

Submit 1 Copy To Appropriate District
Office
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

Form C-103
Revised July 18, 2013

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

WELL API NO. 30-015-38511
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 STALEY STATE
8. Well Number #15
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, Queen-Grayburg-San Andres (51300)

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 J : 1746 feet from the South line and 1896 feet from the East line
Section 30 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3606' 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 ☐
CLOSED-LOOP SYSTEM ☒
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: 1st Delivery & Pool Allocations ☒

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.

This well was originally completed in the Yeso on 5/25/11 (3300'-4600'). On 3/15/14, this well was recompleted from the Yeso to the San Andres (1732'-3124') & downhole commingled with the Yeso as per order DHC-4609-Q. Before the recompletion, on February 25, 2014, the lower zone (Yeso) tested for 11 BOPD, 66 MCF/D. Following the workover the two commingled intervals 1st Delivered on 3/23/14 & IP Tested on 5/4/14 for 29 BOPD, 38 MCF/D. The pool allocations are as follows:

	Upper Zone (San Andres)	Lower Zone (Yeso)
OIL:	62%	38%
GAS:	0%	100%

See the attached calculations.

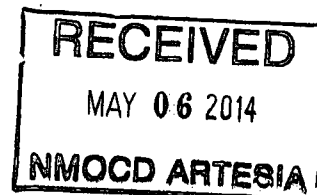
Spud Date: 4/26/11 Drilling Rig Release Date: 5/9/11

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 5/5/14
Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: RDade TITLE Asst P Supervisor DATE 5/12/14
Conditions of Approval (if any):



LRE OPERATING, LLC
STALEY STATE #15
Red Lake, Glorieta-Yeso NE & Red Lake, Queen, Grayburg, San Andres
J Section 30 T17S R28E
5/5/2014 – Mike Pippin
API#: 30-015-38511

Commingle Allocation Calculations

This well was originally completed in the Yeso on 5/25/11. On 3/15/14, this well was recompleted from the Yeso to the San Andres (1732'-3124') & downhole commingled with the Yeso as per order ART-4609-Q. Before the recompletion, on February 25, 2014, the lower zone (Yeso) tested for 11 BOPD, 66 MCF/D from Yeso perfs 3300'-4600'.

Following the workover the two commingled intervals tested on 5/4/14 for 29 BOPD, 38 MCF/D.

Therefore, the oil from the upper zone (San Andres) should be: $29 - 11 = \underline{18 \text{ BOPD}}$.
The gas from the upper zone (San Andres) should be $38 - 66 = \underline{0 \text{ MCF/D}}$.

RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{11}{29} = \underline{38\%}$$

$$\% \text{ Upper Zone} = \frac{18}{29} = \underline{62\%}$$

RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \underline{100\%}$$

$$\% \text{ Upper Zone} = \underline{0\%}$$