

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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.)		WELL API NO. 30-015-39996
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator LRE OPERATING, LLC		6. State Oil & Gas Lease No.
3. Address of Operator c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401		7. Lease Name or Unit Agreement Name ENRON STATE
4. Well Location Unit Letter <u>C</u> : <u>230</u> feet from the <u>North</u> line and <u>2420</u> feet from the <u>West</u> line Section <u>32</u> Township <u>17-S</u> Range <u>28-E</u> NMPM <u>Eddy</u> County		8. Well Number <u>#17</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3703' GL		9. OGRID Number <u>281994</u>
		10. Pool name or Wildcat Artesia, Glorieta-Yeso (96830) Artesia, Queen-Grayburg-San Andres (3230)

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: REVISED & Pool 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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

On 3/28/12, the Yeso (lower zone) was completed as a new well. On 3/3/14, the well was recompleted into the San Andres (upper zone) and DHCed with the lower zone as per order DHC-4649. Before the recompletion, on 8/13/13, the Yeso tested for 15 BOPD & 48 MCF/D. Shortly after the recompletion, the well was tested on 3/13/14, for 15 BOPD & 88 MCF/D. However, unlike most DHC wells we have dealt with, this one took about 3 months for the upper zone (SA) to start producing to its full potential with a test on 6/1/14 of 54 BOPD & 173 MCF/D. (This new test was confirmed 18 days later). Therefore, the pool allocations should be changed as follows:

	Upper Zone (SA)	Lower Zone (Yeso)
OIL	72%	28%
GAS	72%	28%

See the attached calculations.

We would like these pool allocation changes to be effective as of 6/2/14.

NM OIL CONSERVATION
ARTESIA DISTRICT

DEC 03 2014

Spud Date: 3/5/12 Drilling Rig Release Date: 3/12/12

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

SIGNATURE Mike Pippin TITLE Petroleum Engineer - Agent DATE 6/23/14

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

APPROVED BY: RDade TITLE Dist. Rep. Supervisor DATE 12/11/2014
Conditions of Approval (if any):

LRE OPERATING, LLC
ENRON STATE #17
 Artesia; Glorieta-Yeso & Artesia, Queen-Grayburg-San Andres
 C Section 32 T17S R28E
 6/23/2014
 API#: 30-015-39996

Commingle Allocation Calculations

Revised Due to New Test

On 3/28/12, the Yeso (lower zone) was completed as a new well. On 3/3/14, the well was recompleted into the San Andres (upper zone) and DHCed with the lower zone as per order DHC-4649. Before the recompletion, on 8/13/13, the Yeso tested for 15 BOPD & 48 MCF/D. Shortly after the recompletion, on 3/13/14, the commingled well tested for 15 BOPD & 88 MCF/D and pool allocations were calculated according to that test. However, unlike most DHC wells we have dealt with, this one took about 3 months for the upper zone to start producing to its full potential with a test on 6/1/14 of 54 BOPD & 173 MCF/D. (This test was confirmed 18 days later). Therefore, the pool allocations should be changed as follows:

	Total	-	Lower Zone (YESO)	=	Upper Zone (SA)
Oil (bbls/d)	54	-	15	=	39
Gas (mcf/d)	173	-	48	=	125

OIL

Upper Zone (SA) = 0 BOPD

Total oil = 15 BOPD

% Upper Zone = $\frac{39}{54} = 72\%$

Lower Zone (Yeso) = 15 BOPD

% Lower Zone = $\frac{15}{54} = 28\%$

GAS

Upper Zone (SA) = 40 mcf/d

Total gas = 88 mcf/d

% Upper Zone = $\frac{125}{173} = 72\%$

Lower Zone (Yeso) = 48 mcf/d

% Lower Zone = $\frac{48}{173} = 28\%$