

Submit To Appropriate District Office
Two Copies
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 and Natural Resources

Form C-105
July 17, 2008.

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

1. WELL API NO.
30-015-42162
2. Type of Lease
 STATE FEE FED/INDIAN
3. State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

4. Reason for filing:
 COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only)
 C-144 CLOSURE ATTACHMENT (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33; attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC)

5. Lease Name or Unit Agreement Name
KERSEY STATE
6. Well Number: #7

NM OIL CONSERVATION

ARTESIA DISTRICT

7. Type of Completion:
 NEW WELL WORKOVER DEEPENING PLUGBACK DIFFERENT RESERVOIR OTHER

9. OGRID: 281994 **OCT 31 2014**

8. Name of Operator: **LRE OPERATING, LLC**

11. Pool name or Wildcat:
Artesia, Glorieta Yeso (96830) **RECEIVED**

10. Address of Operator: c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401

| 12. Location | Unit Ltr | Section | Township | Range | Lot | Feet from the | N/S Line | Feet from the | E/W Line | County |
|--------------|----------|---------|----------|-------|-----|---------------|----------|---------------|----------|--------|
| Surface: | P | 32 | 17-S | 28-E | | 400 | South | 330 | East | Eddy |
| BH: | | | | | | | | | | |

| | | | | |
|---|---------------------------------------|---|---|---|
| 13. Date Spudded 9/16/14 | 14. Date T.D. Reached 9/20/14 | 15. Date Drilling Rig Released 9/21/14 | 16. Date Completed (Ready to Produce) 10/29/14 | 17. Elevations (DF and RKB, RT, GR, etc.): 3664' GR |
| 18. Total Measured Depth of Well 5100' | 19. Plug Back Measured Depth 5090' | 20. Was Directional Survey Made? Yes | 21. Type Electric and Other Logs Run Casing Hole Neutron | |

22. Producing Interval(s), of this completion - Top, Bottom, Name
3755'-3980' - Yeso, 4026'-4300' - Yeso, 4396'-4740' - Yeso

CASING RECORD (Report all strings set in well)

| CASING SIZE | WEIGHT LB./FT. | DEPTH SET | HOLE SIZE | CEMENTING RECORD | AMOUNT PULLED |
|-------------|----------------|-----------|-----------|----------------------------------|---------------|
| 8-5/8" | 24# J-55 | 462' | 11" | 250 sx CI C | 0' |
| 5-1/2" | 17# J-55 | 5094' | 7-7/8" | 300 sx 35/65 Poz/C + 650 sx C | 0' |

LINER RECORD

TUBING RECORD

| SIZE | TOP | BOTTOM | SACKS CEMENT | SCREEN | SIZE | DEPTH SET | PACKER SET |
|------|-----|--------|--------------|--------|--------|-----------|------------|
| | | | | | 2-7/8" | 3557' | |

26. Perforation record (interval, size, and number)
Yeso: 3755'-3980', 34-0.41" holes
Yeso: 4026'-4300', 28-0.41" holes
Yeso: 4396'-4740', 32-0.41" holes

| 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. | |
|---|---|
| DEPTH INTERVAL | AMOUNT AND KIND MATERIAL USED |
| 3755'-3980' | 1590 gals 7.5% HCL; fraced w/15,792# 100 mesh & 128,542# 40/70 Wisconsin sand in slick water. |
| 4026'-4300' | 1664 gals 7.5% HCL; fraced w/18,282# 100 mesh & 153,274# 40/70 Wisconsin sand in slick water. |
| 4396'-4740' | 1572 gals 7.5% HCL; fraced w/23,043# 100 mesh & 189,604# 40/70 Wisconsin sand in slick water. |

28. PRODUCTION

| | | | | | | | |
|--------------------------------|-----------------|--|----------------------------|-----------|--------------|---|-----------------|
| Date First Production READY | | Production Method (Flowing, gas lift, pumping - Size and type pump) Pumping | | | | Well Status (Prod. or Shut-in) Pumping | |
| Date of Test Within 30 days | Hours Tested | Choke Size | Prod'n For Test Period: | Oil - Bbl | Gas - MCF | Water - Bbl. | Gas - Oil Ratio |
| Flow Tubing Press. | Casing Pressure | Calculated 24- Hour Rate | Oil - Bbl. | Gas - MCF | Water - Bbl. | Oil Gravity - API - (Corr.) | |

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
To Be Sold

30. Test Witnessed By:
Jerry Smith

31. List Attachments

32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.

33. If an on-site burial was used at the well, report the exact location of the on-site burial:

Latitude Longitude NAD 1927 1983

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature *Mike Pippin* Printed Name Mike Pippin Title: Petroleum Engineer Date: 10/29/14

E-mail Address: mppippin@pennwest.com

INSTRUCTIONS

KERSEY STATE #7 -- New Well

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, this shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 11, 12 and 26-31 shall be reported for each zone.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

| Southeastern New Mexico | | Northwestern New Mexico | |
|-------------------------|------------------|-------------------------|------------------|
| T. Anhy | T. Canyon | T. Ojo Alamo | T. Penn A" |
| T. Salt | T. Strawn | T. Kirtland | T. Penn. "B" |
| B. Salt | T. Atoka | T. Fruitland | T. Penn. "C" |
| T. Yates 399' | T. Miss. | T. Pictured Cliffs | T. Penn. "D" |
| T. 7 Rivers 662' | T. Devonian | T. Cliff House | T. Leadville |
| T. Queen 1258' | T. Silurian | T. Menefee | T. Madison |
| T. Grayburg 1715' | T. Montoya | T. Point Lookout | T. Elbert |
| M. San Andres 2045' | T. Simpson | T. Mancos | T. McCracken |
| T. Glorieta 3547' | T. McKee | T. Gallup | T. Ignacio Otzte |
| T. Yeso 3680' | T. Ellenburger | Base Greenhorn | T. Granite |
| T. Blinebry | T. Gr. Wash | T. Dakota | |
| T. Tubb | T. Delaware Sand | T. Morrison | |
| T. Drinkard | T. Bone Springs | T. Todilto | |
| T. Abo | T. | T. Entrada | |
| T. Wolfcamp | T. | T. Wingate | |
| T. Penn | T. | T. Chinle | |
| T. Cisco (Bough C) | T. | T. Permian | |

OIL OR GAS SANDS OR ZONES

No. 1, from.....to..... No. 3, from.....to.....
 No. 2, from.....to..... No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to..... feet.....
 No. 2, from.....to..... feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

| From | To | Thickness In Feet | Lithology | From | To | Thickness In Feet | Lithology |
|------|----|----------------------|-------------|------|----|----------------------|-----------|
| | | | - On File - | | | | |

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