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

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

Form C-103
Revised July 18, 2013

WELL API NO.
30-015-40026

5. Indicate Type of Lease
STATE ☒   FEE ☐

6. State Oil & Gas Lease No.

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

7. Lease Name or Unit Agreement Name
STALEY STATE

8. Well Number #17

2. Name of Operator
LRE OPERATING, LLC

9. OGRID Number 281994

3. Address of Operator
c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401

10. Pool name or Wildcat
Red Lake, Glorieta-Yeso NE (96836)
Red Lake, Queen-Grayburg-San Andres (51300)

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 ☐
CLOSED-LOOP SYSTEM ☒
OTHER: ☐

**SUBSEQUENT REPORT OF:**

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

OTHER: 1st Delivery DHCed & 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 originally completed in the Yeso (3318'-4680') on 4/4/12. On 3/26/13, this well was recompleted from the Yeso to the San Andres (2101'-2981') & downhole commingled with the Yeso on 5/8/14 as per order DHC-4609-K. Before the recompletion, on 2/16/13, the lower zone (Yeso) tested for **13 BOPD, 51 MCF/D**. Following the workover the two commingled intervals 1st delivered on 5/14/14 & IP Tested on 5/19/14 for **40 BOPD, 68 MCF/D**. The pool allocations are as follows:

	Upper Zone (San Andres)	**Lower Zone (Yeso)**
OIL:	67%	33%
GAS:	25%	75%

See the attached calculations.

RECEIVED
MAY 2 2 2014
NMOCD ARTESIA
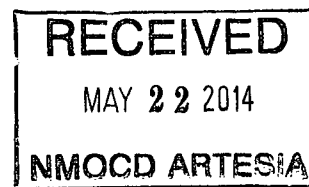
Spud Date: 5/24/10   Drilling Rig Release Date: 6/12/10

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 ___5/20/14___

Type or print name ___Mike Pippin___   E-mail address: ___mike@pippinllc.com___   PHONE: ___505-327-4573___

For State Use Only

APPROVED BY: _____   TITLE __Dist II Supervison__   DATE __5/22/14__

Conditions of Approval (if any):

LRE OPERATING, LLC
STALEY STATE #17
Red Lake; Glorieta-Yeso NE & Red Lake, Queen,Grayburg, San Andres
N Section 30 T17S R28E
5/20/2014 – Mike Pippin
API#: 30-015-40026

Commingle Allocation Calculations

This well was originally completed in the Yeso (3318'-4680') on 4/4/12. On 3/26/13, this well was recompleted from the Yeso to the San Andres (2101'-2981') & on 5/8/14 downhole commingled with the Yeso as per order ART-4609-K. Before the recompletion, on 2/16/13, the lower zone (Yeso) tested for **13 BOPD, 51 MCF/D**.

Following the workover the two commingled intervals tested on 5/19/14 for **40 BOPD, 68 MCF/D**.

Therefore, the oil from the upper zone (San Andres) should be: 40 - 13 = **27 BOPD**.
The gas from the upper zone (San Andres) should be 68 - 51 = **17 MCF/D**.

RECOMMENDED NEW OIL ALLOCATION

% Lower Zone = $\dfrac{13}{40}$ = **33%**   **% Upper Zone** = $\dfrac{27}{40}$ = **67%**

RECOMMENDED NEW GAS ALLOCATION

% Lower Zone = $\dfrac{51}{68}$ = **75%**   **% Upper Zone** = $\dfrac{17}{68}$ = **25%**