

Office

Revised July 18, 2013

District I - (575) 391-1111

1625 N. French Dr., Hobbs, NM 88240

District II - (575) 748-1283

811 S. First St., Artesia, NM 88201

District III - (505) 334-6178

1000 Rio Brazos Rd., Aztec, NM 87410

District IV - (505) 476-3460

1220 S. St. Francis Dr., Santa Fe, NM

87505

Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

RECEIVED

WELL API NO.

30-015-42162

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

KERSEY STATE

8. Well Number #7

9. OGRID Number 281994

10. Pool name or Wildcat

Artesia, Glorieta-Yeso (96830)

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 P : 400 feet from the South line and 330 feet from the East lineSection 32 Township 17-S Range 28-E NMPM Eddy County

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

3664' 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 ☐CLOSED-LOOP SYSTEM ☒OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☒ P AND A ☐CASING/CEMENT JOB ☒OTHER: Spud & Casings ☒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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Spud well on 9/16/14. Drilled 11" hole to 465'. Landed 8-5/8" 24# J-55 csg @ 462'. Cmted w/250 sx (337 cf) "C" cmt w/2% Cacl2, & 1/4#/sx cello-flake. Circ 71 sx cmt to surface. On 9/17/14, PT 8-5/8" csg to 600 psi for 30 min - OK.

Drilled 7-7/8" hole to TD5100' on 9/20/14. Landed 5-1/2" 17# J-55 csg @ 5094'. Cmted lead w/300 sx (571 cf) 35/65 poz C cmt w/5% salt, 5# LCM, 0.125# CF, & 0.2% R-3. Tailed w/650 sx (865 cf) "C" cmt w/0.6% R-3 & 0.25# CF. Circ 59 sx cmt to pit. Ran cased hole logs. Released drilling rig on 9/21/14. Plan to pressure test the 5-1/2" csg before completion operations.

Spud Date: 9/16/14

Drilling Rig Release Date: 9/21/14

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 9/22/14Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: RLDade TITLE Dist. Rep Supervisor DATE 10/8/14

Conditions of Approval (if any):