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 District I  
 1625 N. French Dr., Hobbs, NM 88240  
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 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

**RECEIVED**  
 OIL CONSERVATION DIVISION  
 MAY 29 2013  
 South St. Francis Dr.  
 Santa Fe, NM 87505  
**NMOCD ARTESIA**

WELL API NO. 30-015-34626
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 <b>JEFFERS 36 STATE</b>
8. Well Number #4T
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, Queen-Grayburg-San Anddres (51300)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3622' 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 B : 935 feet from the NORTH line and 2260 feet from the EAST line  
 Section 36 Township 17-S Range 27-E NMPM Eddy County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p><b>NOTICE OF INTENTION TO:</b></p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>DOWNHOLE COMMINGLE <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>	<p><b>SUBSEQUENT REPORT OF:</b></p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>OTHER: 1<sup>st</sup> Delivery, IP Test, &amp; Comgl Calculations <input checked="" type="checkbox"/></p>
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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 San Andres & Yeso oil well was 1<sup>st</sup> delivered on 5/6/13 with its IP Test on 5/17/13 for 10 BOPD, 20 MCF/D, & 105 BWPD.

The production allocations for these two pools were calculated using the production from the upper pool before the Yeso recompletion and the IP Test from the commingled pools as per DHC-4609. See attached calculations.

	<u>UPPER POOL (SA)</u>	<u>LOWER POOL (YESO)</u>
<b>OIL</b>	10%	90%
<b>GAS</b>	65%	35%

Spud Date: 5/30/06 Drilling Rig Release Date: 6/9/06

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 5/27/13

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

**For State Use Only**  
 APPROVED BY: [Signature] TITLE Dist # Supervisor DATE 5/29/2013

Conditions of Approval (if any):

LRE OPERATING, LLC  
 JEFFERS 36 STATE #4T  
 Red Lake; Glorieta-Yeso NE & Red Lake, Queen-Grayburg-San Andres  
 B Section 36 T17S R27E  
 5/26/2013  
 API#: 30-015-34626

## Commingled Allocation Calculations

On 4/24/13, the Yeso (lower zone) was completed and commingled with the San Andres (upper zone) as per DHC-4609. The production test on the San Andres before the commingle was 1 BOPD & 13 MCF/D. The commingled production test was taken on 5/17/13 for 10 BOPD & 20 MCF/D.

	Commingled Production	-	Upper Zone (SA)	=	Lower Zone (YESO)
Oil (bbls/d)	10	-	1	=	9
Gas (mcf/d)	20	-	13	=	7

### OIL

Upper Zone (SA) = 1 bopd  
 Total oil = 10 bopd  
 % Upper Zone =  $\frac{1}{10} = \underline{10\%}$

Lower Zone (Yeso) = 9 bopd  
 % Lower Zone =  $\frac{9}{10} = \underline{90\%}$

### GAS

Upper Zone (SA) = 13 mcf/d  
 Total gas = 20 mcf/d  
 % Upper Zone =  $\frac{13}{20} = \underline{65\%}$

Lower Zone (Yeso) = 7 mcf/d  
 % Lower Zone =  $\frac{7}{20} = \underline{35\%}$