

Submit 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

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. 30-015-37673
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>STALEY STATE</b>
4. Well Location Unit Letter <u>N</u> : <u>330</u> feet from the <u>South</u> line and <u>1650</u> feet from the <u>West</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>#12</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3633' 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:

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 ☐

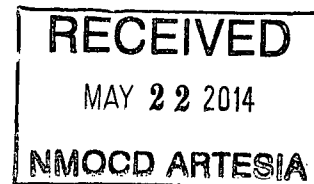
OTHER: 1<sup>st</sup> Delivery Commingled & Pool Allocations ☒

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 (3623'-4598') on 7/7/10. On 8/3/13, this well was recompleted from the Yeso to the San Andres (1954'-3122') & downhole commingled with the Yeso as per order DHC-4609-I. Before the recompletion, on 6/22/14, the lower zone (Yeso) tested for 10 BOPD, 73 MCF/D. Following the workover the two commingled intervals 1<sup>st</sup> Delivered on 5/14/14 & IP Tested on 5/18/14 for 36 BOPD, 129 MCF/D. The pool allocations are as follows:

	Upper Zone (San Andres)	Lower Zone (Yeso)
OIL:	72%	28%
GAS:	43%	57%

See the attached calculations.



Spud Date: 5/24/10 Drilling Rig Release Date: 6/12/10

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 5/20/14

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

APPROVED BY: APDach TITLE Dist. H. Spewison DATE 5/22/14  
Conditions of Approval (if any):

LRE OPERATING, LLC  
**STALEY STATE #12**  
Red Lake; Glorieta-Yeso NE & Red Lake, Queen, Grayburg, San Andres  
N Section 30 T17S R28E  
5/20/2014 – Mike Pippin  
API#: 30-015-37673

## Commingle Allocation Calculations

This well was originally completed in the Yeso (3623'-4598') on 7/7/10. On 8/3/13, this well was recompleted from the Yeso to the San Andres (1954'-3122') & on 5/8/14 downhole commingled with the Yeso as per order ART-4609-I. Before the recompletion, on 6/22/14, the lower zone (Yeso) tested for **10 BOPD, 73 MCF/D**.

Following the workover the two commingled intervals tested on 5/18/14 for **36 BOPD, 129 MCF/D**.

Therefore, the oil from the upper zone (San Andres) should be:  $36 - 10 = \underline{26 \text{ BOPD}}$ .  
The gas from the upper zone (San Andres) should be  $129 - 73 = \underline{56 \text{ MCF/D}}$ .

### RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{10}{36} = \underline{28\%}$$

$$\% \text{ Upper Zone} = \frac{26}{36} = \underline{72\%}$$

### RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \frac{73}{129} = \underline{57\%}$$

$$\% \text{ Upper Zone} = \frac{56}{129} = \underline{43\%}$$