

OCD-ARTESIA

Form 3160-5
(August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other Instructions on page 2

<p>1 Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other</p> <p>2 Name of Operator LRE Operating, LLC</p> <p>3a Address 1111 Bagby - Suite 4600, Houston, TX 77002</p> <p>3b Phone No (include area code) 713-292-9510</p> <p>4 Location of Well (Footage, Sec., T., R., M., or Survey Description) 1750 FSL 1650 FEL; J-05-18S-27E</p>	<p>5 Lease Serial No NMNM105204</p> <p>6 If Indian, Allottee, or Tribe Name</p> <p>7 If Unit or CA/Agreement, Name and/or No</p> <p>8 Well Name and No MALIBU FEDERAL #1</p> <p>9 API Well No 3001531631</p> <p>10 Field and Pool, or Exploratory Area RED LAKE; QUEEN-GRAYBURG-SA</p> <p>11 County or Parish, State EDDY, NM</p>
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12 CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/ Resume)	<input type="checkbox"/> Water Shut-off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Change of Operator
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug back	<input type="checkbox"/> Water Disposal	

13 Describe Proposed or Completed Operation Clearly state all pertinent details including estimated starting date of any proposed work and approximate duration the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and z Attach the Bond under which the work will be performed or provide the Bond No on file with the BLM/ BIA Required subsequent reports must be filed within following completion of the involved operations If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed testing has been completed Final Abandonment Notices shall be filed only after all requirements, including reclamantion, have been completed, and the operato determined that the site is ready for final inspection.)

This is notification of Change of Operator on the above referenced well.

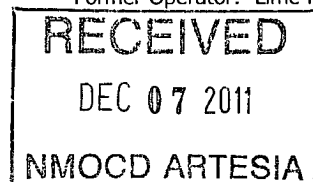
LRE Operating, LLC as new operator, accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on this lease or portion of lease described.

Bond Coverage: BLM Bond File No. NMB000797 and Bond Surety No. B006616.

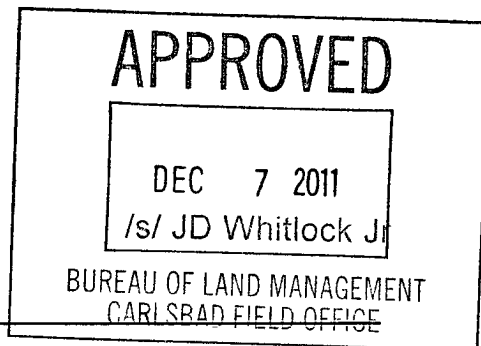
Bond Coverage (Carlsbad): BLM Bond File No. NMB000817 and Bond Surety No. B006679.

Change of Operator Effective November 16,2011

Former Operator: Lime Rock Resources A, L.P.



SEE ATTACHED FOR
CONDITIONS OF APPROVAL



14 I hereby certify that the foregoing is true and correct Name (Printed/ Typed)	
C. Tim Miller	Title Chief Operating Officer
Signature <i>C. Tim Miller</i>	Date <i>11/16/11</i>

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon	Office	

Title 18 U S C Section 1001 and Title 43 U S C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instructions on page 2)

**SUBJECT TO LIKE
APPROVAL BY BLM**

RDade 12/23/2011
**Accepted for record
NMOC D**

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Conditions of Approval

LRE Operating, LLC

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. All above ground structures and equipment on the lease shall be painted Shale Green (5Y 4/2). This is to be done within 90 days, if you have not already done so.
3. Submit for approval of water disposal method.
4. Submit updated facility diagrams as per Onshore Order #3
5. This agency shall be notified of any spill or discharge as required by NTL-3A.
6. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
7. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
8. Subject to like approval by NMOCD.