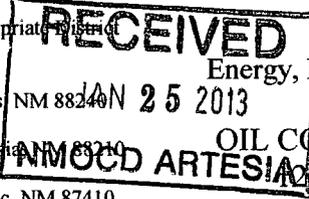


Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs NM 88240
 District II
 1301 W. Grand Ave., Artesia NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505



State of New Mexico
 Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
 220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 June 19, 2008

WELL API NO. 30-015-40461
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 MARATHON 25 STATE
8. Well Number #32
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Queen-Grayburg-San Andres (51300)

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 C : 480 feet from the NORTH line and 1710 feet from the WEST line
 Section 25 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3682' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input checked="" type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: Spud & Casings <input checked="" type="checkbox"/>	

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 1/18/13. Drilled 12-1/4" hole to 356'. Landed 8-5/8" 24# J-55 csg @ 345'. Cmted w/240 sx (324 cf) "C" cmt w/2% CaCl2, 0.005# static free, & 0.25# CF. Circ 21 sx cmt to surface. On 1/19/13, PT 8-5/8" csg to 1500 psi-OK. The annulus of the 8-5/8" csg was filled from 45' to surface w/ready mix cmt.

Drilled 7-7/8" hole from 8-5/8" csg shoe to MD3276' on 1/22/13. Ran open hole logs. On 1/22/13, landed 5-1/2" 17# J-55 csg @ MD3266'. Cmted lead w/350 sx (665 cf) 35/65 poz "C" cmt w/0.125#/sx CF, 5% salt, 5# LCM-1 & 0.55% R-3. Tailed w/325 sx (432 cf) "C" cmt w/0.25#/sx CF, 0.2% CD-32, & 0.25% R-3. Circ 147 sx cmt to pit. Released drilling rig on 1/23/13. Plan to pressure test the 5-1/2" csg before completion operations.

Spud Date: 1/18/13 Drilling Rig Release Date: 1/23/13

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 1/23/13

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

For State Use Only

APPROVED BY: RR Dade TITLE Dist # Supervisor DATE 1/29/2013

Conditions of Approval (if any):