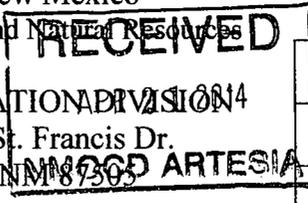


Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., 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. 80-015-40338
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 #16
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, Queen-Grayburg-San Andres Ext. (51300)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3626' 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 O : 890 feet from the South line and 2310 feet from the East line
 Section 30 Township 17-S Range 28-E NMPM Eddy County

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- DOWNHOLE COMMINGLE
- CLOSED-LOOP SYSTEM
- OTHER: Recomplete to San Andres

SUBSEQUENT REPORT OF:

- REMEDIAL WORK
- COMMENCE DRILLING OPNS.
- 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 Operating, LLC would like to recomplete this Yeso oil well to the San Andres as follows: MIRUSU. TOH w/rods, pump, & tbg. Set a 5-1/2" CBP @ ~3200' & PT to ~3500 psi. (Existing Yeso perms are @ 3290'-4624'). Perf lower SA @ ~2810'-3121' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~253,500# 40/70 Ottawa sand in slick water.
 Set a 5-1/2" CBP @ ~2700' & PT to ~3500 psi. Perf lower SA @ ~2300'-2601' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~253,500# 40/70 Ottawa sand in slick water.
 CO after frac, drill out CBP @ 2700', & CO to CBP @ 3200'. Land ESP on 2-7/8" 6/5# J-55 tbg @ ~2100' & test lower 2 SA zones.
 After testing is complete, TOH w/tbg & ESP. Set a 5-1/2" CBP @ ~2275' & PT to ~3500 psi. Perf upper SA @ ~2068'-2251' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~18,000# 100 mesh & ~152,100# 40/70 Ottawa sand in slick water.
 Set a 5-1/2" CBP @ ~2000' & PT to ~3500 psi. Perf upper SA @ ~1731'-1963' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~22,500# 100 mesh & ~190,125# 40/70 Ottawa sand in slick water.
 CO after frac & drill out CBPs @ 2000', & 2275' & CO to CBP @ 3200'. Land ESP on 2-7/8" 6/5# J-55 tbg @ ~1600' & test all 4 SA zones. Release workover rig. Complete as a single San Andres oil well. See the attached proposed wellbore diagram.
 Following the SA production test, the CBP @ 3200' will be drilled out & the well DHC with the Yeso perms. **These two oil pools have a blanket DHC order (19.15.12.11E).**

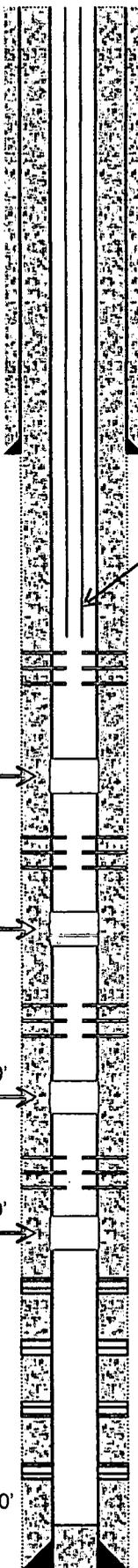
Spud Date: 7/17/12 Drilling Rig Release Date: 7/23/12

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 4/18/14
 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. H. Spawron DATE 5/12/14
 Conditions of Approval (if any):

GEOLOGY	
Zone	Top
Queen	1,073'
Grayburg	1,450'
San Andres	1,798'
Glorieta	3,208'
Paddock/ Upper Yeso	3,315'
Tubb	4,686'

Spud
7/17/12



8-5/8", 24#, J-55, ST&C Casing @ 437', cemented w
400 sks - Circulated 263 sx to surface. (7/18/12)

2-7/8"; 6.5#, J-55 Tubing with ESP and pump intake at 1600'

San Andres Perfs: 1731'-1963', 30 holes Stim Info: 1500 g 15% HCL, 15,393 bbls fresh water, 22,500 #s 100 Mesh, 190,125 #s 40/70 Ottawa

CBP at 2000'

San Andres Perfs: 2068'-2251', 30 holes Stim Info: 1500 g 15% HCL, 12,286 bbls fresh water, 18,000 #s 100 Mesh, 152,100 #s 40/70 Ottawa

CBP at 2275'

San Andres Perfs: 2300'-2601', 30 holes Stim Info: 1500 g 15% HCL, 20,476 bbls fresh water, 30,000 #s 100 Mesh, 253,500 #s 40/70 Ottawa

CBP at 2700'

San Andres Perfs: 2810'-3121', 30 holes Stim Info: 1500 g 15% HCL, 20,476 bbls fresh water, 30,000 #s 100 Mesh, 253,500 #s 40/70 Ottawa

CBP at 3200'

Yeso Perfs: 3,290' – 3,526' (1 SPF – 39 holes) Stim Info: 3,024 g 7.5% HCL & 69 bio balls; 52,845 g 20# gel, 77,891 # 16/30 Brady, 14,967 # 16/30 Resin (7/27/12)

Yeso Perfs: 3,585' – 3,904' (1 SPF – 46 holes) Stim Info: 3,024 g 7.5% HCL & 69 bio balls; 52,845 g 20# gel, 77,891 # 16/30 Brady, 14,967 # 16/30 Resin (7/27/12)

Yeso Perfs: 3,960' – 4,267' (1 SPF – 51 holes) Stim Info: 2,000 g 7.5% HCL & 77 bio balls; 54,042 g 20# gel, 68,627 # 16/30 Brady, 14,912 # 16/30 Resin (7/27/12)

Yeso Perfs: 4,336' – 4,625' (1 SPF – 46 holes) Stim Info: 2,000 g 7.5% HCL & 72 bio balls; 49,753 g 20# gel, 59,919 # 16/30 Brady, 13,300 # 16/30 Resin (7/27/12)

PBDT @ 4,800'

5-1/2"; 17#, J-55, ST&C Casing @ 4,815'. Cemented w
825 sks. Circulated 133 sx to surface. (7/22/2012)

TD @ 4,815'

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

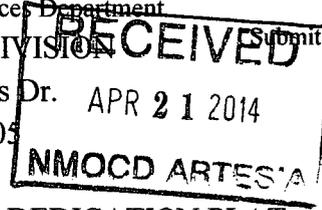
District II
1301 W. Grand Avenue, Artesia, NM 88210

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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
 AMENDED REPORT



WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-40338	² Pool Code 51300	³ Pool Name Red Lake, Queen-Grayburg-San Andres
⁴ Property Code 309840	⁵ Property Name STALEY STATE	
⁷ OGRID No. 281994	⁸ Operator Name LRE OPERATING, LLC.	⁶ Well Number 16
⁹ Elevation 3626' GL		

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	30	17-S	28-E		890	SOUTH	2310	EAST	EDDY

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

30	890'	2310'	<p>¹⁷ OPERATOR CERTIFICATION <i>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.</i></p> <p>Signature: <u>Mike Pippin</u> Date: 4/18/14</p> <p>Printed Name: <u>Mike Pippin</u></p>
	<p>¹⁸ SURVEYOR CERTIFICATION <i>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.</i></p> <p>5/24/12</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Filmon F. Jaramillo</p>		
	<p>12797</p> <p>Certificate Number</p>		