

Office

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

Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

June 19, 2008

WELL API NO.

30-015-40029

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

ARCO STATE

8. Well Number #2

9. OGRID Number 281994

10. Pool name or Wildcat

Empire, Glorieta-Yeso (96210)

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 : 2310 feet from the SOUTH line and 990 feet from the WEST lineSection 24 Township 17-S Range 28-E NMPM Eddy County

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

3700' GL

RECEIVED

JUL 18 2012

NMOCD ARTESIA

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 ☒

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 7/9/12, PT 5-1/2" csg to 5000 psi for 30 min-OK. Perfed lower Yeso @ 4830', 55', 69', 72', 77', 4908', 13', 23', 40', 54', 64', 70', 77', 83', 97', 5004', 17', 23', 27', 34', 53', 57', 65', 70', 75', 80', 85', 90', 95', 5100' w/1-0.42" spf. Total 30 holes. Treated w/2000 gal 7.5% HCL acid & 45 perf balls. On 7/12/12, fraced lower Yeso w/52,908# 16/30 Brady & 17,786# 16/30 siber prop sand in X-linked gel. Set 5-1/2" CBP @ 4780'. PT csg & CBP to 4000 psi for 30 min-OK. Perfed middle Yeso @ 4392', 98', 4404', 15', 22', 26', 30', 34', 56', 60', 82', 85', 97', 4503', 07', 10', 20', 25', 28', 33', 41', 45', 67', 78', 82', 88', 94', 4626', 30', 41', 44', 49', 4730', 33' w/1-0.42" spf. Total 34 holes. Treated perfs w/2000 gal 7.5% HCL acid & 51 perf balls. Fraced w/66,843# 16/30 Brady & 23,365# 16/30 siber prop sand in X-linked gel.

Set 5-1/2" CBP @ 4370'. PT csg to 4000 psi for 30 min-OK. Perfed upper Yeso @ 4089', 4105', 24', 28', 30', 40', 47', 50', 57', 61', 65', 76', 79', 99', 4205', 09', 14', 26', 29', 35', 41', 46', 50', 55', 62', 68', 87', 92', 4307', 31', 41', 45' w/1-0.42" spf. Total 32 holes. Treated perfs w/1000 gal 7.5% HCL acid & 48 perf balls. Fraced w/58,052# 16/30 Brady & 18,823# 16/30 siber prop sand in X-linked gel.

Set 5-1/2" CBP @ 4053'. PT csg to 4000 psi for 30 min-OK. Perfed upper Yeso @ 3740', 45', 50', 55', 60', 65', 70', 80', 85', 90', 3800', 05', 10', 15', 20', 25', 30', 35', 40', 45', 50', 55', 60', 65', 70', 75', 80', 85', 90', 95', 3900', 05', 15', 20', 25', 30', 35', 40', 45', 50', 60', 65', 70', 75', 80', 85', 90', 95', 4000', 05' w/1-0.42" spf. Total 50 holes. Treated perfs w/2000 gal 7.5% HCL acid & 75 perf balls. Fraced w/59,137# 16/30 Brady & 11,896# 16/30 siber prop sand in X-linked gel.

On 7/14/12, MIRUSU. Drilled CBPs @ 4053', 4370' & 4780' & CO to PBTD5225'. On 7/16/12, landed 2-7/8" 6.5# J-55 tbg @ 5116'. Ran pump & rods. Released completion rig on 7/16/12.

Spud Date: 6/26/12

Drilling Rig Release Date: 7/2/12

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 7/17/12Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: RDade TITLE Dist H Supervisor DATE 7/18/12

Conditions of Approval (if any):