

Submit 3 Copies To Appropriate District
Office
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

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

WELL API NO. 30-015-34111
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 WYLIE
8. Well Number #2
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Queen-Grayburg-San Andres (51300) 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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
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 <u>A</u> : <u>990</u> feet from the <u>NORTH</u> line and <u>990</u> feet from the <u>EAST</u> line Section <u>28</u> Township <u>17-S</u> Range <u>28-E</u> NMPM <u>Eddy</u> County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>3641' GL</u>	

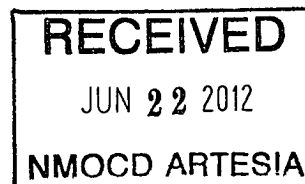
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>
OTHER: <input type="checkbox"/>	OTHER: 1 st Delivery Commingled & Allocations <input checked="" type="checkbox"/>

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 1/19/11, the Yeso perfs (3341'-3499') in this oil well tested 10 BOPD & 33 MCF/D. On 2/14/12, the well was recompleted to the San Andres (2285'-3060') & separately tested on 3/9/12 for 27 BOPD & 42 MCF/D. The well was down hole commingled on 5/7/12 as per DHC-4484 & 1st delivered commingled on 5/5/12. The attached calculations indicate the following production allocations:

	UPPER ZONE (SA)	LOWER ZONE (YESO)
OIL:	73%	27%
GAS:	56%	44%



Glorieta - Yeso perfs: 3341'-3499'
San Andres perfs: 2285'-3060'

Spud Date: 5/17/06 Rig Release Date: 5/26/06

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 6/21/12

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

For State Use Only

APPROVED BY AP Dade TITLE Dist P Supervisor DATE 7/5/12
Conditions of Approval (if any):

LRE OPERATING, LLC
WYLIE #2
Artesia; Glorieta-Yeso & Red Lake, Queen-Grayburg-San Andres
A Section 28 T17S R28E
6/21/2012 – Mike Pippin
API#: 30-015-34111

Commingle Allocation Calculations

On 1/19/11, the Yeso tested at 10 BOPD & 33 MCF/D from Yeso perfs 3341'-3499'.

On 2/14/12, the well was recompleted into the San Andres with perfs at 2285'-3060'.

On 3/9/12, the San Andres perfs were tested for 27 BOPD & 42 MCF/D.

10 + 27 = 37 BOPD

33 + 42 = 75 MCF/D

RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{10}{37} = \underline{27\%}$$

$$\% \text{ Upper Zone} = \frac{27}{37} = \underline{73\%}$$

RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \frac{33}{75} = \underline{44\%}$$

$$\% \text{ Upper Zone} = \frac{42}{75} = \underline{56\%}$$