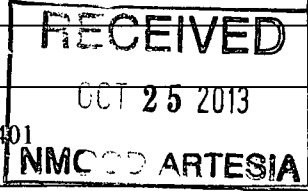


District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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.)		WELL API NO. 30-015-39996
1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐		5. Indicate Type of Lease STATE ☒ FEE ☐
2. Name of Operator LRE OPERATING, LLC		6. State Oil & Gas Lease No.
3. Address of Operator c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401		7. Lease Name or Unit Agreement Name ENRON STATE
4. Well Location Unit Letter <u>C</u> : <u>230</u> feet from the <u>North</u> line and <u>2420</u> feet from the <u>West</u> line Section <u>32</u> Township <u>17-S</u> Range <u>28-E</u> NMPM <u>Eddy</u> County		8. Well Number #17
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3703' GL		9. OGRID Number 281994
10. Pool name or Wildcat Artesia, Glorieta-Yeso (96830) Artesia, Queen-Grayburg-San Andres (3230)		



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 ☒
 CLOSED-LOOP SYSTEM ☒
 OTHER: Recomplete to San Andres & DHC ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ P AND A ☐
 CASING/CEMENT JOB ☐
 OTHER: ☐

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

LRE would like to recomplete into the San Andres & DHC with the existing Yeso as follows: MIRUSU. TOH w/rods, pump, & tbq. Set a CBP @ MD3380 (above existing Yeso perfs @ MD3430'-4097'). PT 5-1/2" csg & CBP to 3500 psi. Perf lower San Andres @ ~MD3000'-3311' w/ ~31 holes. Stimulate with ~3100 gal 15% HCL acid & frac w/ ~97,000# 16/30 sand in 25# X-linked gel.
 Set a 5-1/2" CBP @ ~MD2985' & PT csg & CBP to ~3500 psi. Perf middle San Andres @ ~MD2650'-2971' w/ ~33 holes. Stimulate with ~3200 gal 15% HCL acid & frac w/ ~102,000# 16/30 sand in 20# X-linked gel.
 Set a 5-1/2" CBP @ ~MD2610' & PT csg & CBP to ~3500; psi. Perf upper San Andres @ ~MD2268'-2575' w/ ~26 holes. Stimulate with ~3000 gal 15% HCL acid & frac w/ ~97,000# 16/30 sand in 20# X-linked gel.
 Set a 5-1/2" CBP @ ~MD2252' & PT csg & CBP to ~3500; psi. Perf upper San Andres @ ~MD1896'-2235' w/ ~26 holes. Stimulate with ~2000 gal 15% HCL acid & frac w/ ~60,000# 16/30 sand in 20# X-linked gel.
 CO after frac & drill out CBPs @ MD2252', 2610', 2985' & 3380' & CO to ~PBD @ 4193'. Land 2-7/8" production tbq @ ~MD4114'. Run pump & rods & release workover rig. Complete as a commingled Yeso / San Andres oil well. **Work will not start until the DHC application in Santa Fe is approved.** See the attached wellbore diagram.

Spud Date: 3/5/12 Drilling Rig Release Date: 3/12/12

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 10/22/13

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

For State Use Only

APPROVED BY: RDade TITLE SUPERVISOR DISTRICT II DATE 10/25/2013

Conditions of Approval (if any):

	County EDDY	Well Name Enron State #17	Field: Redlake; Glorieta-Yeso NE	Well Sketch: AFE# R13029 LRE Operating, LLC; San Andres Recompletion
	Surface Lat: 32.7971794°N	BH Lat: 32.7968194°N	Survey: S32-T17S-R28E Unit C	API # 30-015-39996
	Surface Long: 104.1979664°W	BH Long: 104.1984143°W	230' FNL & 2420' FWL	OGRID # 281994

Directional Data: KOP: 680 MD/TVD Max Dev.: 11.7 1472' MD 1464' TVD Dleg sev.: 3 1030' MD 1029' TVD Dev @ Perfs: 0.7 3798' MD 3782' TVD Ret to Vert: 2478' MD 2462' TVD		Tubular Data <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>Tubulars</th> <th>Size</th> <th>Weight</th> <th>Grade</th> <th>Thread</th> <th>TVD</th> <th>MD</th> <th>TOC</th> </tr> <tr> <td>Conductor</td> <td>14"</td> <td>55.5#</td> <td>B</td> <td>Weld</td> <td>40'</td> <td>40'</td> <td>SURF</td> </tr> <tr> <td>Surface</td> <td>8 5/8"</td> <td>24#</td> <td>J-55</td> <td>STC</td> <td>438'</td> <td>438'</td> <td>SURF</td> </tr> <tr> <td>Intermediate</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Production</td> <td>5 1/2"</td> <td>17#</td> <td>J-55</td> <td>LTC</td> <td>4,188'</td> <td>4,204'</td> <td>SURF</td> </tr> </table>		Tubulars	Size	Weight	Grade	Thread	TVD	MD	TOC	Conductor	14"	55.5#	B	Weld	40'	40'	SURF	Surface	8 5/8"	24#	J-55	STC	438'	438'	SURF	Intermediate								Production	5 1/2"	17#	J-55	LTC	4,188'	4,204'	SURF	Wellhead Data Type: _____ W/P: _____ Tree Cap: _____ Tbg Hanger: _____ 8TM Flange: _____ BPV Profile: _____ Elevations: GR - RKB = 13.4' GL: 3,702.5'	
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Drilling / Completion Fluid Drilling Fluid: 10.2 PPG Brine / Salt Gel Drilling Fluid: _____ Completion Fluid: 2% KCL Packer Fluid: NA	CEMENT DATA <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th></th> <th>L/sks</th> <th>Yld</th> <th>Wt</th> <th>T/sks</th> <th>Yld</th> <th>Wt</th> <th>XS</th> </tr> <tr> <td>Surface</td> <td>300</td> <td>1.34</td> <td>14.8</td> <td>NA</td> <td>NA</td> <td>NA</td> <td>155 sx</td> </tr> <tr> <td>Intermediate</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Production</td> <td>250</td> <td>1.903</td> <td>12.8</td> <td>360</td> <td>1.328</td> <td>14.8</td> <td>30 sx</td> </tr> </table>		L/sks	Yld	Wt	T/sks	Yld	Wt	XS	Surface	300	1.34	14.8	NA	NA	NA	155 sx	Intermediate								Production	250	1.903	12.8	360	1.328	14.8	30 sx
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Wellbore Sketch

Proposed 4 Stage San Andres Recompletion & Commingle with Yeso

DEPTHS (MD)/(TVD)	WELL INFO	PERFORATIONS from to	# of HOLES	DETAILS
0				
40'	20" Hole			14" Conductor Pipe
438'	12-1/4" Hole			8-5/8" Surf Csg Circ 104 sx Cmt to surf
680'	7-7/8" hole KOP			Kick off to 2"/100'
1193' / 1190'	Queen Formation			
1219' / 1215'	End Build			End Build - Start 11+ Tangent
1535' / 1525'	End Tangent - Start Drop			Drop - Start @ 3'/100'
1852' / 1838'	Premier Sand			Vert Sec = 165' (unorthodox sand top location)
2260' / 2244'	Middle San Andres			Vert Sec = 200' (standard sand top location)
2480' / 2464'	Return to Vertical			Return to vertical
2 7/8" tbg, TAC@1796', SN@4048', 4' slotted sub, 2 jt MA w BP@4114'				
	Stage #4: San Andres	1,896'	2,235'	26
				339' - 2000 g 15% HCL & 39 bio balls; 40,000 g 20# xlink gel, 46,500 # 16/30 Brady & 13,500 # 16/30 Resin
				1# - 4.5# @ 65 BPM
	Stage #3: San Andres	2,268'	2,575'	26
				307' - 3000 g 15% HCL & 39 bio balls; 58,000 g 20# xlink gel, 78,500 # 16/30 Brady & 18,000 # 16/30 Resin
				1# - 4.5# @ 65 BPM
	Stage #2: San Andres	2,650'	2,971'	33
				321' - 3200 g 15% HCL & 50 bio balls; 62,000 g 20 # xlink gel, 84,000 # 16/30 Brady & 18,000 # 16/30 Resin
				1# - 4.5# @ 65 BPM
	Stage #1: San Andres	3,000'	3,311'	31
				311' - 3100 g 15% HCL & 47 bio balls; 58,000 g 25# xlink gel, 78,500 # 16/30 Brady & 18,000 # 16/30 Resin
				1# - 4.5# @ 65 BPM
2869' / 2853'	Lower San Andres			
3356' / 3350'	Glorieta			
3430' / 3414'	Stage 3 Glorieta- U Yeso	3,430'	3,574'	31
	(3/23/2012)			
3461' / 3445'	Yeso (Paddock)			
3610' / 3594'	Lower Yeso (Blaineby)			
3660' / 3644'	Stage 2 L Yeso Frac	3,660'	3,839'	41
	(3/23/2012)			
3892' / 3876'	Stage 1 L Yeso Frac	3,892'	4,098'	41
	(3/23/2012)			
4194' / 4178'	PBTD			
4204' / 4188'	PROD CSG			

Comments: NM OCD CLP 0212577

Plug back Depth:	4178' TVD	4194' MD
Total Well Depth:	4199' TVD	4215' MD
Prepared By:	Date:	
Eric McClusky	16-Oct-13	