

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)

600' FSL & 645' FWL Unit M

OGRID#: 281994

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 #10

9. API Well No.

30-015-40480

10. Field and Pool, or Exploratory Area

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
☒ Notice of Intent	☐ Acidize ☐ Deepen ☐ Production (Start/Resume) ☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing ☐ Fracture Treat ☐ Reclamation ☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair ☐ New Construction ☐ Recomplete ☒ Other Sidetrack
	☒ Change Plans ☐ Plug and Abandon ☐ Temporarily Abandon
	☐ Convert to Injection ☐ Plug Back ☐ 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 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.)

LRE OPERATING, LLC would like to sidetrack this deviated 7-7/8" hole in order to finish the well in the approved target area. While drilling a 7-7/8" deviated hole, it became apparent that we were unable to get the proper build rate to hit the target area described in the approved APD. Therefore, we would like to sidetrack this well in order to get back on the correct path. We plan to spot cmt from about MD1873'-1375' w/185 sx (188 cf) "C" w/1.3% CD-32. WOC. We will then dress off the cmt plug to MD1449' and sidetrack to make the regulatory target area. LRE obtained a verbal to initiate this procedure from Chris Walls at 18:41 hrs CDT on 7/28/12.

Accepted for record

NMOCD

RECEIVED

AUG 09 2012

NMOCD ARTESIA

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

Name (Printed/Typed)

Title

Mike Pippin

Petroleum Engineer (Agent)

Signature

Date

July 29, 2012

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

AUG 2 2012

/s/ Chris Walls

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

LIME ROCK RESOURCES

EDDY COUNTY, NM (NAD 27)

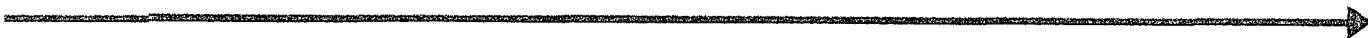
SEC. 29 T.17S RGE. 28E

WILLIAM A FEDERAL #10

JOB #WPE1217D - SIDETRACK

28 July, 2012

Plan: PROPOSAL #3 - SIDETRACK



Design: PROPOSAL #3 - SIDETRACK

ETRACK POINT

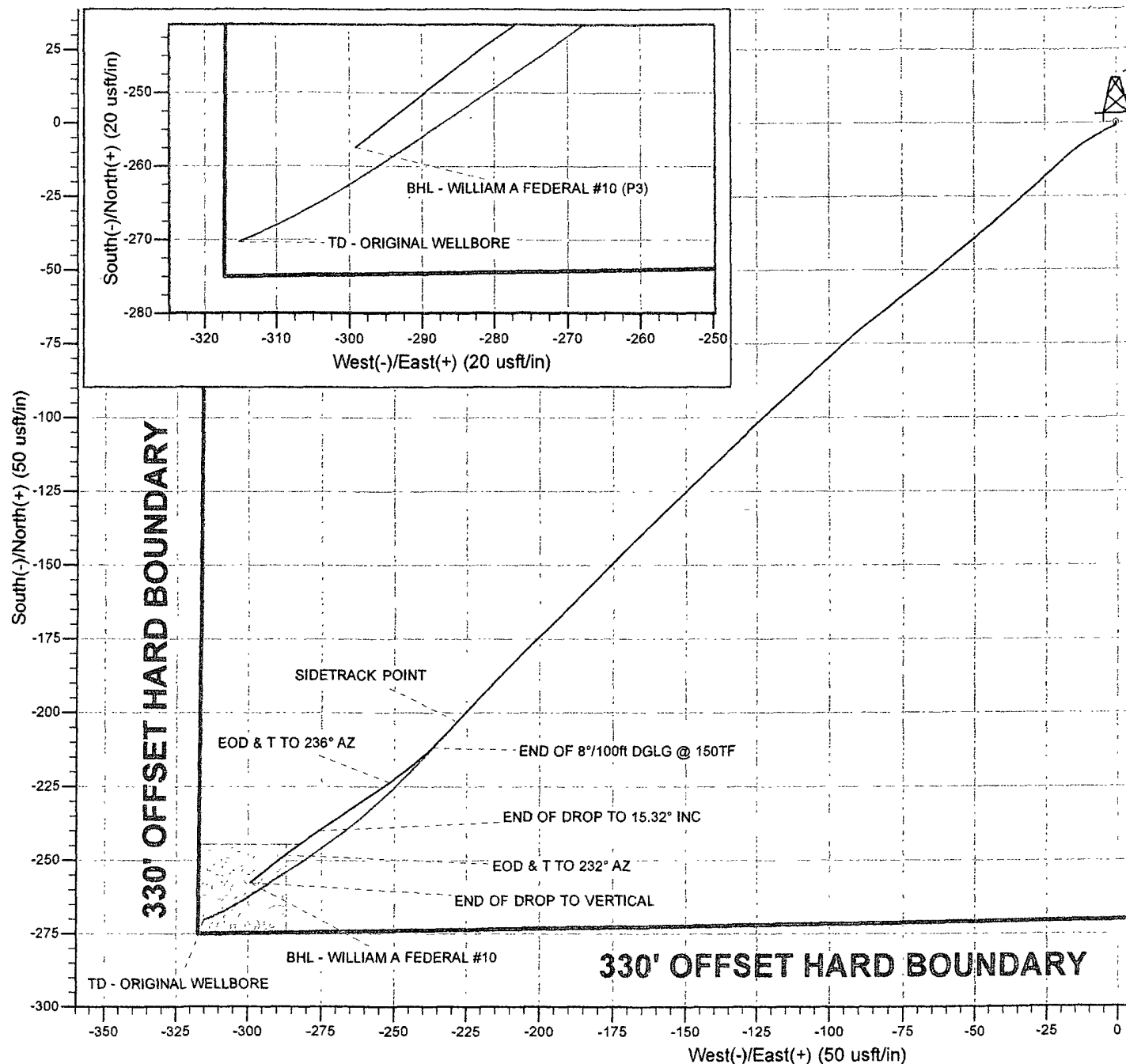
END OF 8"/100ft DGLG @ 150TF

EOD & T TO 236° AZ

END OF DROP TO 15.32° INC

EOD & T TO 232° AZ

END OF DROP TO VERTICAL



WILLIAM A FEDERAL #10 (P3)



Azimuths to True North
Magnetic North: 7.78°

ANNOTATIONS

TVD	MD	Inc	Azi	+N/-S	+E/-W	VSect
1385.1	1449.0	25.60	223.60	-203.1	-228.1	305.4
1412.4	1470.0	22.55	228.60	-244.0	-228.0	247.0

Planning Report



Database: EDM_5000_1_7
 Company: LIME ROCK RESOURCES
 Project: EDDY COUNTY, NM (NAD 27)
 Site: SEC. 29 T.17S RGE. 28E
 Well: WILLIAM A FEDERAL #10
 Wellbore: JOB #WPE1217D - SIDETRACK
 Design: PROPOSAL #3 - SIDETRACK

Local Co-ordinate Reference: Well WILLIAM A FEDERAL #10
 TVD Reference: KB @ 3656.0usft (UDI #22)
 MD Reference: KB @ 3656.0usft (UDI #22)
 North Reference: True
 Survey Calculation Method: Minimum Curvature

Project	EDDY COUNTY, NM (NAD 27)		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		Using geodetic scale factor

Site	SEC. 29 T.17S RGE. 28E		
Site Position:		Northing:	654,565.10 usft
From: Map		Easting:	539,801.70 usft
Position Uncertainty:	0.0 usft	Slot Radius:	13-3/16"
		Latitude:	32° 47' 57.919 N
		Longitude:	104° 12' 13.688 W
		Grid Convergence:	0.07 °

Well	WILLIAM A FEDERAL #10		
Well Position	+N/-S	0.0 usft	Northing:
	+E/-W	0.0 usft	Easting:
Position Uncertainty	0.0 usft	Wellhead Elevation:	usft
		Latitude:	32° 47' 57.919 N
		Longitude:	104° 12' 13.688 W
		Ground Level:	3,645.0 usft

Wellbore	JOB #WPE1217D - SIDETRACK				
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2010	28/07/2012	7.78	60.58	48,779

Design	PROPOSAL #3 - SIDETRACK				
Audit Notes:					
Version:	Phase:	PROTOTYPE	Tie On Depth:	1,449.0	
Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)	
	0.0	0.0	0.0	229.28	

Plan Sections											
MD (usft)	Inc (°)	Azi (°)	Vertical Depth	SS (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
1,449.0	25.60	223.60	1,385.1	-2,270.9	-203.1	-228.1	0.00	0.00	0.00	0.00	
1,479.0	23.55	226.60	1,412.4	-2,243.6	-211.9	-236.9	8.00	-6.83	10.01	150.00	
1,526.7	22.52	236.00	1,456.3	-2,199.7	-223.6	-251.4	8.00	-2.17	19.70	110.00	
1,616.7	15.32	236.00	1,541.3	-2,114.7	-239.9	-275.6	8.00	-8.00	0.00	180.00	
1,679.5	11.01	232.00	1,602.5	-2,053.5	-248.2	-287.2	7.00	-6.85	-6.36	190.00	
1,836.8	0.00	0.00	1,758.8	-1,897.2	-257.5	-299.1	7.00	-7.00	0.00	180.00	
3,756.0	0.00	0.00	3,678.0	22.0	-257.5	-299.1	0.00	0.00	0.00	0.00	

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 MD Reference: KB @ 3656.0usft (UDI #22)
 North Reference: True
 Survey Calculation Method: Minimum Curvature

Planned Survey

MD (usft)	Inc (°)	Azi (°)	TVD (usft)	SS (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
SIDETRACK POINT										
1,449.0	25.60	223.60	1,385.1	2,270.92	-203.1	-228.1	305.4	0.75	-0.62	-0.94
1,470.0	24.16	225.65	1,404.1	2,251.87	-209.4	-234.3	314.2	8.00	-6.86	9.77
END OF 8°/100ft DGLG @ 150TF										
1,479.0	23.55	226.60	1,412.4	2,243.64	-211.9	-236.9	317.8	8.00	-6.76	10.57
1,500.0	23.03	230.64	1,431.7	2,224.35	-217.4	-243.2	326.1	8.00	-2.49	19.23
EOD & T TO 236° AZ										
1,526.7	22.52	236.00	1,456.3	2,199.74	-223.6	-251.4	336.4	8.00	-1.91	20.08
1,530.0	22.25	236.00	1,459.3	2,196.67	-224.3	-252.5	337.7	8.00	-8.00	0.00
1,560.0	19.85	236.00	1,487.3	2,168.68	-230.3	-261.4	348.4	8.00	-8.00	0.00
1,590.0	17.45	236.00	1,515.7	2,140.26	-235.6	-269.4	357.9	8.00	-8.00	0.00
END OF DROP TO 15.32° INC										
1,616.7	15.32	236.00	1,541.3	2,114.66	-239.9	-275.6	365.4	8.00	-8.00	0.00
1,620.0	15.09	235.85	1,544.5	2,111.46	-240.3	-276.3	366.2	7.00	-6.89	-4.67
1,650.0	13.03	234.20	1,573.6	2,082.36	-244.5	-282.3	373.5	7.00	-6.87	-5.47
EOD & T TO 232° AZ										
1,679.5	11.01	232.00	1,602.5	2,053.47	-248.2	-287.2	379.6	7.00	-6.83	-7.46
1,680.0	10.98	232.00	1,603.0	2,053.01	-248.3	-287.3	379.7	7.00	-7.00	0.00
1,710.0	8.88	232.00	1,632.5	2,023.46	-251.4	-291.4	384.9	7.00	-7.00	0.00
1,740.0	6.78	232.00	1,662.3	1,993.75	-254.0	-294.6	388.9	7.00	-7.00	0.00
1,770.0	4.68	232.00	1,692.1	1,963.90	-255.8	-296.9	391.9	7.00	-7.00	0.00
1,800.0	2.58	232.00	1,722.0	1,933.96	-257.0	-298.4	393.8	7.00	-7.00	0.00
1,830.0	0.48	232.00	1,752.0	1,903.97	-257.5	-299.1	394.6	7.00	-7.00	0.00
END OF DROP TO VERTICAL										
1,836.8	0.00	0.00	1,758.8	1,897.16	-257.5	-299.1	394.6	7.00	-7.00	0.00
1,860.0	0.00	0.00	1,782.0	1,873.97	-257.5	-299.1	394.6	0.00	0.00	0.00
1,890.0	0.00	0.00	1,812.0	1,843.97	-257.5	-299.1	394.6	0.00	0.00	0.00
1,920.0	0.00	0.00	1,842.0	1,813.97	-257.5	-299.1	394.6	0.00	0.00	0.00
1,950.0	0.00	0.00	1,872.0	1,783.97	-257.5	-299.1	394.6	0.00	0.00	0.00
1,980.0	0.00	0.00	1,902.0	1,753.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,010.0	0.00	0.00	1,932.0	1,723.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,040.0	0.00	0.00	1,962.0	1,693.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,070.0	0.00	0.00	1,992.0	1,663.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,100.0	0.00	0.00	2,022.0	1,633.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,130.0	0.00	0.00	2,052.0	1,603.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,160.0	0.00	0.00	2,082.0	1,573.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,190.0	0.00	0.00	2,112.0	1,543.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,220.0	0.00	0.00	2,142.0	1,513.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,250.0	0.00	0.00	2,172.0	1,483.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,280.0	0.00	0.00	2,202.0	1,453.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,310.0	0.00	0.00	2,232.0	1,423.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,340.0	0.00	0.00	2,262.0	1,393.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,370.0	0.00	0.00	2,292.0	1,363.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,400.0	0.00	0.00	2,322.0	1,333.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,430.0	0.00	0.00	2,352.0	1,303.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,460.0	0.00	0.00	2,382.0	1,273.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,490.0	0.00	0.00	2,412.0	1,243.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,520.0	0.00	0.00	2,442.0	1,213.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,550.0	0.00	0.00	2,472.0	1,183.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,580.0	0.00	0.00	2,502.0	1,153.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,610.0	0.00	0.00	2,532.0	1,123.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,640.0	0.00	0.00	2,562.0	1,093.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,670.0	0.00	0.00	2,592.0	1,063.97	-257.5	-299.1	394.6	0.00	0.00	0.00

Planning Report



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 MD Reference: KB @ 3656.0usft (UDI #22)
 North Reference: True
 Survey Calculation Method: Minimum Curvature

Planned Survey

MD (usft)	Inc (°)	Azi (°)	TVD (usft)	SS (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
2,700.0	0.00	0.00	2,622.0	1,033.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,730.0	0.00	0.00	2,652.0	1,003.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,760.0	0.00	0.00	2,682.0	973.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,790.0	0.00	0.00	2,712.0	943.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,820.0	0.00	0.00	2,742.0	913.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,850.0	0.00	0.00	2,772.0	883.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,880.0	0.00	0.00	2,802.0	853.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,910.0	0.00	0.00	2,832.0	823.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,940.0	0.00	0.00	2,862.0	793.97	-257.5	-299.1	394.6	0.00	0.00	0.00
2,970.0	0.00	0.00	2,892.0	763.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,000.0	0.00	0.00	2,922.0	733.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,030.0	0.00	0.00	2,952.0	703.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,060.0	0.00	0.00	2,982.0	673.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,090.0	0.00	0.00	3,012.0	643.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,120.0	0.00	0.00	3,042.0	613.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,150.0	0.00	0.00	3,072.0	583.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,180.0	0.00	0.00	3,102.0	553.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,210.0	0.00	0.00	3,132.0	523.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,240.0	0.00	0.00	3,162.0	493.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,270.0	0.00	0.00	3,192.0	463.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,300.0	0.00	0.00	3,222.0	433.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,330.0	0.00	0.00	3,252.0	403.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,360.0	0.00	0.00	3,282.0	373.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,390.0	0.00	0.00	3,312.0	343.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,420.0	0.00	0.00	3,342.0	313.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,450.0	0.00	0.00	3,372.0	283.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,480.0	0.00	0.00	3,402.0	253.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,510.0	0.00	0.00	3,432.0	223.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,540.0	0.00	0.00	3,462.0	193.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,570.0	0.00	0.00	3,492.0	163.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,600.0	0.00	0.00	3,522.0	133.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,630.0	0.00	0.00	3,552.0	103.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,660.0	0.00	0.00	3,582.0	73.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,690.0	0.00	0.00	3,612.0	43.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,720.0	0.00	0.00	3,642.0	13.97	-257.5	-299.1	394.6	0.00	0.00	0.00
3,750.0	0.00	0.00	3,672.0	-16.03	-257.5	-299.1	394.6	0.00	0.00	0.00
BHL - WILLIAM A FEDERAL #10										
3,756.0	0.00	0.00	3,678.0	-22.00	-257.5	-299.1	394.6	0.00	0.00	0.00

Plan Annotations

MD (usft)	TVD (usft)	Local Coordinates		Comment
		+N/-S (usft)	+E/-W (usft)	
1,449.0	1,385.1	-203.1	-228.1	SIDETRACK POINT
1,479.0	1,412.4	-211.9	-236.9	END OF 8°/100ft DGLG @ 150TF
1,526.7	1,456.3	-223.6	-251.4	EOD & T TO 236° AZ
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1,679.5	1,602.5	-248.2	-287.2	EOD & T TO 232° AZ
1,836.8	1,758.8	-257.5	-299.1	END OF DROP TO VERTICAL
3,756.0	3,678.0	-257.5	-299.1	BHL - WILLIAM A FEDERAL #10

Mike

From: Sid Ashworth [sashworth@limerockresources.com]
Sent: Saturday, July 28, 2012 6:50 PM
To: Gary Fatheree
Cc: Jerry Smith; Mike Pippin
Subject: Williams A Federal #10 Verbal Approval
Attachments: PROPOSAL #3 - SIDETRACK - WILLIAM A FEDERAL #10.pdf; LIMEROCK WILLIAMS A FED # 10 kick off plug.xlsm

Obtained verbal approval from Mr. Chris Walls of the Carlsbad BLM office to plug back the Williams A Federal #10 from 1873' MD to 1375' MD, dress off the plug to 1449' MD and sidetrack the well to make our regulatory target.

The cement blend to be used was addressed in the conversation and will be Baker Hughes, Inc. Class C cement with 1.3% CD-32 mixed at 16.8 ppg with a yield of 1.016 cu ft/sk. This approval was given at 7:41 p.m. CST or 6:41 p.m. MDT.

Gary, please call Cheryl D with the BLM to witness cement.

I have attached the new deviation plan and the BHI cement blend data.

Mike, Mr. Walls would like a sundry NOI by Tuesday.

Thanks,

Robert S. (Sid) Ashworth
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7/29/2012