

District I
1625 N. French Dr., Hobbs, NM 88240District II
1301 W. Grand Ave., Artesia, NM 88210District III
1000 Rio Brazos Rd., Aztec, NM 87410District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

JAN 04 2013

OIL CONSERVATION DIVISION
NMOCD ARTESIA
South St. Francis Dr.
Santa Fe, NM 87505WELL API NO.
30-015-369795. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
ENRON STATE

8. Well Number #14

9. OGRID Number 281994

10. Pool name or Wildcat
Artesia, Glorieta-Yeso (96830)
Artesia, Queen-Grayburg-San Andres (3230)

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

LRE OPERATING, LLC

3. Address of Operator

c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401

4. Well Location

Unit Letter C : 990 feet from the NORTH line and 2035 feet from the WEST line
Section 32 Township 17-S Range 28-E NMPM Eddy County11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3700' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐OTHER: 1st Delivery Commingled & Allocations ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

On November 12, 2012, the San Andres perms (2245'-3165') in this oil well tested 23 BOPD & 64 MCF/D. On 12/15/12, the RBP @ 3250' was removed in order to commingle the Yeso perms 3459'-4090' with the San Andres as per DHC-4599. The commingled oil well was 1st delivered on 12/15/12. On 12/24/12, the commingled intervals tested together for 26 BOPD & 113 MCF/D. The attached calculations indicate the following production allocations:

UPPER ZONE (SA)
OIL: 88%
GAS: 57%LOWER ZONE (YESO)
12%
43%

Spud Date: 6/9/09

Drilling Rig Release Date: 6/19/09

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 1/2/13Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: R Wade TITLE Dist # Supervisor DATE 01/04/2013

Conditions of Approval (if any):

LRE OPERATING, LLC

ENRON STATE #14

Artesia; Glorieta-Yeso & Artesia, Queen-Grayburg-San Andres

C Section 32 T17S R28E

1/2/2013 – Mike Pippin

API#: 30-015-36979

Commingle Allocation Calculations

On 11/12/12, the San Andres perms 2245'-3165' tested at **23 BOPD & 64 MCF/D**.

On 12/15/12, the well was commingled with the Yeso perms at 3459'-4090' as per DHC-4599.

On 12/24/12, the commingled oil well tested for **26 BOPD & 113 MCF/D**.

Therefore: Yeso oil production is $26 - 23 = 3$ BOPD

Yeso gas production is $113 - 64 = 49$ MCF/D

RECOMMENDED OIL ALLOCATION

% Lower Zone = $\frac{3.0}{26} = \underline{12\%}$
(Yeso)

% Upper Zone = $\frac{23}{26} = \underline{88\%}$
(SA)

RECOMMENDED GAS ALLOCATION

% Lower Zone = $\frac{49}{113} = \underline{43\%}$
(Yeso)

% Upper Zone = $\frac{64}{113} = \underline{57\%}$
(SA)