NEGRETE on 09/06/2014 ()

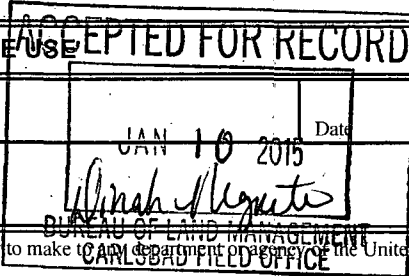
Name (Printed/Typed) MIKE PIPPIN

Title PETROLEUM ENGINEER

Signature (Electronic Submission)

Date 08/27/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE 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 and Title 43 U.S.C. Section 1212, make 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.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

LRE OPERATING, LLC
WILLIAMS B FEDERAL #1
Artesia; Glorieta-Yeso & Red Lake, San Andres
E Section 29 T17S R28E
8/27/2014 – Mike Pippin
API#: 30-015-35627

Commingle Allocation Calculations

This well was originally completed in the Yeso on 8/15/07. On 8/6/13, this well was recompleted from the Yeso to the San Andres (SA). Before the workover, on June 12, 2013, the lower zone tested for **3 BOPD, 15 MCF/D & 22 BWPD** from Yeso perms 3233'-3503'. On 7/18/14, the well was downhole commingled.

Originally, the pool allocations were calculated using an SA test from 8/22/13. The SA (2052'-3200') was again tested on 4/20/14, which was before the two pools were DHC on 7/18/14. Therefore we have used the up-dated SA test on 4/20/14 of **18 BOPD, 39 MCF/D, & 82 BWPD** to calculate an up-dated pool allocation.

Therefore, the total oil (commingled) should be: $3 + 18 = \underline{21 \text{ BOPD}}$.

The total gas (commingled) should be $15 + 39 = \underline{54 \text{ MCF/D}}$.

The total water (commingled) should be $22 + 82 = \underline{104 \text{ BWPD}}$

RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{3}{21} = \underline{14\%}$$

$$\% \text{ Upper Zone} = \frac{18}{21} = \underline{86\%}$$

RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \frac{15}{54} = \underline{28\%}$$

$$\% \text{ Upper Zone} = \frac{39}{54} = \underline{72\%}$$

RECOMMENDED NEW WATER ALLOCATION

$$\% \text{ Lower Zone} = \frac{22}{104} = \underline{21\%}$$

$$\% \text{ Upper Zone} = \frac{82}{104} = \underline{79\%}$$