

UNITED STATES **OCD-ARTESIA**
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Serial No. NMNM 048344
2. Name of Operator LRE OPERATING, LLC	6. If Indian, Allottee or Tribe Name
3a. Address c/o Mike Pippin LLC 3104 N. Sullivan, Farmington, NM 87401	7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) 505-327-4573	8. Well Name and No. KERSEY WILLIAMS A FEDERAL #10
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1650' FNL & 990' FEL Unit H Sec. 28, T17S, R28E	9. Field and Pool, or Exploratory Area Red Lake, Queen-Grayburg-San Andres(51300) AND: Aartesia, Glorieta-Yeso (96830) Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input checked="" 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 checked="" type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other <u>Open San Andres</u>
	<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 Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MIRUSU on 1/6/12. TOH w/rods, pump, & tbq. Set a 5-1/2" CBP @ 3346' & PT CBP & 5-1/2" csg to 2500 psi-OK. Perfed lower San Andres 3286'-3313' every other foot w/14-0.42" holes. Treated new perfs w/2000 gal 15% NEFE acid & 42 perf balls. Swab tested. Set 5-1/2" CBP @ 3180' & PT 5-1/2" csg & CBP to 4000 psi-OK. Perfed lower San Andres @ 2890', 95', 2900', 05', 10', 15', 20', 25', 30', 35', 40', 45', 50', 55', 60', 65', 70', 75', 80', 85', 90', 95', 3000', 05', 10', 15', 20', 25', 30', 35', 40', 45', 50', 55', 60', 65', 70', 75', 80' w/1-0.42" spf. Total 39 holes. Treated new perfs w/2500 gal 7.5% HCL & 57 perf balls. On 1/13/12, fraced w/48,835# 16/30 Brady & 6,757# 16/30 siber prop sand in X-linked gel. CO after frac to CBP @ 3180'. Land 2-7/8" tbq @ 2815' & ran pump & rods. Release workover rig on 1/19/12. We plan to pump test lower San Andres perfs 2890'-3080' for about 2 weeks before continuing with the workover procedure.

Existing Glorieta/Yeso perfs are @ 3363'-3503' w/97 holes.

RECEIVED
JAN 31 2012
NMOCD ARTESIA

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Mike Pippin	Title Petroleum Engineer (Agent)
Signature <i>Mike Pippin</i>	Date January 18, 2012

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date JAN 28 2012
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 <i>[Signature]</i>	

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

Accepted for record
NMOCD *JOS 2/1/2012*