

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

RECEIVED MAY 13 2013 OIL CONSERVATION DIVISION NMOC D ARTESIA

WELL API NO. 30-015-41063
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name STALEY STATE
8. Well Number #22
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836)

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 [X] 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 J : 2310 feet from the SOUTH line and 2175 feet from the EAST line
Section 30 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3593' 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 []
OTHER: []
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB [X]
OTHER: Spud & Casings [X]

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.

Spud well on 5/4/13. Drilled 12-1/4" hole to 442'. Landed 8-5/8" 24# J-55 csg @ 439'. Cmted w/280 sx (378 cf) "C" cmt w/2% CaCl2, 0.005# static free, & 0.25# CF. Circ 105 sx cmt to surface. On 5/5/13, PT 8-5/8" csg to 1500 psi for 30 min-OK.

Drilled 7-7/8" hole from 8-5/8" csg shoe to 5005' on 5/8/13. Ran open hole logs. On 5/9/13, landed 5-1/2" 17# J-55 csg @ 4999'. Cmted lead w/300 sx (573 cf) 35/65 poz "C" cmt w/5% PF44(BWOW), 6% PF20, 0.2% PF13, 0.125# PF29, 0.25# PF46, & 3# PF42. Tailed w/625 sx (831 cf) "C" cmt w/0.25#/sx CF, 0.2% CD-32, & 0.25% R-3. Circ 85 sx cmt to pit. Released drilling rig on 5/9/13. Plan to pressure test the 5-1/2" csg before completion operations.

Spud Date: 5/4/13 Drilling Rig Release Date: 5/9/13

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 5/10/13
Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: [Signature] TITLE: [Signature] DATE: 5/14/2013
Conditions of Approval (if any):

[Handwritten mark]