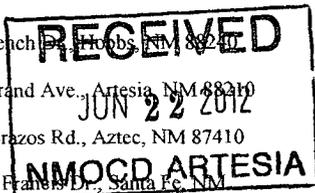


Submit 3 Copies To Appropriate District Office
 District I
 1625 N French Blvd, Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 June 19, 2008



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

WELL API NO. 30-015-40340
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name STALEY STATE
8. Well Number #19
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 L : 2160 feet from the SOUTH line and 455 feet from the WEST line
 Section 30 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3582' 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: Spud & Casings

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.

Spud well on 6/6/12. Drilled 12-1/4" hole to 425'. Landed 8-5/8" 24# J-55 csg @ 423'. Cmted w/280 sx (378 cf) "C" cmt w/2% CaCl2 & 0.125# CF. Circ 100 sx cmt to surface. On 6/7/12, PT 8-5/8" csg to 750 psi for 30 min-OK.

Drilled 7-7/8" hole from 8-5/8" csg shoe to MD4750' on 6/14/12. Ran open hole logs. On 6/15/12, landed 5-1/2" 17# J-55 csg @ MD4746'. Cmted lead w/300 sx (570 cf) 35/65 poz "C" cmt w/1/8#/sx CF, 5% salt, 5# LCM-1 & 0.3% R-3. Tailed w/550 sx (731 cf) "C" cmt w/0.25#/sx CF, 0.4% R-3. Circ 157 sx cmt to pit. Released drilling rig on 6/15/12. Plan to pressure test the 5-1/2" csg before completion operations.

Bottom Hole Location is 2293' FSL & 343' FWL Sec.30 T17S R28E

Spud Date: 6/6/12 Drilling Rig Release Date: 6/15/12

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 6/16/12

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

For State Use Only

APPROVED BY: T. C. Shepard TITLE Geologist DATE 6/16/12
 Conditions of Approval (if any):