

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

RECEIVED CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505 JUN 19 2013

WELL API NO. 30-015-41064
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name STALEY STATE
8. Well Number #23
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836)

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR APPLICATIONS 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 [X] 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 H : 1755 feet from the NORTH line and 970 feet from the EAST line
Section 30 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3586' 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 []

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []

OTHER: []

OTHER: Completion [X]

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 6/6/13, PT 5-1/2" csg to 5000 psi for 30 min-OK. Perfed lower Yeso @ 4244', 50', 60', 70', 84', 4300', 10', 33', 44', 56', 66', 76', 90', 4400', 10', 24', 38', 50', 60', 70', 80', 90', 4506', 20', 28', 37', 46' w/1-0.34" spf. Total 27 holes. On 6/10/13, treated w/3000 gal 15% HCL acid & 41 perf balls. Fraced lower Yeso w/72,386# 16/30 Brady & 19,772# 16/30 siber prop sand in X-linked gel. Set 5-1/2" CBP @ 4220'. PT csg & CBP to 4000 psi-OK. Perfed middle Yeso @ 3896', 3912', 22', 38', 46', 56', 79', 82', 94', 4004', 12', 20', 34', 50', 58', 68', 86', 96', 4114', 32', 40', 48', 58', 70', 88', 94' w/1-0.34" spf. Total 26 holes. Treated perfs w/3000 gal 15% HCL acid & 39 perf balls. Fraced w/69,102# 16/30 Brady & 17,715# 16/30 siber prop sand in X-linked gel. Set 5-1/2" CBP @ 3880'. PT csg-OK. Perfed upper Yeso @ 3598', 3612', 34', 42', 58', 74', 82', 92', 3700', 12', 20', 32', 40', 56', 74', 84', 96', 3814', 26', 40', 54', 60', w/1-0.34" spf. Total 22 holes. Treated perfs w/3000 gal 15% HCL acid & 33 perf balls. Fraced w/64,429# 16/30 Brady & 17,892# 16/30 siber prop sand in X-linked gel. Set 5-1/2" CBP @ 3570'. PT csg to 4000 psi-OK. Perfed upper Yeso @ 3290', 95', 3300', 05', 10', 15', 20', 25', 30', 35', 40', 45', 50', 55', 60', 65', 70', 75', 80', 85', 90', 95', 3400', 05', 10', 15', 20', 25', 30', 35', 40', 45', 50', 55', 60', 65', 70', 75', 80', 85', 90', 95', 3500', 05', 10', 15', 20', 25', 30', 35' w/1-0.34" spf. Total 50 holes. Treated perfs w/3360 gal 15% HCL acid & 75 perf balls. Fraced w/59,144# 16/30 Brady & 11,004# 16/30 siber prop sand in X-linked gel. On 6/11/13, MIRUSU. Drilled CBPs @ 3570', 3880' & 4220' & CO to PBTD4857'. On 6/13/13, landed 2-7/8" 6.5# J-55 tbg @ 4637'. Released completion rig on 6/14/13.

Spud Date: 5/31/13

Drilling Rig Release Date: 6/6/13

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 6/18/13

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

APPROVED BY: [Signature] TITLE District Supervisor DATE 6/20/2013

Conditions of Approval (if any):