

Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

87505

Energy, Minerals and Natural Resources

NM OIL CONSERVATION

ARTESIA DISTRICT

OIL CONSERVATION DIVISION

FEB 23 2015

1220 South St. Francis Dr.

Santa Fe, NM 87505

RECEIVED

June 19, 2008

WELL API NO. 30-015-37693
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 KERSEY STATE
8. Well Number #5
9. OGRID Number 281994
10. Pool name or Wildcat Artesia, Glorieta-Yeso (96830) Artesia, Queen-Grayburg-San Andres (3230)

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 I : 2310 feet from the NORTH line and 890 feet from the EAST line
Section 32 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3683' 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: Recomplete to San Andres & DHC ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ P AND A ☐
 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 1103. 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 & DHC as follows: MIRUSU. TOH w/rods, pump, & tbg. Set a 5-1/2" CBP @ ~3500' & PT to ~3500 psi. (Existing Yeso perms are @ 3540'-4988'). Perf lower San Andres @ ~3110'-3386' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~257,040# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~3070' & PT to ~3500 psi. Perf San Andres @ ~2736'-3031' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~257,040# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~2700' & PT to ~3500 psi. Perf upper San Andres @ ~2308'-2658' w/~34 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~257,040# 40/70 Ottawa sand in slick water.

CO after frac & drill out CBPs @ 2700' & 3070', & CO to CBP @ 3500'. Land 2-7/8" 6.5#J-55 production tbg @ ~3385'. Run pump & rods. Release workover rig. Complete as a single San Andres oil well. See the attached proposed wellbore diagram. Following a test of the San Andres alone and the approval of the DHC application in Santa Fe, the CBP @ 3500' will be removed & the well DHC.

Spud Date: 11/6/10

Drilling Rig Release Date: 11/22/10

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 2/20/15
 Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: Dr. J. D. Spewer TITLE Dr. J. D. Spewer DATE 2/26/15
 Conditions of Approval (if any):

**LRE Operating LLC,
Kersey State # 5
San Andres Recompletion
AFE # R15009**

**Kersey State #5
Sec 32-17S-28E (NW of I)
2310' FSL, 890' FEL
Elevation – 3,683' GR
API #: 30-015-37693
Eddy County, NM**

8-5/8", 24#,
J-55, ST&C
Casing @
458'.
Circulated
157 sx cmt
to surface.
11/8/2010

2-7/8"; 6.5#, J-55 Tubing, TAC at 2208', SN at 3350', 4' slotted sub,
1 jt MA w BP at 3385'. T-couplings, 1" KD pony set, 87- 1" KD, 43-
7/8" KD, 4- 1.5" kbars, 2.5"x2"x20' RHBC-HVR pump, 76" SL at 9
SPM.

CBP at 2700'

San Andres Perfs: 2308'-2658'
34 holes

Stim Info: 1500 g 15% HCL, 8,100 bbls
water, 30,000 #'s 100 Mesh, 257,040 #'s
40/70 Ottawa, 80+ BPM

CBP at 3070'

San Andres Perfs: 2736'-3031'
30 holes

Stim Info: 1500 g 15% HCL, 8,100 bbls water,
30,000 #'s 100 Mesh, 257,040 #'s 40/70
Ottawa, 80+ BPM

CBP at 3500'

San Andres Perfs: 3110'-3386'
30 holes

Stim Info: 1500 g 15% HCL, 8,100 bbls
water, 30,000 #'s 100 Mesh, 257,040 #'s
40/70 Ottawa, 80+ BPM

GL/Yeso Perfs: 3540'-3755 - 28 holes @
1 spf then 3764-3810 @ 2
12/1/11 spf all 0.41 EHD & 29" pen

STIM INFO: 2646 gals 15% NEFE; fraced
w/128,000# 16/30 Brady & 29,000# 16/30 Resin
sand in 25# X-linked gel

Yeso Perfs: 3875'-4158', 42 holes
12/29/2010

STIM INFO: 3486 gals 15% NEFE; fraced w/177,460# 16/30 &
49,690# 20/40 Super LC sand in 25# X-linked gel

Yeso Perfs: 4255'-4547', 44 holes
12/30/2010

STIM INFO: 3422 gals 15% NEFE; fraced w/130,390# 16/30 &
38,488# 20/40 Super LC sand in 25# X-linked gel

Yeso Perfs: 4599'-4988', 50 holes
12/31/2010

STIM INFO: 4158 gals 15% NEFE; fraced w/153,484# 16/30 &
46,053# 20/40 Super LC sand in 25# X-linked gel

PBTD @ 5,047'

5-1/2"; 17#, J-55; ST&C Casing 5,089'. Circulated cmt
to surface. (11/22/2010)

TD @ 5,106'

GEOLOGY

Zone	Top
Queen	1,218'
Grayburg	
San Andres	1,967'
Glorieta	3,433'
Yeso	3,598'
Tubb	4,915'

SURVEYS

Degrees	Depth
1/4°	446'
1/2°	1,007'
1/2°	1,512'
3/4°	2,017'
1°	2,490'
3/4°	2,996'
1°	3,495'
1-1/2°	4,495'

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

NM OIL CONSERVATION

ARTESIA DISTRICT

Form C-102

Revised October 12, 2005

FEB 23 2015

Submitted to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

RECEIVED☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

¹ API Number 30-015-37693	² Pool Code 3230	³ Pool Name Artesia, Queen-Grayburg-San Andres
⁴ Property Code 309886	⁵ Property Name KERSEY STATE	⁶ Well Number 5
⁷ OGRID No. 281994	⁸ Operator Name LRE OPERATING, LLC.	⁹ Elevation 3683' GL

¹⁰ Surface Location

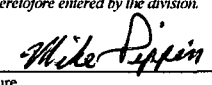
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	32	17-S	28-E		2310	SOUTH	890	EAST	EDDY

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.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

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.

<div style="text-align: center; font-size: 2em;">32</div>				<div style="text-align: center;">890'</div>	<div style="text-align: center;">2310'</div>	¹⁷ OPERATOR CERTIFICATION 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. <div style="text-align: right;">  2/20/15 Signature Date </div> <div> Mike Pippin Printed Name </div>
						¹⁸ SURVEYOR CERTIFICATION 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. 2/1/10 Date of Survey Signature and Seal of Professional Surveyor: Gary G. Eidson 12641 Certificate Number