

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. 30-015-38234
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 ANTHONEY
8. Well Number #2
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.) 3644' 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 P : 430 feet from the South line and 800 feet from the East 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: Pool Allocations After DHC ☒

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 DHC on 10/15/14 as per ART-2609-R. The lower zone (Yeso) was tested on 3/31/14 alone for 13 BOPD, 51 MCF/D, & 72 BWPD. The upper zone (San Andres) was tested on 9/23/14 alone for 10 BOPD, 55 MCF/D, & 80 BWPD. The attached calculations indicate that the pool allocations for this DHC well should be:

	Upper Zone (SA)	Lower Zone (Yeso)
OIL	43%	57%
GAS	52%	48%
WATER	53%	47%

NM OIL CONSERVATION
ARTESIA DISTRICT

NOV 25 2014

RECEIVED

Spud Date: 2/1/11 Drilling Rig Release Date: 2/17/11

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 11/24/14

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

For State Use Only

APPROVED BY: JD Dade TITLE Dist # Supervisor DATE 11/26/2014

Conditions of Approval (if any):

LRE OPERATING, LLC
ANTHONEY #2
Red Lake, Glorieta-Yeso NE & Red Lake, Queen-Grayburg-San Andres
P Section 30 T17S R28E
11/24/2014 – Mike Pippin
API#: 30-015-38234

Commingle Allocation Calculations

This well was originally completed in the Yeso on 3/24/11. On 4/15/14, this well was recompleted from the Yeso to the San Andres (SA) with the Yeso shut-in below a CBP @ 3220'. Before the workover, on 3/31/14, the lower zone tested for 13 BOPD, 51 MCF/D & 72 BWPD from Yeso perms 3644'-4719'. After the recompletion, on 9/23/14, the SA alone tested for 10 BOPD, 55 MCF/D, & 80 BWPD. On 10/15/14, the well was DHC as per ART-2609-R.

Therefore, the total oil (commingled) should be: $13 + 10 = \underline{23 \text{ BOPD}}$.

The total gas (commingled) should be $51 + 55 = \underline{106 \text{ MCF/D}}$.

The total water (commingled) should be $72 + 80 = \underline{152 \text{ BWPD}}$

RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{13}{23} = \underline{57\%} \quad \% \text{ Upper Zone} = \frac{10}{23} = \underline{43\%}$$

RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \frac{51}{106} = \underline{48\%} \quad \% \text{ Upper Zone} = \frac{55}{106} = \underline{52\%}$$

RECOMMENDED NEW WATER ALLOCATION

$$\% \text{ Lower Zone} = \frac{72}{152} = \underline{47\%} \quad \% \text{ Upper Zone} = \frac{80}{152} = \underline{53\%}$$