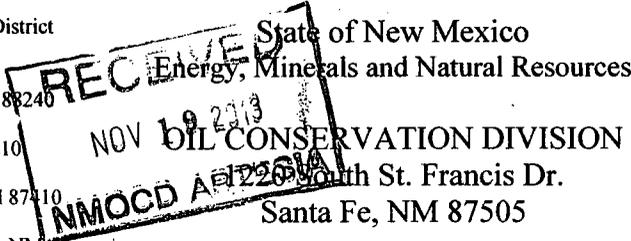


Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505



WELL API NO. 30-015-36977
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 #8
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, Queen-Grayburg-San Andres (51300)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3601' GL

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 [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 J : 1980 feet from the South line and 2310 feet from the East line Section 30 Township 17-S Range 28-E NMPM Eddy County
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 [X]
OTHER: []

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: Recompleted to San Andres & DHC [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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion. On 10/28/13, MIRUSU. TOH w/rods, pump, & tbg. Set 5-1/2" CBP @ 3200' & PT 5-1/2" csg & CBP to 3500 psi-OK. Perfed lower San Andres @ 2712', 18', 34', 40', 46', 54', 61', 70', 78', 86', 94', 2806', 12', 20', 26', 32', 45', 56', 66', 76', 84', 94', 2904', 12', 20', 30', 38', 46', 54', 62', 68', 78', 88', 96', 3004', 16', 24' w/1-0.41" spf. Total 37 holes. On 11/1/13, treated w/3150 gal 15% HCL acid & 56 perf balls. Fraced lower SA w/74,140# 16/30 Wisconsin & 20,050# 16/30 resin coated sand in 25# X-linked gel. Set 5-1/2" CBP @ 2660' & PT csg & CBP to 3500 psi-OK. Perfed middle SA @ 2376', 82', 90', 98', 2404', 18', 46', 34', 40', 46', 52', 58', 66', 74', 80', 90', 2500', 06', 12', 18', 28' 34', 40', 47', 56', 64', 70', 80', 88', 96', 2608' w/1-0.41" spf. Total 31 holes. Treated perfs w/3011 gal 15% HCL acid & 47 perf balls. Fraced w/57,818# 16/30 Wisconsin & 15,953# 16/30 resin coated sand in 20# X-linked gel. Set 5-1/2" CBP @ 2346'. PT CBP & csg to 3500 psi-OK. Perfed upper SA @ 2082', 92', 2103', 10', 15', 20', 30', 35', 41', 52', 60', 72', 80', 88', 98', 2206', 14', 21', 34', 42', 52', 60', 70', 76', 84' 92' 98', 2304' w/1-0.41" spf. Total 28 holes. Treated perfs w/2343 gal 15% HCL acid & 42 perf balls. Fraced w/56,109# 16/30 Wisconsin & 17,187# 16/30 resin coated sand in 20# X-linked gel. Set 5-1/2" CBP @ 2040'. PT CBP & csg to 3500 psi-OK. Perfed Grayburg/upper SA @ 1738', 41', 44', 47', 50', 53', 56', 59', 62', 65', 68', 71', 74', 77', 80', 83', 86', 89', 92', 1855', 60', 62', 64', 66', 1978', 80', 82', 84', 86' w/1-0.41" spf. Total 28 holes. Treated perfs w/2523 gal 15% HCL acid & 44 perf balls. Fraced w/64,149# 16/30 Wisconsin & 15,541# 16/30 resin coated sand in 20# X-linked gel. On 11/4/13, MIRUSU. Drilled CBPs @ 2040', 2346', 2660', & 3200' & CO to PBTD4805'. On 11/5/13, landed 2-7/8" 6.5# J-55 tbg @ 3086'. Ran pump & rods. Released workover rig on 11/5/13. Completed well as a commingled San Andres/Yeso oil well as per DHC-4609M. Yeso perfs are @ 3226'-4619'.

Spud Date: 5/26/09 Drilling Rig Release Date: 6/9/09

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 11/18/13
Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: [Signature] TITLE Dist PE Supervisor DATE 11/20/13
Conditions of Approval (if any):