

Office

Revised July 18, 2013

District I - (575) 393-6181 NM OIL CONSERVATION DIVISION, Minerals and Natural Resources

1625 N. French Dr., Hobbs, NM 88241 DISTRICT

District II - (575) 748-1283

811 S. First St., Artesia, NM 88201

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

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

RECEIVED

WELL API NO.

30-015-40983

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

STALEY STATE

8. Well Number #20

9. OGRID Number 281994

10. Pool name or Wildcat

Red Lake, Glorieta-Yeso NE (96836)

Red Lake, Queen-Grayburg-San Andres (51300)

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 : 330 feet from the South line and 1650 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.)

3648' 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: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P-AND A ☐CASING/CEMENT JOB ☐OTHER: Recompleted to San Andres ☒

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 has recompleted this Yeso oil well to the San Andres as follows: On 5/6/15, MIRUSU. TOH w/rods, pump, & tbg. Set 5-1/2" CBP @ 3250' & PT 5-1/2" csg & CBP to 3500 psi-OK. (Existing Yeso perms are @ 3290'-4660'). Perfed lower San Andres @ 2782'-3136' w/1-0.41" spf. Total 38 holes. On 5/13/15, treated w/1680 gal 15% HCL acid & fraced lower San Andres w/36,596# 100 mesh & 285,198# 40/70 Arizona sand in slick water.

Set 5-1/2" CBP @ 2720'. PT CBP & 5-1/2" csg to 3500 psi-OK. Perfed middle San Andres @ 2256'-2645' w/1-0.41" spf. Total 40 holes. Treated perms w/1681 gal 15% HCL acid & fraced w/26,155# 100 mesh & 323,410# 40/70 Arizona sand in slick water.

Set 5-1/2" CBP @ 2150'. PT CBP & 5-1/2" csg to 3500 psi-OK. Perfed upper San Andres @ 1768'-1952' w/1-0.41" spf. Total 37 holes. Treated perms w/2018 gal 15% HCL acid & fraced w/29,574# 100 mesh & 124,681# 40/70 Arizona sand in slick water.

On 5/14/15, MIRUSU. Drilled CBPs @ 2150', 2720', & CO to CBP @ 3250'. On 5/15/15, landed 2-7/8" 6.5# J-55 tbg @ 3142'. Ran pump & rods. Released completion rig on 5/15/15. Completed the well as a single San Andres oil well. Following a test on the San Andres alone, the CBP @ 3250' will be removed and the well DHC as per State order ART-4609-W.

Spud Date: 3/3/13

Drilling Rig Release Date: 3/10/13

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 5/16/15Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: [Signature] TITLE Oil & Gas Supervisor DATE 5/26/15

Conditions of Approval (if any):