Form 3160-5
(November 1994)

OCD Artesia

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

*Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

5. Lease Serial No.

NMNM 048344

6. If Indian, Allottee or Tribe Name

*SUBMIT IN TRIPLICATE – Other instructions on reverse side*

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well

[X] Oil Well   [ ] Gas Well   [ ] Other

2. Name of Operator

**LRE OPERATING, LLC**

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

3b. Phone No. *(include area code)*
505-327-4573

8. Well Name and No.

**KERSEY WILLIAMS A FEDERAL #10**

3
30-015-37248

10. Field and Pool, or Exploratory Area

Red Lake, Queen-Grayburg-San Andres(51300)

Artesia, Glorieta-Yeso (96830)

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*

1650' FNL & 990' FEL Unit H
Sec. 28, T17S, R28E

Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|---|---|
| [X] Notice of Intent | [ ] Acidize | [ ] Deepen | [ ] Production (Start/Resume) | [ ] Water Shut-Off |
| | [ ] Alter Casing | [ ] Fracture Treat | [ ] Reclamation | [ ] Well Integrity |
| [ ] Subsequent Report | [ ] Casing Repair | [ ] New Construction | [ ] Recomplete | [X] Other Variance to Interim Reclamation |
| | [ ] Change Plans | [ ] Plug and Abandon | [ ] Temporarily Abandon | |
| [ ] Final Abandonment Notice | [ ] Convert to Injection | [ ] Plug Back | [ ] Water Disposal | |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

LRE OPERATING, LLC requests a variance to the APD requiring interim reclamation of the well pad. Our plans are to drill two more wells that will share the well pad. Therefore, all of the existing well pad will be required both now and in the future.

RECEIVED
DEC 21 2012
NMOCD ARTESIA

14. I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)*
Mike Pippin

Title
Petroleum Engineer (Agent)

Signature

Date
December 14, 2012

THIS SPACE FOR FEDERAL OR STATE USE

| Approved by | Title SEPS | Date 12-20-12 |
|---|---|---|

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office
CFO

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.