

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

RECEIVED

AUG 12 2013

NMOOD ARTESIA

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.

30-015-39635

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

ARCO STATE

8. Well Number #1

9. OGRID Number 281994

10. Pool name or Wildcat

Empire, Glorieta-Yeso (96210)

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 L : 1650 feet from the SOUTH line and 530 feet from the WEST lineSection 24 Township 17-S Range 28-E NMPM Eddy County11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3705' 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 ☐OTHER: Payadd Workover ☒

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.

7/22/13: MIRUSU. TOH w/rods, pump, & tbg. (Existing Yeso perfs @ 4064'-5105'). Set 5-1/2" CBP @ 4030'. Failed PT. Set 5-1/2" RBP @ 4020' & PT RBP & 5-1/2" csg to 4000 psi-OK. Perfed additional Yeso @ 3740', 45', 50', 55', 60', 65', 70', 75', 80', 85', 90', 95', 3800', 05', 10', 15', 20', 25', 30', 35', 40', 45', 50', 55', 60', 65', 70', 75', 80', 85', 90', 95', 3900', 05', 10', 15', 20', 25', 30', 35', 40', 45', 50', 55', 60', 65', 70', 75', 80', 85', 90', 95', 4000', 05', 10' w/1-0.41" spf. Total 55 holes. On 8/3/13, treated new perfs w/3000 gal 15% HCL acid & 83 perf balls. Fraced w/76,974# Barry White & 20,617# resin coated 16/30 sand in 20# X-linked gel. CO after frac, retrieved RBP @ 4020' & drilled CBP @ 4030', & CO to PBTD5203'. On 8/6/13, landed 2-7/8" 6.5# J-55 tbg @ 4148'. Ran pump & rods. Released workover rig on 8/7/13.

Spud Date: 1/3/12

Drilling Rig Release Date: 1/12/12

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 8/8/13Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: R Wade TITLE Dist. B. Supervisor DATE 8/8/13

Conditions of Approval (if any):

QW