

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

RECEIVED
OIL CONSERVATION DIVISION
MAY 29 2013
South St. Francis Dr.
Santa Fe, NM 87505
NMOCD ARTESIA

WELL API NO. 30-015-34626
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name JEFFERS 36 STATE
8. Well Number #4T
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, Queen-Grayburg-San Andres (51300)

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 **B** : **935** feet from the **NORTH** line and **2260** feet from the **EAST** line
Section **36** Township **17-S** Range **27-E** NMPM **Eddy** County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3622' 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 ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: 1st Delivery, IP Test, & Comgl Calculations ☒

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.

This commingled San Andres & Yeso oil well was 1st delivered on 5/6/13 with its IP Test on 5/17/13 for 10 BOPD, 20 MCF/D, & 105 BWPD.

The production allocations for these two pools were calculated using the production from the upper pool before the Yeso recompletion and the IP Test from the commingled pools as per DHC-4609. See attached calculations.

	<u>UPPER POOL (SA)</u>	<u>LOWER POOL (YESO)</u>
OIL	10%	90%
GAS	65%	35%

Spud Date: 5/30/06

Drilling Rig Release Date: 6/9/06

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 5/27/13

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

For State Use Only
APPROVED BY: [Signature] TITLE Dist # Supervisor DATE 5/29/2013

Conditions of Approval (if any):

LRE OPERATING, LLC
 JEFFERS 36 STATE #4T
 Red Lake; Glorieta-Yeso NE & Red Lake, Queen-Grayburg-San Andres
 B Section 36 T17S R27E
 5/26/2013
 API#: 30-015-34626

Commingle Allocation Calculations

On 4/24/13, the Yeso (lower zone) was completed and commingled with the San Andres (upper zone) as per DHC-4609. The production test on the San Andres before the commingle was 1 BOPD & 13 MCF/D. The commingled production test was taken on 5/17/13 for 10 BOPD & 20 MCF/D.

	Commingled Production	-	Upper Zone (SA)	=	Lower Zone (YESO)
Oil (bbls/d)	10	-	1	=	9
Gas (mcf/d)	20	-	13	=	7

OIL

Upper Zone (SA) = 1 bopd

Lower Zone (Yeso) = 9 bopd

Total oil = 10 bopd

% Upper Zone = $\frac{1}{10} = \underline{10\%}$

% Lower Zone = $\frac{9}{10} = \underline{90\%}$

GAS

Upper Zone (SA) = 13 mcf/d

Lower Zone (Yeso) = 7 mcf/d

Total gas = 20 mcf/d

% Upper Zone = $\frac{13}{20} = \underline{65\%}$

% Lower Zone = $\frac{7}{20} = \underline{35\%}$