

Submit 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. 30-015-39996
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 ENRON STATE
8. Well Number #17
9. OGRID Number 281994
10. Pool name or Wildcat Artesia, Glorieta-Yeso (96830) Artesia, Queen-Grayburg-San Andres (3230)

**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 : 230 feet from the North line and 2420 feet from the West line  
 Section 32 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3703' GL

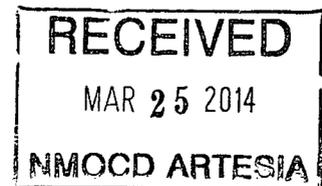
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
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 type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input checked="" type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: 1 <sup>st</sup> Delivery DHC & Pool Allocations <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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

On 3/28/12, the Yeso (lower zone) was completed as a new well. On 3/3/14, the well was recompleted into the San Andres (upper zone) and DHCed with the lower zone as per order DHC-4649. Before the recompletion, on 8/13/13, the Yeso tested for 15 BOPD & 48 MCF/D. After the recompletion, the well 1<sup>st</sup> delivered on 3/6/14 & was tested on 3/13/14, for 15 BOPD & 88 MCF/D. The attached calculations indicate the following pool allocations:

	Upper Zone (SA)	Lower Zone (Yesp)
OIL	0%	100%
GAS	45%	55%



Spud Date: 3/5/12 Drilling Rig Release Date: 3/12/12

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 3/24/14

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

**For State Use Only**

APPROVED BY: [Signature] TITLE State Supervisor DATE 3/25/2014  
 Conditions of Approval (if any):

LRE OPERATING, LLC  
**ENRON STATE #17**  
 Artesia; Glorieta-Yeso & Artesia, Queen-Grayburg-San Andres  
 C Section 32 T17S R28E  
 3/24/2014  
 API#: 30-015-39996

## Commingled Allocation Calculations

On 3/28/12, the Yeso (lower zone) was completed as a new well. On 3/3/14, the well was recompleted into the San Andres (upper zone) and DHCed with the lower zone as per order DHC-4649. Before the recompletion, on 8/13/13, the Yeso tested for 15 BOPD & 48 MCF/D. After the recompletion, on 3/13/14, the commingled well tested for 15 BOPD & 88 MCF/D.

	Total	-	Lower Zone (YESO)	=	Upper Zone (SA)	
Oil (bbls/d)	15	-	15	=	0	
Gas (mcf/d)	88	-	48	=	40	

### OIL

Upper Zone (SA) = 0 BOPD  
 Total oil = 15 BOPD  
 $\% \text{ Upper Zone} = \frac{0}{15} = \underline{0\%}$

Lower Zone (Yeso) = 15 BOPD  
 $\% \text{ Lower Zone} = \frac{15}{15} = \underline{100\%}$

### GAS

Upper Zone (SA) = 40 mcf/d  
 Total gas = 88 mcf/d  
 $\% \text{ Upper Zone} = \frac{40}{88} = \underline{45\%}$

Lower Zone (Yeso) = 48 mcf/d  
 $\% \text{ Lower Zone} = \frac{48}{88} = \underline{55\%}$