

Office

Energy, Minerals and Natural Resources

June 19, 2008

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

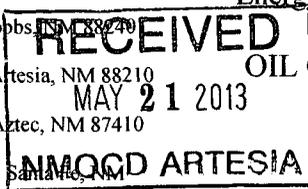
District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM

87505



OIL CONSERVATION DIVISION

220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO. 30-015-41080
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 AID 24 STATE
8. Well Number #24
9. OGRID Number 281994
10. Pool name or Wildcat Empire, Glorieta-Yeso (96210)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3699' 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 K : 2420 feet from the SOUTH line and 1590 feet from the WEST line
Section 24 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
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- DOWNHOLE COMMINGLE
- PLUG AND ABANDON
- CHANGE PLANS
- MULTIPLE COMPL

SUBSEQUENT REPORT OF:

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

OTHER:

OTHER: Spud & Casings

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 5/11/13. Drilled 12-1/4" hole to 495'. Landed 8-5/8" 24# J-55 csg @ 488'. Cmted w/325 sx (506 cf) "C" cmt w/2% Cacl2, 0.005# static free, & 0.25# CF. Circ 85 sx cmt to surface. On 5/12/13, PT 8-5/8" csg to 800 psi for 30 min-OK.

Drilled 7-7/8" hole from 8-5/8" csg shoe to 5375' on 5/17/13. Ran open hole logs. On 5/19/13, landed 5-1/2" 17# J-55 csg @ 5369'. Cmted lead w/350 sx (665 cf) 35/65 poz "C" gel cmt w/0.125#/sx CF, 5% salt, 6% gel, & 0.2% R-3. Tailed w/700 sx (931 cf) "C" cmt w/0.5% PF-13, 2% PF-167, 0.2% PF-65, & 0.125# PF-29. Circ 206 sx cmt to pit. Released drilling rig on 5/20/13. Plan to pressure test the 5-1/2" csg before completion operations.

Spud Date: 5/11/13

Drilling Rig Release Date: 5/20/13

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 5/20/13

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

For State Use Only

APPROVED BY: [Signature] TITLE Dr. R. Spewis DATE 5/24/2013

Conditions of Approval (if any):

[Handwritten initials]