

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

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

5. Lease Serial No.  
NMNM048344

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

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

1. Type of Well  
 Oil Well  Gas Well  Other

8. Well Name and No.  
WILLIAMS A FEDERAL 12

2. Name of Operator  
LRE OPERATING LLC

Contact: MIKE PIPPIN  
E-Mail: mike@pippinllc.com

9. API Well No.  
30-015-41890-00-S1

3a. Address  
1111 BAGBY SUITE 4600  
HOUSTON, TX 77002

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

10. Field and Pool, or Exploratory  
ARTESIA

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 29 T17S R28E SESW 0330FSL 2200FWL  
32.789710 N Lat, 104.198683 W Lon

11. County or Parish, and State  
EDDY COUNTY, NM

**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 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.)

Accepted for record  
ED NMOC 7/30/15

THIS IS A REQUEST TO REMOVE THE CBP @ ~3450' & DHC.

Following the recompletion to San Andres & a test, LRE would like to drill the CBP @ ~3450' & DHC the Yeso with the San Andres. See NOI sundry ES299354. LRE requests administrative approval to downhole commingle the existing Artesia, Glorieta-Yeso (96830) and the proposed Red Lake, Queen-Grayburg-San Andres (51300). Both intervals have common ownership, 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. A DHC application has also been submitted to the State. See the attached DHC worksheet & supporting data. The "Williams A & B Field Study of the Yeso & San Andres" dated 11/23/2013 reviewed & approved by EGF on 1/27/2014 has been accepted by BLM CFO as justification for a

**NM OIL CONSERVATION**  
ARTESIA DISTRICT

JUL 10 2015

RECEIVED

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

Electronic Submission #299749 verified by the BLM Well Information System  
For LRE OPERATING LLC, sent to the Carlsbad  
Committed to AFMSS for processing by ED FERNANDEZ on 07/07/2015 (15EF0031SE)

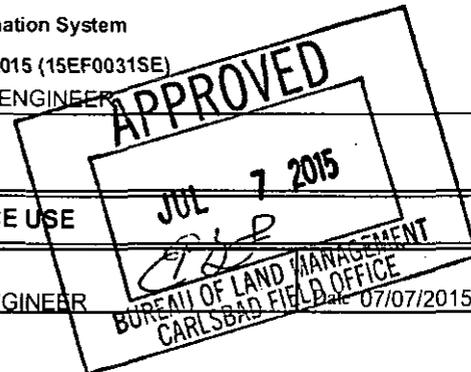
Name (Printed/Typed) MIKE PIPPIN Title PETROLEUM ENGINEER

Signature (Electronic Submission) Date 04/29/2015

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By EDWARD FERNANDEZ Title PETROLEUM ENGINEER

Office Carlsbad



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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

**Additional data for EC transaction #299749 that would not fit on the form**

**32. Additional remarks, continued**

downhole pool commingling project on the Williams A & B Federal leases.

## DOWNHOLE COMMINGLING WORKSHEET

Operator: LRE OPERATING, LLC  
 Lease/Well Name/API#/Location: NMNM048344, WILLIAMS A FEDERAL #12, 30-015-41890, N SEC 29 T17S R28E  
 Date: 4/29/2015

Data	Bottom Formation	Upper Formation	Estimated Combined Production Data
Pool Name:	Artesia, GI-Yeso	Red Lake, Qn-Gryb-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):	3536'-3618' Perfed	~1980'-3291' Play to Perf	
Method of Production:	Pumping	Plan to pump	
Bottom Hole Pressure:	851 psi	690 psi	
Reservoir Drive Mechanism:	Solution gas drive	Solution gas drive	
Oil Gravity &/or BTU:	35.8 / 1295*	34.1 / 1197*	34.9 / 1233
Average Sulfur Content (Wt%):	1.003*	1.2293*	1.1264
Oil Sample Analysis Provided:	Yes*	Yes*	
Gas Analysis Provided:	Yes*	Yes*	
Produce Water Analysis Provided:	Yes*	Yes*	
H2S Present:	9,500 ppm*	3500 ppm*	5720
Producing, Shut-in or New Zone:	Pumping	Plan to pump	
Date & Oil/Gas/Water rates of Last Production (new zones or no production history Operator shall attach production estimate & supporting data):	3/24/2015 15 BOPD 47 MCF/D 44 BWPD	Ave. SA From Lease 18 BOPD 80 MCF/D 204 BWPD **	Estimated Rates: 35 BOPD 140 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 = 45% GAS = 37% WTR = 18%	OIL = 55% GAS = 63% WTR = 82%	

Remarks: \*See attached back-up data & "Williams A & B Field Study of Yeso & San Andres".  
 \*\* As per EGF. Pool allocations will be fine tuned after SA test.

Operator Signature:  
 Date: 4/29/2015

### 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 #12**  
 Artesia; Glorieta-Yeso & Red Lake, Queen-Grayburg-San Andres  
 N Section 29 T17S R28E  
 4/29/2015  
 API#: 30-015-41890

## Commingle Allocation Calculations

On March 15, 2014, the Yeso (lower zone) was completed as a new well. LRE has submitted an NOI sundry (E299354) to recomplate this well to the San Andres (upper zone) and produce as a single SA well to obtain a test. Following the SA test, the well will be DHC. The last Yeso production test on 3/24/15 before the recompletion was 15 BOPD, 47 MCF/D, & 44 BWPD. The average San Andres test on the lease is 18 BOPD, 80 MCF/D, & 204 BWPD. As per EGF, the pool allocations will be fine tuned after the SA test.

	Upper Zone (SA)	+	Lower Zone (YESO)	=	Total
Total Oil (bbls/d)	18	+	15	=	33
Total Gas (mcf/d)	80	+	47	=	127
Total Water (bbls)	204		44	=	248

### OIL

Upper Zone (SA) = 18 BOPD  
 Total oil = 33 BOPD  
 $\% \text{ Upper Zone} = \frac{18}{33} = \underline{55\%}$

Lower Zone (Yeso) = 15 BOPD  
 $\% \text{ Lower Zone} = \frac{15}{33} = \underline{45\%}$

### GAS

Upper Zone (SA) = 80 MCF/D  
 Total gas = 127 MCF/D  
 $\% \text{ Upper Zone} = \frac{80}{127} = \underline{63\%}$

Lower Zone (Yeso) = 47 MCF/D  
 $\% \text{ Lower Zone} = \frac{47}{127} = \underline{37\%}$

### WATER

Upper Zone (SA) = 204 BWPD  
 Total gas = 248 BWPD  
 $\% \text{ Upper Zone} = \frac{204}{248} = \underline{82\%}$

Lower Zone (Yeso) = 44 BWPD  
 $\% \text{ Lower Zone} = \frac{44}{248} = \underline{18\%}$

LRE OPERATING, LLC  
WILLIAMS A FEDERAL #12  
Artesia; Glorieta-Yeso & Red Lake, Queen-Grayburg-San Andres  
N Section 29 T17S R28E  
4/29/2015 – Mike Pippin  
API#: 30-015-41890

## WEIGHTED AVERAGES

### OIL GRAVITY:

Bottom zone (Yeso) = 15 BOPD, 35.8  
Upper zone (SA) = 18 BOPD, 34.1  
 $(15 \times 35.8) + (18 \times 34.1) = 537.0 + 613.8 = 1150.8$   
 $1150.8 / (15 + 18) = \underline{\mathbf{34.9 \text{ GRAVITY OIL}}}$

### GAS BTU:

Bottom zone (Yeso) = 47 MCF/D, 1295 BTU  
Upper zone (SA) = 80 MCF/D, 1197 BTU  
 $(47 \times 1295) + (80 \times 1197) = 60,865 + 95,760 = 156,625$   
 $156,625 / (47 + 80) = \underline{\mathbf{1233 \text{ BTU GAS}}}$

### H2S in GAS:

Bottom zone (Yeso) = 47 MCF/D, 9,500 ppm  
Upper zone (SA) = 80 MCF/D, 3500 ppm  
 $(47 \times 9,500) + (80 \times 3500) = 446,500 + 280,000 = 726,500$   
 $726,500 / (47 + 80) = \underline{\mathbf{5720 \text{ ppm H2S}}}$

### Sulfur in Oil:

Bottom zone (Yeso) = 15 BOPD, 1.003  
Upper zone (SA) = 18 BOPD, 1.2293  
 $(15 \times 1.003) + (18 \times 1.2293) = 16.045 + 22.1274 = 37.1724$   
 $37.1724 / (15 + 18) = \underline{\mathbf{1.1264 \text{ Wt\% Sulfur}}}$

District I  
1625 N. Frank Taylor, Hobbs, NM 88241

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

District II  
1901 W. Grand Avenue, Artesia, NM 88213

**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

District III  
1060 Rio Pecos Road, Santa Fe, NM 87513

District IV  
1220 S. Frank Taylor, Santa Fe, NM 87505

**APPLICATION FOR DOWNHOLE COMMINGLING**

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

WILLIAMS A FEDERAL #12 N SEC 29 T17S R28E Eddy  
Lease Well No Unit Letter-Section-Township-Range County

OGRID No. 281994 Property Code 309877 API No. 30-015-41890 Lease Type  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<b>RED LAKE; Queen-Grayburg-San Andres</b>		<b>ARTESIA; Glorieta-Yeso</b>
Pool Code	51300		96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1980'-3291'		3536'-3618'
Method of Production (Flowing or Artificial Lift)	Plan to Pump		Pumping
Bottomhole Pressure (Note: Pressure data will not be required at the bottom perforation in the lower zone is within 15% 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	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: 3/24/15 Rates: 15 BOPD 47 MCF/D 44 BWP/D
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production supporting data, an 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

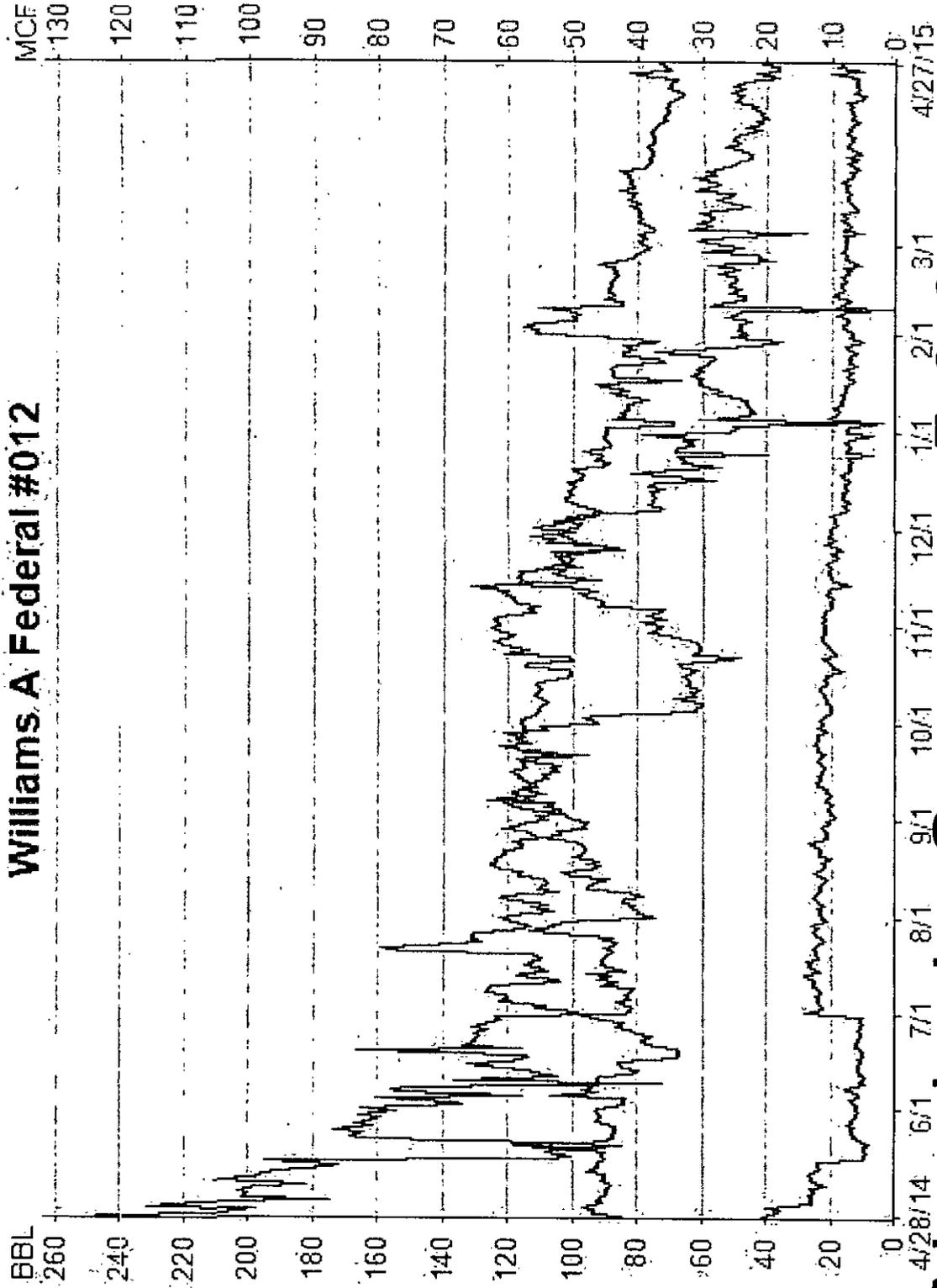
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE \_\_\_\_\_ TITLE Petroleum Engineer - Agent DATE April 28, 2015

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

E-MAIL ADDRESS mike@pippinllc.com

# Williams A Federal #012



Neovia docConverter 5.0.0

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Artec, 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

**AS DRILLED**

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-015-41890	<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 <b>WILLIAMS A FEDERAL</b>	
<sup>6</sup> OGRID No. 281994	<sup>7</sup> Operator Name <b>LRE OPERATING, LLC</b>	<sup>8</sup> Well Number 12
		<sup>9</sup> Elevation 3710' GL

<sup>10</sup> Surface Location

TL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	29	17-S	28-E		330'	SOUTH	2200	WEST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

TL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	29	17-S	28-E		331'	SOUTH	1642	WEST	EDDY

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

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.

2647.17'	29			<p><sup>17</sup> <b>OPERATOR CERTIFICATION</b> 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 style="text-align: right;">Date 4/27/14</p> <p>Signature Mike Pippin Printed Name</p>	
	2611.04'			<p>12797 Certificate Number</p>	
	2200'			<p>Diagram showing well location with labels: BOTTOM HOLE AS DRILLED, SURFACE, 1642', 331', 330'.</p>	

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

**AS DRILLED**

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-41890	<sup>2</sup> Pool Code 96830	<sup>3</sup> Pool Name Artesia, Glorieta-Yeso
<sup>4</sup> Property Code 309877	<sup>5</sup> Property Name WILLIAMS A FEDERAL	
<sup>7</sup> OGRID No. 281994	<sup>8</sup> Operator Name LRE OPERATING, LLC	<sup>6</sup> Well Number 12 <sup>9</sup> Elevation 3710' 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
N	29	17-S	28-E		330	SOUTH	2200	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
N	29	17-S	28-E		331	SOUTH	1642	WEST	EDDY

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

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.

2647.17'	29	2200'	1642'	2611.04'	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p style="text-align: right;">3/24/14</p> <p>Signature _____ Date _____</p> <p><u>Mike Pippin</u> Printed Name</p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p style="text-align: right;">7/31/12</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>Filmont F. Jaramillo</p>				
	<p>12797</p> <p>Certificate Number</p>				

BOTTOM HOLE AS DRILLED

SURFACE

331'

330'

<b>LIME ROCK RESOURCES</b>	County: <b>EDDY</b>	Well Name: <b>Williams A Federal #12</b>	Field: <b>Redlake Glorieta-Yeso NE</b>	Well Sketch: <b>AFE R15022 LRE Operating, LLC</b>
	Surface Lat: <b>32.7987095°N</b>	BH Lat: <b>32.7977067°N</b>	Survey: <b>S29-T17S-R28E Unit N</b>	API # <b>30-015-41890</b>
	Surface Long: <b>104.1986826°W</b>	BH Long: <b>104.2058501°W</b>	<b>330' FSL &amp; 2200' FWL</b>	OGRID # <b>281994</b>

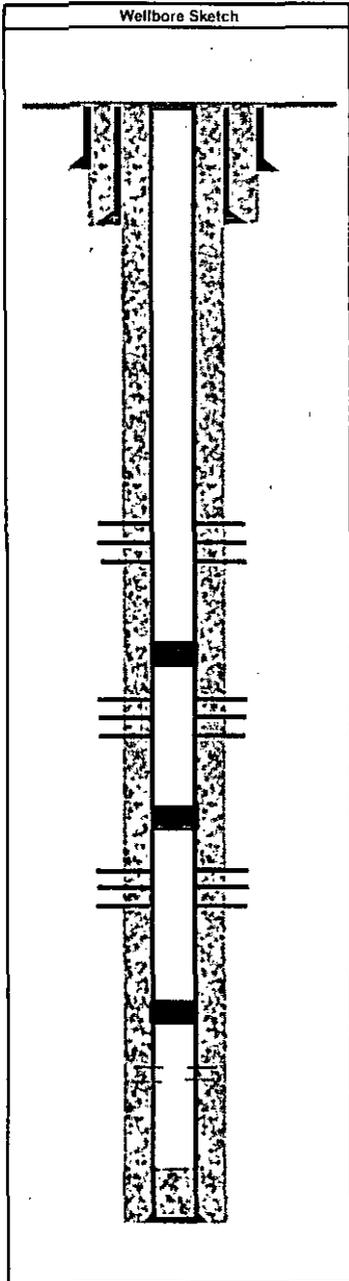
Directional Data:	
KOP	600'
Max Dev.:	28.4
Diag sev.:	5.8
Dev @ Perfs	0.4
Ret to Vert:	2434'

Tubular Data							
Tubulars	Size	Weight	Grade	Thread	TVD	MD	TOC
Conductor	14"	68.7#	B	Weld	40'	40'	SURF
Surface	8 5/8"	24#	J-55	STC	437'	437'	SURF
Intermediate							
Production	5 1/2"	17#	J-55	LTC	3,585'	3,694'	SURF
Liner							

Wellhead Data	
Type:	
WP:	
Flange:	
Tree Cap	Thread:
Tbg Hanger:	
8TM Flange:	
BPV Profile:	NA
Elevations:	GR - RKB = 11.8'
RKB:	3721.6
GL:	3,709.8'

Drilling / Completion Fluid	
Drilling Fluid:	10.2 PPG Brine / Salt Gel
Drilling Fluid:	
Completion Fluid:	2% KCL
Completion Fluid:	
Packer Fluid:	NA

CEMENT DATA							
	L/sks	Yd	Wt	T/sks	Yd	Wt	XS
Surface	300	1.35	14.8	NA	NA	NA	25 sx
Intermediate							
Liner							
Production	300	1.9	12.8	335	1.33	14.8	150 sx



Completion Information					DETAILS	
DEPTHS (MD)	FORMATION TOPS / WELL INFO	PERFORATIONS from to		# of HOLES		
0						
40'	20" Hole				14" Conductor Pipe	
437'	12 1/4" Hole				8-5/8" Surf Csg Circ 25 sx Cmt to surf	
636'	Seven Rivers					
1,238'	Queen					
1,713'	Grayburg					
2,045'	San Andres					
2 7/8" tbg, TAC at 1880', SN at 3300', 4' slotted sub, 1 jt MA w BP at 3335'						
21-1" KD rods, 44- 1" KD 5 guides/rod, 24- 7/8" KD 5 guides/rod, 39- 7/8" KD rods, 4- 1.5" kbars. 2.5"x2"x20" RHBC-HVR pump						
Weatherford ALX 320-256-120 Pumping Unit- 30 HP Motor, 100" SL at 8 SPM						
	San Andres	1,980'	2,201'	32	221', 1500 g 15% HCL, 4,114 bbls water	
					30,000 # 100 Mesh, 119,700 # 40/70 Ottawa	
					80 + BPM	
CBP at 2330'						
	San Andres	2,461'	2,779'	33	318', 1500 g 15% HCL, 6,614 bbls water	
					30,000 # 100 Mesh, 271,530 # 40/70 Ottawa	
					80 + BPM	
CBP at 2850'						
	San Andres	2,920'	3,291'	38	371', 1500 g 15% HCL, 7,214 bbls water	
					30,000 # 100 Mesh, 311,430 # 40/70 Ottawa	
					80 + BPM	
3,430'	Glorieta					
CBP at 3450'						
3,536'	Yeso					
	Stage 1 Yeso Frac	3,536'	3,619'	42	83' Stg1 - See Frac Design	
	PBTD				above 5-1/2" Float Collar	
3,694'	PROD CSG				5-1/2" Prod Csg Circ 150 SX Cmt to Surf	
Comments: NM OCD CLP					Plug back Depth:	MD
					Total Well Depth:	3591' TVD 3700' MD
					Prepared By:	Date:
					Eric McClusky	21-Apr-15

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

**LRE Operating, LLC**  
**Williams A - 12**  
**API 3001541890, T17S-R28E, Sec 29**  
July 7, 2015

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. (received)
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.