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District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
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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. 30-015-40026
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 #17
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Queen-Grayburg-San Andres (51300) 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 N : 330 feet from the SOUTH line and 2410 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.)
3880' 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 ☐

OTHER: Recomplete from Yeso to San Andres ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

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.

LRE would like to recomplete this well from the Red Lake, Glorieta-Yeso NE (96836) to the Red Lake, Queen-Grayburg-San Andres (51300) as follows: MIRUSU. TOH w/rods, pump, & tbg. Set a 5-1/2" CBP @ about 3100' & PT csg & CBP. (Existing Yeso perfs are @ 3318'-4680'). Perf lower San Andres @ about 2730'-2981' w/about 34 holes. Stimulate with about 3000 gal 15% NEFE acid & frac w/about 85,750# 16/30 sand in 20# X-linked gel.

Set a 5-1/2" CBP @ about 2705' & PT csg & CBP. Perf middle San Andres @ about 2450'-2681' w/about 30 holes. Stimulate with about 3000 gal 15% NEFE acid & frac w/about 79,000# 16/30 sand in 20# X-linked gel.

Set a 5-1/2" CBP @ about 2425' & PT csg & CBP. Perf upper San Andres @ about 2100'-2401' w/about 50 holes. Stimulate with about 3000 gal 15% NEFE acid & frac w/about 101,500# 16/30 sand in 20# X-linked gel.

CO after frac & drill out CBPs @ 2425' & 2705' & CO to CBP @ 3100'. Land 2-7/8" production tbg @ about 3000'. Run pump & rods & release workover rig. Complete as a single Red Lake, Queen, Grayburg-San Andres oil well. After a few months of production, the well will be evaluated for DHC. See the attached wellbore diagram.

Spud Date: 3/15/12

Drilling Rig Release Date: 3/23/12

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Mike Pippin

Type or print name Mike Pippin

TITLE Petroleum Engineer - Agent

E-mail address: mike@pippinllc.com

DATE 2/25/13

PHONE: 505-327-4573

For State Use Only

APPROVED BY SPDade

TITLE SP-IT Supervisor

DATE 2/27/13

Conditions of Approval (if any):

	County	EDDY	Well Name	Staley State #17	Field:	Redlake; Glorieta-Yeso NE	Well Sketch:	AFE# R13007 LRE Operating, LLC
	Surface Lat:	32.7985717 N	BH Lat:	32.7986525 N	Survey:	S30-T17S-R28E Unit N	API #	30-015-40026
	Surface Long:	104.2151760 W	BH Long:	104.2155976 W		330 FSL & 2410' FWL	OGRID #	281994

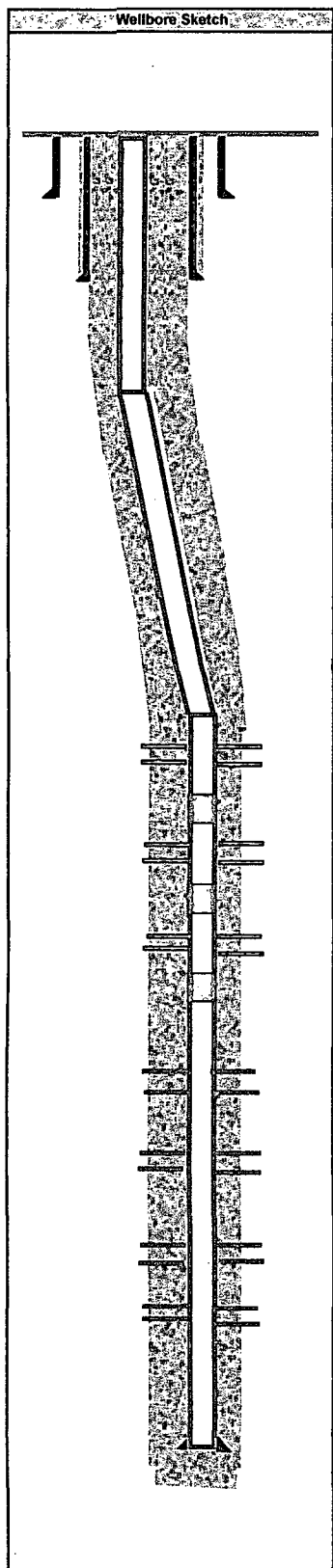
Directional Data:			
KOP	600	MD/TVD	
Max Dev.:	8.8	1086' MD 1083' TVD	
Dleg sev:	3.64	816' MD 816' TVD	
Dev @ Perfs	0.4	4450' MD 4442' TVD	
Ret to Vert:	2650'	MD 2642' TVD	

Drilling / Completion Fluid Drilling Fluid: 10.2 PPG Brine / Salt Gel Drilling Fluid: Completion Fluid: 2% KCL Completion Fluid: Packer Fluid: NA

Tubular Data							
Tubulars	Size	Weight	Grade	Thread	TVD	MD	TOC
Conductor	14"	55.5#	B	Weld	40'	40'	SURF
Surface	8 5/8"	24#	J-55	STC	438'	438'	SURF
Intermediate							
Production	5 1/2"	17#	J-55	LTC	4,188'	4,204'	SURF
Liner							

CEMENT DATA							
	L/sks	Yld	Wt	T/sks	Yld	Wt	XS
Surface	280	1.34	14.8	NA	NA	NA	36 sx
Intermediate							
Liner							
Production	330	1.903	12.8	580	1.328	14.8	106 sx

Wellhead Data	
Type:	
WP:	
Tree Cap	Flange:
	Thread:
Tbg Hanger:	
8TM Flange:	
BPV Profile:	NA
Elevations:	GR - RKB = 13.4'
RKB:	3715.9'
GL:	3,702.5'



Completion Information						DETAILS	
DEPTHS (MD)/(TVD)	WELL INFO	PERFORATIONS		# of HOLES			
		from	to				
0							
40'	20" Hole					14" Conductor Pipe	
438'	12-1/4" Hole						
563'	Seven Rivers Sand					8-5/8" Surf Csg Circ 104 sx Cmt to surf	
680'	7-7/8" hole KOP					Kick off to 2"/100'	
1062' / 1059'	Queen Formation					End Build - Start 11+° Tangent	
1086' / 1083'	End Build					Drop - Start @ 2"/100'	
1180' / 1176'	End Tangent - Start Drop						
1492' / 1494'	Grayburg Formation						
1748' / 1740'	Premier Sand						
1798' / 1790'	San Andres Formation					Return to Vertical	
1810' / 1802'	Return to Vertical						
2108' / 2100'	Middle San Andres						
Stage 3 Middle San Andres		2,100'	2,401'	50		301', 75 bio balls	
CBP at 2425'						See Frac Designs for volume and lbs proppant	
Stage 2 Lower San Andres		2450'	2681'	30		231', 45 bio balls	
CBP at 2705'						See Frac Designs for volume and lbs proppant	
Stage 1 Lower San Andres		2730'	2981'	34		251', 61 bio balls	
CBP at 3100'						See Frac Designs for volume and lbs proppant	
2731' / 2723'	Lower San Andres						
3197' / 3189'	Glorieta					274' Stg 3 (1 spf, 0.41" EHD or better, >31" Pen)	
3302' / 3294'	Stage 4 Glorieta- U Yeso	3,318'		45		See Frac Designs for volume and lbs proppant	
3302' / 3294'	Yeso (Paddock)		3,574'				
3554' / 3546'	Lower Yeso (Blinbry)						
3634' / 3626'	Stage 3 L Yeso Frac	3,634'				296' Stg 2 (1 SPF, 0.41" EHD or better, >31" pen)	
					3,928'	40	See Frac Design for volume and lbs proppant
4013' / 4005'	Stage 2 L Yeso Frac	4,013'				41	267' Stg 1 (1 SPF, 0.41" EHD or better, >31" pen), See frac design for details
4345' / 4337'	Stage 1 L Yeso Frac	4,345'					335' Stg 1 (1 & 2 SPF, 0.41" EHD or better, >31" pen), See frac design for details
4715' / 4708'	Tubb Formation						
5060' / 5052'	PBTD						5-1/2" Float Collar
5108' / 5100'	PROD CSG						5-1/2" Prod Csg. Circ 106 SX Cmt to Surf
Comments: NM OCD CLP 0212633						Plug back Depth:	5052' TVD 5060' MD
						Total Well Depth:	5100' TVD 5108' MD
						Prepared By:	Date:
						Eric McClusky	21-Feb-13