

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

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

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.)		WELL API NO. 30-015-36564
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator LIME ROCK RESOURCES A, L.P.		6. State Oil & Gas Lease No.
3. Address of Operator c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401		7. Lease Name or Unit Agreement Name STALEY STATE
4. Well Location Unit Letter <u>O</u> : <u>330</u> feet from the <u>SOUTH</u> line and <u>2210</u> feet from the <u>EAST</u> line Section <u>30</u> Township <u>17-S</u> Range <u>28-E</u> NMPM <u>Eddy</u> County		8. Well Number <u>#9</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3646' GL		9. OGRID Number <u>255333</u>
		10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, Queen, Grayburg, San Andres (51300)

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: ☐

SUBSEQUENT REPORT OF:

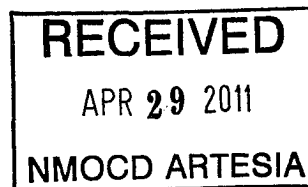
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: 1st Delivery & Commingle 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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This commingled oil well (DHC-4354) was 1st delivered on 3/23/11. Its IP Test was conducted on 3/28/11 for 46.0 BOPD, 66.0 MCF/D, & 158 BWPD. The formerly old zone (Yeso) was tested before the workover to open the San Andres on 6/10/10 for 9.0 BOPD, 11.0 MCF/D, & 123 BWPD. Therefore, Lime Rock would like to use the following production allocations: (See the attached calculations).

Upper Zone (SA)	Lower Zone (Yeso)
OIL: 81%	19%
GAS: 83%	17%
WATER: 22%	78%



Spud Date: 12/15/08 Rig Release Date: 12/29/08

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 4/28/11

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

APPROVED BY: Jacqui TITLE Geologist DATE 5/10/2010
Conditions of Approval (if any):

LIME ROCK RESOURCES A, L.P.
STALEY STATE #9
Red Lake, Glorieta-Yeso NE & Red Lake, Queen-Grayburg-San Andres
O Section 30 T17S R28E
4/1/2011
API#: 30-015-36564

Commingled Allocation Calculations

On 6/10/10, the existing lower zone (Yeso) averaged 9.0 BOPD, 11.0 MCF/D, & 123 BWPD. On 3/9/11, the upper zone (San Andres) was completed and commingled with the existing lower zone as per DHC-4354.

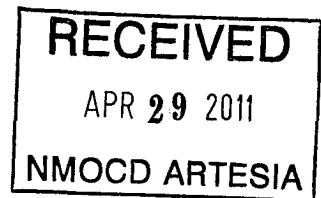
An IP Test was conducted on this commingled well on 3/25/11 for 46.0 BOPD, 66 MCF/D & 158 BWPD.

Total Commingled Production – lower zone production = upper zone production

Oil: $48.0 - 9.0 = 39.0$ BOPD

Gas: $66.0 - 11.0 = 55.0$ MCF/D

Water: $158 - 123 = 34$ BWPD



OIL

Lower Zone (Yeso) = 9.0 BOPD
Total oil = $9.0 + 39.0 = 48$ BOPD
 $\% \text{ Lower Zone} = \frac{9.0}{48.0} = 19\%$

Upper Zone (SA) = 39.0 BOPD

$\% \text{ Upper Zone} = \frac{39.0}{48.0} = 81\%$

GAS

Lower Zone (Yeso) = 11.0 MCF/D
Total gas = $11.0 + 55.0 = 66.0$ MCF/D
 $\% \text{ Lower Zone} = \frac{11.0}{66.0} = 17\%$

Upper Zone (SA) = 55.0 MCF/D

$\% \text{ Upper Zone} = \frac{55.0}{66.0} = 83\%$

WATER

Lower Zone (Yeso) = 123.0 MCF/D
Total water = $123.0 + 34.0 = 158.0$ MCF/D
 $\% \text{ Lower Zone} = \frac{123}{158} = 78\%$

Upper Zone (SA) = 34.0 MCF/D

$\% \text{ Upper Zone} = \frac{34}{158} = 22\%$