

RECEIVED

JUL 24 2013

MOCD ARTESIA

CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-015-40307

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

MARATHON 26 STATE

8. Well Number #33

9. OGRID Number 281994

10. Pool name or Wildcat

Artesia, Glorieta-Yeso (96830)

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 A : 440 feet from the NORTH line and 960 feet from the EAST line

Section 26 Township 17-S Range 28-E NMPM Eddy County

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

3678' 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 into San Andres & Commingle ☒

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 complete this well in the Red Lake, Queen-Grayburg-San Andres & commingle with the existing perfs in the Artesia, Glorieta-Yeso as follows: MIRUSU. TOH w/rods, pump, & tbg. Set a 5-1/2" CBP @ about 3600' & PT csg & CBP to ~3500 psi..

(Existing Yeso perfs are @ 3621'-3979'). Perf lower San Andres @ ~3300'-3491' w/ ~18 holes. Stimulate with ~2000 gal 15% HCL acid & frac w/ ~73,000# 16/30 sand in 20# X-linked gel.

Set a 5-1/2" CBP @ ~3278' & PT csg & CBP to ~3500 psi. Perf lower San Andres @ ~3030'-3257' w/ ~21 holes. Stimulate with ~2300 gal 15% HCL acid & frac w/ ~77,000# 16/30 sand in 20# X-linked gel.

Set a 5-1/2" CBP @ ~2990' & PT csg & CBP to ~3500 psi. Perf middle San Andres @ ~2664'-2951' w/ ~27 holes. Stimulate with ~3000 gal 15% HCL acid & frac w/ ~91,000# 16/30 sand in 20# X-linked gel.

Set a 5-1/2" CBP @ ~2630' & PT csg & CBP to ~3500 psi. Perf middle San Andres @ ~2470'-2601' w/ ~14 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/ ~54,000# 16/30 sand in 20# X-linked gel.

Set a 5-1/2" CBP @ ~2400' & PT csg & CBP to ~3500 psi. Perf upper San Andres @ ~2250'-2351' w/ ~11 holes. Stimulate with ~1000 gal 15% HCL acid & frac w/ ~40,000# 16/30 sand in 20# X-linked gel.

CO after frac & drill out CBPs @ 2400', 2630', 2990', 3278' & 3600' & CO to ~PBTD @ 4077'. Land 2-7/8" production tbg @ ~3965'. Run pump & rods & release workover rig. Complete as a commingled Yeso/San Andres oil well. Work will not commence until the DHC application in the Santa Fe NMOC office has been approved. After a few months of commingled production, calculations will be made for the pool allocations using the subtraction method. This will be a closed loop flow back system. See the attached wellbore diagram.

Spud Date: 7/4/12

Drilling Rig Release Date: 7/9/12

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

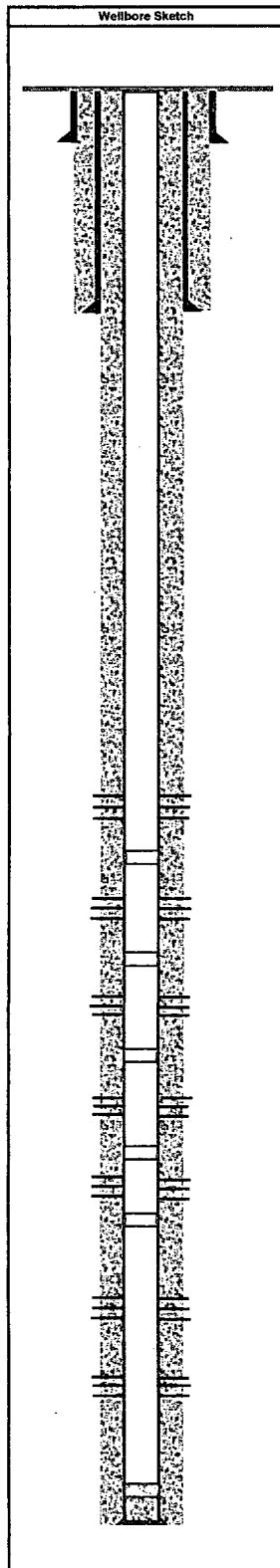
SIGNATURE Mike Pippin TITLE Petroleum Engineer - Agent DATE 7/23/12

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

APPROVED BY: RDade TITLE Dist R Supervisor DATE 7/24/12

Conditions of Approval (if any):

PAPA LIME ROCK AT&T RESOURCES	County	EDDY	Well Name	Marathon 26 State #33	Field:	Redlake	Well Sketch:	AFE R13017 Recomplete	
	Surface Lat:	32.8123476°N	BH Lat:	32.8123476°N	Survey:	S26-T17S-R28E Unit A	API #	30-015-40307	
	Surface Long:	104.1410054°W	BH Long:	104.1410054°W		440' FNL & 960' FEL	OGRID #	281994	
Directional Data:		Wellhead Data							
KOP	Vertical Well	Tubulars	Size	Weight	Grade	Thread	TVD	MD	TOC
Max Dev.:		Conductor	14"	55.5#	B	Weld	40'	40'	SURF
Dleg sev:		Surface	8 5/8"	24#	J-55	STC	464'	464'	SURF
Dev @ Perfs		Intermediate							
Ret to Vert:		Production	5 1/2"	17#	J-55	LTC	4,100'	4,100'	SURF
Drilling / Completion Fluid		CEMENT DATA							
Drilling Fluid: 10.2 PPG Brine / Salt Gel		Lbsks	Yld	Wt	T/sks	Yld	Wt	XS	
Drilling Fluid: 2% KCL		Surface	300	1.35	14.8	NA	NA	NA	71 sx
Completion Fluid: NA		Intermediate							
		Liner							
		Production	315	1.0	12.8	400	1.33	14.8	118 sx



Completion - Recompletion Information							DETAILS	
DEPTHS (MD)	FORMATION TOPS / WELL INFO	PERFORATIONS		# of HOLES				
		from	to					
0								
40'	20" Hole						14" Conductor Pipe	
464'	12-1/4" Hole						8-5/8" Surf Csg Circ 71 sx Cmt to surf	
884'	Seven Rivers							
1,435'	Queen							
1,826'	Grayburg							
2,099'	Premier							
2,116'	San Andres							
2,310'	Jackson							
2,483'	Middle San Andres							
3,082'	Lower San Andres							
San Andres Proposed 5 Stage Recompletion								
	Stage 5 San Andres	2,250'		2,351'	11		101'; 17 bio balls, 1000 g 15% HCL, 23,000 g	
							xlink 20# gel, 31,000 # 16/30 Brady & 9,000	
CBP at 2400'							# 16/30 Resin	
	Stage 4 San Andres	2,470'		2,601'	14		131'; 21 bio balls, 1500 g 15% HCL, 30,000 g	
							xlink 20# gel, 40,000 # 16/30 Brady & 13,500	
CBP at 2630'							# 16/30 Resin	
	Stage 3 San Andres	2,684'		2,951'	27		287'; 41 bio balls, 3000 g 15% HCL, 55,000 g	
							xlink 20# gel, 73,000 # 16/30 Brady & 18,000	
CBP at 2990'							# 16/30 Resin	
	Stage 2 San Andres	3030'		3,257'	21		227'; 32 bio balls, 2300 g 15% HCL, 45,000 g	
							xlink 20# gel, 58,500 # 16/30 Brady & 18,000	
CBP at 3278'							# 16/30 Resin	
	Stage 1 San Andres	3,300'		3,481'	18		191'; 27 bio balls, 2000 g 15% HCL, 40,000 g	
							xlink 20 # gel, 54,500 # 16/30 Brady &	
CBP at 3600'							18,000 # 16/30 Resin	
3,530'	Glorietta							
3,618'	Yeso							
	Stage 2 L. Yeso Frac	3,621'		3,859'	48		238' Stg 2 - See Frac Design	
	Stage 1 L. Yeso Frac	3,898'		3,979'	36		81' Stg1 - See Frac Design	
4,077'	CIBP						Float Collar	
4,100'	PROD CSG						5-1/2" Prod Csg. Circ 118 SX Cmt to Surf	
Comments: NM OCD CLP 0212986						Plug back Depth:	4,053'	4,053' MD
						Total Well Depth:	4,100'	4,100' MD
						Prepared By:	Date:	
						Eric McClusky	22-Jul-13	