

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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

WELL API NO. 30-015-37056
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 #6
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, Queen-Grayburg-San Andres (51300)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3593' GL

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 : 1960 feet from the South line and 990 feet from the West line
Section 30 Township 17-S Range 28-E NMPM Eddy County

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 ☐
CLOSED-LOOP SYSTEM ☒
OTHER: ☐

SUBSEQUENT REPORT OF:

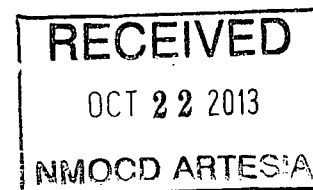
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: 1st DHC Delivery & Pool Allocations ☒

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This well was 1st Delivered commingled on 9/22/13 with its commingled IP Test on 10/19/13 for 13 BOPD, 165 MCF/D, & 533 BWPD. This well was opened in the upper zone (San Andres) & commingled with the existing Yeso on 9/23/13 as per DHC-4609H. Before the recompletion workover, the Yeso tested 9 BOPD & 71 MCF/D.

We recommend the following allocations: Upper Zone (San Andres) OIL 31% GAS 57%
Lower Zone (Yeso) 69% 43%

See the attached calculations.



Spud Date: 1/14/11 Drilling Rig Release Date: 1/28/11

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 10/21/13

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

APPROVED BY: MDacle TITLE Dist # Supervisor DATE 10/22/2013
Conditions of Approval (if any):

LRE OPERATING, LLC
STALEY STATE #6
Red Lake; Glorieta-Yeso NE & Red Lake, Queen, Granburg, San Andres
L Section 30 T17S R28E
10/21/2013 – Mike Pippin
API#: 30-015-37056

Commingled Allocation Calculations

This well was originally completed in the Lower Zone (Yeso) on 2/23/11. On 9/23/13, this well was opened in the Upper Zone (San Andres), which was then downhole commingled with the Yeso. Before the workover, on May 30, 2013, the lower zone (Yeso) tested for **9 BOPD & 71 MCF/D**.

Following the workover the commingled zones averaged **13 BOPD & 165 MCF/D**.

Therefore, the upper zone (San Andres) production should be: $13 - 9 = \mathbf{4 \text{ BOPD}}$.
The upper zone gas should be $165 - 71 = \mathbf{94 \text{ MCF/D}}$.

RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{9}{13} = \mathbf{69\%}$$

$$\% \text{ Upper Zone} = \frac{4}{13} = \mathbf{31\%}$$

RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \frac{71}{165} = \mathbf{43\%}$$

$$\% \text{ Upper Zone} = \frac{94}{165} = \mathbf{57\%}$$