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

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

Form C-103
June 19, 2008

WELL API NO.
30-015-34111

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

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.)

7. Lease Name or Unit Agreement Name
WYLIE

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

8. Well Number **#2**

2. Name of Operator
LRE OPERATING, LLC

9. OGRID Number 281994

3. Address of Operator
c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401

10. Pool name or Wildcat
Red Lake, Queen-Grayburg-San Andres (51300)
Artesia, Glorieta-Yeso (96830)

4. Well Location
Unit Letter A : 990 feet from the NORTH line and 990 feet from the EAST line
Section 28 Township 17-S Range 28-E NMPM Eddy County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
3641' GL

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
OTHER: ☐		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 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'

RECEIVED
JUN 22 2012
NMOCD ARTESIA

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 RP Dade TITLE Dist II 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

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

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

RECOMMENDED NEW GAS ALLOCATION

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

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