

Office

District I - (575) 393-6161

NM OIL CONSERVATION and Natural Resources

Revised July 18, 2013

1625 N. French Dr., Hobbs, NM 88240

ARTESIA DISTRICT

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

SEP 22 2015 CONSERVATION DIVISION

1220 South St. Francis Dr.

RECEIVED Santa Fe, NM 87505

WELL API NO.

30-015-42725

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

STALEY STATE

8. Well Number #28

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 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 ☒ 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 O : 685 feet from the South line and 1630 feet from the East lineSection 30 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

3637' 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 ☐CLOSED-LOOP SYSTEM ☒OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/CEMENT JOB ☒OTHER: Production Casing ☒

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.

Drilled 7-7/8" hole to TD5125' on 5/22/15. Landed 5-1/2" 17# J-55 csg @ 5120'. Cmted lead w/330 sx (611 cf) 35/65 poz C cmt w/3.48% gel, 4% NACL, 0.25# floreal, 0.17% retarder, 0.52% fluid loss, & 0.25# defoamer. Tailed w/625 sx (831 cf) "C" cmt w/0.25# floreal, 0.24% retarder, 0.56% fluid loss, & 0.25# defoamer. Circ 450 sx cmt to pit. Ran cased hole logs. Released drilling rig on 5/23/15. We plan to pressure test the 5-1/2" csg before completion operations.

Spud Date: 5/17/15

Drilling Rig Release Date: 5/23/15

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 6/11/15Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: R Wade TITLE Dist. H. Supervisor DATE 9/23/15

Conditions of Approval (if any):