

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

RECEIVED  
FEB 18 2014  
State of New Mexico  
Energy, Minerals and Natural Resources  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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. 30-015-39638
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator <b>LRE OPERATING, LLC</b>		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 <b>ANTHONEY STATE</b>
4. Well Location Unit Letter <u>P</u> : <u>412</u> feet from the <u>South</u> line and <u>679</u> feet from the <u>East</u> line Section <u>30</u> Township <u>17-S</u> Range <u>28-E</u> NMPM <u>Eddy</u> County		8. Well Number <u>#3</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3645' GL		9. OGRID Number <u>281994</u>
		10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, Queen-Grayburg-San Andres (51300)

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>			
CLOSED-LOOP SYSTEM <input checked="" type="checkbox"/>			
OTHER: <u>Recomplete to San Andres &amp; DHC</u> <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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 @ MD3300 (above existing Yeso perfs @ MD3361'-4722'). PT 5-1/2" csg & CBP to 3500 psi. Perf lower San Andres @ ~MD3030'-3245' w/ ~41 holes. Stimulate with ~2200 gal 15% HCL acid & frac w/ ~91,000# 16/30 sand in 25# X-linked gel.  
Set a 5-1/2" CBP @ ~MD3010' & PT csg & CBP to ~3500 psi. Perf middle San Andres @ ~MD2640'-2979' w/ ~38 holes. Stimulate with ~3400 gal 15% HCL acid & frac w/ ~113,000# 16/30 sand in 20# X-linked gel.  
Set a 5-1/2" CBP @ ~MD2615' & PT csg & CBP to ~3500; psi. Perf upper San Andres @ ~MD2232'-2591' w/ ~37 holes. Stimulate with ~3600 gal 15% HCL acid & frac w/ ~120,000# 16/30 sand in 20# X-linked gel.  
Set a 5-1/2" CBP @ ~MD2140' & PT csg & CBP to ~3500; psi. Perf upper San Andres @ ~MD1806'-2077' w/ ~28 holes. Stimulate with ~2000 gal 15% HCL acid & frac w/ ~54,000# 16/30 sand in 20# X-linked gel.  
CO after frac & drill out CBPs @ MD2140', 2615', 3010 & 3300' & CO to ~PBD @ 4989'. Land 2-7/8" production tbq @ ~MD4818'. 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: 2/21/12 Drilling Rig Release Date: 3/2/12

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 2/15/14

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

**For State Use Only**

APPROVED BY: Dr. Wade TITLE Dr. Wade DATE 2/19/14

Conditions of Approval (if any):

**District I**

1625 N. French Dr., Hobbs, NM 88240

**District II**

1301 W. Grand Avenue, Artesia, NM 88210

**District III**

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**District IV**

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FEB 18 2014

**NMOC D ARTESIA**

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

**AS DRILLED**☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-015-39638	<sup>2</sup> Pool Code 51300	<sup>3</sup> Pool Name Red Lake, Queen, Grayburg, San Andres
<sup>4</sup> Property Code 310037	<sup>5</sup> Property Name ANTHONEY STATE	<sup>6</sup> Well Number 3
<sup>7</sup> OGRID No. 281994	<sup>8</sup> Operator Name LRE OPERATING, LLC.	<sup>9</sup> Elevation 3645' GL

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	30	17-S	28-E		412	SOUTH	679	EAST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	30	17-S	28-E		356	SOUTH	346	EAST	EDDY

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<div style="text-align: center; font-size: 2em;">30</div> <div style="text-align: center;"> <p><b>BOTTOM HOLE AS DRILLED</b></p> <p><b>SURFACE</b></p> </div>	<sup>17</sup> <b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <div style="text-align: right;"> </div> <div style="text-align: right;">2/15/14</div> <div style="text-align: right;">Date</div> <div style="text-align: right;">Signature</div> <div style="text-align: right;">Mike Pippin</div> <div style="text-align: right;">Printed Name</div>
	<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. <div style="text-align: right;">9/2/11</div> <div style="text-align: right;">Date of Survey</div> <div style="text-align: right;">Signature and Seal of Professional Surveyor:</div> <div style="text-align: right;">Gary Eidson</div> <div style="text-align: right;">12641</div> <div style="text-align: right;">Certificate Number</div>



County	EDDY	Well Name	Anthony State #3	Field:	Redlake; Glorieta-Yeso NE	Well Sketch:	LRE Operating, LLC - Yeso
Surface Lat:	32.798867°N	BH Lat:	55.72° S SHL	Survey:	Sec. 30, T17S-R28E	API #	30-015-39638
Surface Long:	104.208116°W	BH Long:	332.6° E SHL		412° FSL & 679° FEL	OGRID #	281994

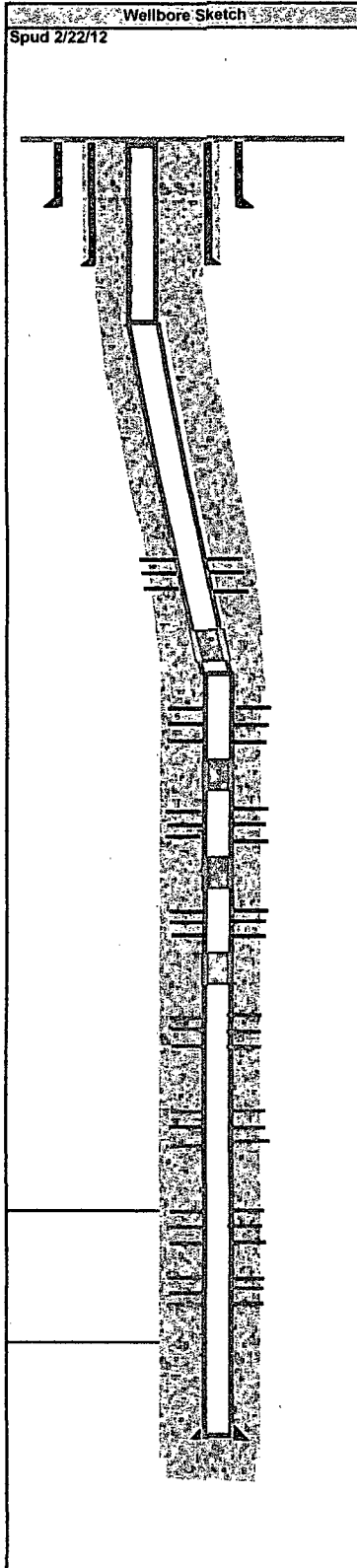
Directional Data:			
KOP	525'	MD/TVD	
Max Dev.:	16.7	1312' MD 1296' TVD	
Dleg sev:	4.89	2162' MD 2123' TVD	
Dev @ Perfs	0.6	4486' MD 4447' TVD	
Ret to Vert:	2350'	MD 2311' TVD	

Tubular Data:							
Tubulars	Size	Weight	Grade	Thread	TVD	MD	TOC
Conductor	14"	55.5#	B	Weld	40'	40'	-
Surface	8 5/8"	24#	J-55	STC	466'	466'	SURF
Intermediate							
Production	5 1/2"	17#	J-55	LTC	4,996'	5,036'	SURF
Liner							

Wellhead Data:	
Type:	
WP:	
Tree Cap	Flange:
	Thread:
Tbg Hanger:	
BTM Flange:	
BPV Profile:	NA
Elevations:	GR - RKB = 13.4'
RKB:	3658.4
GL:	3,645.0'

Drilling / Completion Fluid:	
Drilling Fluid:	10 PPG Brine / Salt Gel
Drilling Fluid:	
Completion Fluid:	2% KCL
Completion Fluid:	
Packer Fluid:	NA

CEMENT DATA							
	Usks	Yld	Wt	T/sks	Yld	Wt	XS
Surface	315	1.33	14.8	NA	NA	NA	104 sx
Intermediate							
Liner							
Production	350	1.903	12.8	550	1.328	14.8	125 sx



Completion Information						
DEPTHS (MD)/(TVD)	WELL INFO	PERFORATIONS			# of HOLES	DETAILS
		from		to		
0						
40'	20" Hole					14" Conductor Pipe
466'	12-1/4" Hole					8-5/8" Surf Csg Circ 104 sx Cmt to surf
525'	7-7/8" hole KOP					Kick off to 3"/100'
1155' / 1145'	End Build					End Build - Start 16" Tangent
1721' / 1690'	End Tangent - Start Drop					Drop - Start @ 3"/100'
1818' / 1784'	Premier Sand					
2201' / 2162'	Middle San Andres					
2350' / 2310'	Return to Vertical					Return to vertical
2810' / 2771'	Lower San Andres					
	Stage 4 San Andres	1,806'		2,076'	28	270' - See Frac Design
2,140'	Composite Bridge Plug					CBP to isolate Stage 3 & 4
	Stage 3 San Andres	2,232'		2,590'	38	358' - See Frac Design
2,615'	Composite Bridge Plug					CBP to isolate Stage 2 & 3
	Stage 2 San Andres	2,640'		2,978'	38	338' - See Frac Design
3010'	Composite Bridge Plug					CBP to isolate Stage 1 & 2
	Stage 1 San Andres	3,030'		3,244'	41	214' - See Frac Design
3300'	Composite Bridge Plug					CBP to isolate Yeso & San Andres
3270' / 3231'	Glorieta					
3361' / 3322'	Stage 4 Glorieta- U Yeso	3,361'		3,659'	60	298' Stg 4 (1 spf, 0.41" EHD or better, >31" Pen)
3384' / 3345'	Lower Yeso (Paddock)					See Frac Designs for volume and lbs proppant
3723' / 3684'	Lower Yeso (Blinebry)					
3726' / 3687'	Stage 3 L Yeso Frac	3726'		4,015'	44	
						289' Stg 3 (1 SPF, 0.41" EHD or better, >31" pen)
						See Frac Design for volume and lbs proppant
4095' / 4056'	Stage 2 L Yeso Frac	4095'		4,373'	44	279' Stg 2 (1&2 SPF, 0.41" EHD or better, >31" pen), See frac design for details
4485' / 4446'	Stage 1 L Yeso Frac	4,485'		4,723'	42'	238' Stg 1 (2 SPF, 0.41" EHD or better, >31" pen)
						See frac design for volume and lbs proppant
4790' / 4751'	Tubb					
4993' / 4954'	PBTD					5-1/2" Float Collar
5036' / 4997'	PROD CSG					5-1/2" Prod Csg. Circ 125 SX Cmt to Surf
Comments: NM OCD CLP 0212180					Plug back Depth:	4954' TVD 4993' MD
					Total Well Depth:	5000' TVD 5039' MD
					Prepared By:	Date:
					Eric McClusky	10-Feb-14