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

NM OIL CONSERVATION
ARTESIA DISTRICT
JAN 26 2015
RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised July 18, 2013

WELL API NO. 30-015-40338	
5. Indicate Type of Lease STATE ☒ FEE ☐	
6. State Oil & Gas Lease No.	
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.)	7. Lease Name or Unit Agreement Name **STALEY STATE**
1. Type of Well: Oil Well ☒ Gas Well ☐ Other	8. Well Number **#16**
2. Name of Operator **LRE OPERATING. LLC**	9. OGRID Number 281994
3. Address of Operator c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401	10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, Queen-Grayburg-San Andres Ext. (51300)
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	
	11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3626' GL

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
CLOSED-LOOP SYSTEM	☒						
OTHER:	☐			OTHER: 1st Delivery & IP Test DHC	☒		

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.

On 1/5/15, the well was recompleted to the San Andres (upper zone), & DHC with the Yeso as per order ART-4609-S. The last Yeso production test on 5/12/14 was 14 BOPD, 47 MCF/D, & 41 BWPD. Following this well's recompletion to San Andres & DHC with the Yeso, it 1st Delivered gas on 1/7/15 and oil on 1/8/15 with its IP Test on 1/18/15 for 25 BOPD, 50 MCF/D, & 200 BWPD. The attached calculations reflect the following pool allocations:

	OIL	GAS	WATER
SAN ANDRES	44%	6%	80%
YESO	56%	94%	20%

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 1/21/15

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

For State Use Only

APPROVED BY: A Dade TITLE Dist II Supervisor DATE 2/4/2015

Conditions of Approval (if any):

LRE OPERATING, LLC
STALEY STATE #16
Red Lake; Glorieta-Yeso NE & Red Lake, Queen-Grayburg-San Andres
O Section 30 T17S R28E
1/21/2015
API#: 30-015-40338

Commingle Allocation Calculations

On 8/1/12, the Yeso (lower zone), 3290'-4624', was completed as a new well. On 1/5/15, the well was recompleted to the San Andres(upper zone), 1732'-3120', & DHC as per order ART-4609-S. The last Yeso production test on 5/12/14 was 14 BOPD, 47 MCF/D, & 41 BWPD. After the recompletion & DHC the well tested on 1/18/15 for 25 BOPD, 50 MCF/D, & 200 BWPD.

	DHC (SA+YESO)	-	Lower Zone (YESO)	=	Upper Zone (SA)
Total Oil (bbls/d)	25	-	14	=	11
Total Gas (mcf/d)	50	-	47	=	3
Total Water (bbls)	200	-	41	=	159

OIL

Upper Zone (SA) = 11 BOPD
Total oil = 25 BOPD
% Upper Zone = 11 / 25 = **44%**

Lower Zone (Yeso) = 14 BOPD
% Lower Zone = 14 / 25 = **56%**

GAS

Upper Zone (SA) = 3 MCF/D
Total gas = 3 MCF/D
% Upper Zone = 3 / 50 = **6%**

Lower Zone (Yeso) = 47 MCF/D
% Lower Zone = 47 / 50 = **94%**

WATER

Upper Zone (SA) = 159 BWPD
Total water = 200 BWPD
% Upper Zone = 159 / 200 = **80%**

Lower Zone (Yeso) = 41 BWPD
% Lower Zone = 41 / 200 = **20%**