

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

LRE OPERATING, LLC

3a Address c/o Mike Pippin LLC
3104 N Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)
505-327-4573

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)

1980' FSL & 990' FWL Unit L
Sec. 14, T17S, R27E

5. Lease Serial No.

NM-99028

6 If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

DUKE ARP FEDERAL COM #1

9. API Well No

30-015-30476

10. Field and Pool, or Exploratory Area

EMPIRE, WOLFCAMP (22420)

AND

Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION |
|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing <input checked="" type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input checked="" type="checkbox"/> Recomplete <input type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon |
| | <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal |

13 Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

LRE would like to recomplete from the Morrow to the Abo Wolfcamp as follows: MIRUSU. TOH w/production equipment. Set 4-1/2" CIBP @ 9300' & dump bail 35' on top (~3 sx cmt). (Morrow perfs are @ 9343'-9457'). PT CIBP & 4-1/2" csg to 1000 psi for 15 min. Perf Abo Wolfcamp @ about 6194'-6220' & 6230'-36' w/about 130 holes. Spot about 200 gal 15% HCL across new perfs. Land 2-3/8" tbg @ about 6100' w/pkr @ 5980'. Frac w/about 4000 gal linear & gelled acid & about 4000 gal linear gel. TOH w/tbg & pkr. If well flows, set 4-1/2" pkr @ about 6190' on 2-3/8" 4.7# N-80 tbg. If well does not flow, land 2-3/8" 4.7# N-80 tbg @ about 6300'. Run pump & rods. Release workover rig.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Mike Pippin

Date

February 23, 2012

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Office

Title 18 U.S.C Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

RECEIVED

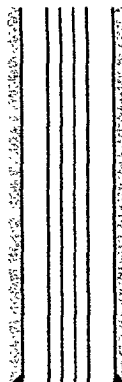
MAR 22 2012

NMOCD ARTESIA

**WESLEY W. INGRAM
PETROLEUM ENGINEER**

APPROVED

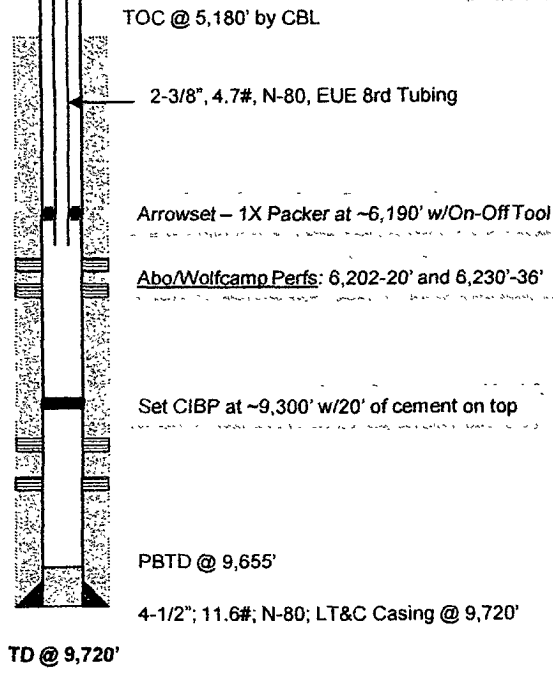
MAR 19 2012



8-5/8", 24#, J-55, ST&C
Casing @ 1,605'

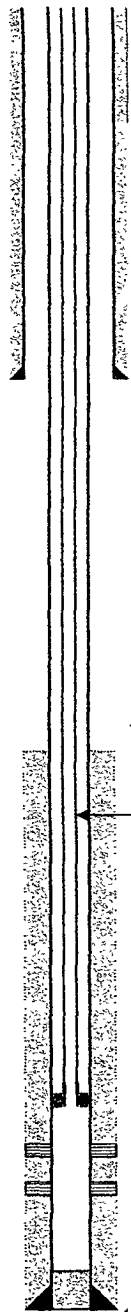
| Elevation: 3,483' GL 18' fr GL to RKB | |
|---------------------------------------|--|
| Date Spud: 12/02/98 | |
| Date TD'd: 12/22/98 | |
| Date Completed: 01/03/99 | |
| <u>Zone</u> | <u>Frac</u> |
| Morrow | 70,000 gals 75Q CO2 foamed gelled 3% KCl w/ 75,000# RC-20/40 sand |
| <u>Recompletions & Workovers</u> | |
| <u>Date</u> | |
| | |
| | |
| | |
| <u>Current Status:</u> | |
| <u>Last Well Test:</u> | |

PROPOSED RECOMPLETION



Lime Rock Resources
Duke ARP Federal Com 1
Sec 14L-17S-27E
Eddy County, NM
Proposed: 2 Feb 2012 JWP

Proposed Wellbore Diagram



8-5/8", 24#, J-55, ST&C
Casing @ 1,605'

TOC @ 5,180' by CBL

2-3/8", 4.7#, N-80, EUE 8rd Tubing

Guiberson Uni-VI Packer @ 9,276' w/ 1.81" ID on-off tool

Morrow Perfs: 9,343-51'; 9,359-71'; 9,439-45' & 9,453-57' (112 - 0.42" DIA holes)

PBTD @ 9,655'

4-1/2", 11.6#, N-80; LT&C Casing @ 9,720'

TD @ 9,720'

| Elevation: 3,483' GL 18' fr GL to RKB | |
|---------------------------------------|--|
| Date Spud: 12/02/98 | |
| Date TD'd: 12/22/98 | |
| Date Completed: 01/03/99 | |
| Zone | Frac |
| Morrow | 70,000 gals 75Q CO2 foamed gelled 3% KCl w/ 75,000# RC 20/40 sand |
| Recompletions & Workovers | |
| Date | |
| | |
| | |
| | |
| Current Status: | |
| Last Well Test: | |

Lime Rock Resources
Duke ARP Federal Com 1
Sec 14L-17S-27E
Eddy County, NM
Current: 29 July 2008 SJH

Current Wellbore Diagram

Conditions of Approval

LRE Operating, LLC
Duke ARP Federal Com - 01
API 3001530476
March 14, 2012

1. The communization agreement NM101379 does not include the Wolfcamp/Abo pay. Amendments to that agreement may be necessary.
2. Notify 24 hours before plug back procedures BLM phone 575-361-2822. The procedures are to be witnessed.
3. Surface disturbance beyond the existing pad must have prior approval.
4. A closed loop system is required. The operator shall properly dispose of drilling contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
5. H₂S monitoring equipment to be used on location and functional.
6. A minimum of a 3000 (3M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (3M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
7. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
8. Provide BLM with an electronic (Adobe Acrobat Document) cement bond log record from 7000 or below to top of cement. Less than 500ft between the proposed top perforation and top of cement may require cement remediation.
9. Minimum requirement for mud placed between plugs is 25 sacks of salt water gel per 100 barrels of 9 lb/gal brine.
10. Eliminate the CIBP at 9300. Spot a 25 sack class H cement plug from 9510 to 9210. Tag the plug at 9250 or shallower.
11. After setting the above plug and before perforating, chart a casing integrity test of 1000psig. Greater than a 10% leakoff may require correction. Include a copy of the chart in the subsequent sundry for this workover.
12. The operator will be required to tag fracture material with a tracer and run a tracer survey to verify that the fracture material is not placed out of zone. Results of the tracer to be reported on the workover subsequent sundry Form 3160-5.
13. Operator shall submit an NOI for downhole commingle. File the plug back and acid treatment subsequent sundry (Form 3160-5) within 30 days of completion. Include an updated wellbore diagram. File the subsequent sundry for the frac separately if it is completed more than 20 days later.
14. Submit BLM Form 3160-4 completion report within 30 days of completion. Submit BLM Form 3160-4 completion report within 30 days of completion.
15. Workover approval is good for 90 days (completion to be within 90 days of approval).

Use of Form 3160-5 "Sundry Notices and Reports on Wells"

§ 43 CFR 3162.3-2 Subsequent Well Operations.

a) A proposal for further well operations shall be submitted by the operator on Form 3160-5 for approval by the authorized officer prior to commencing operations to redrill, deepen, perform casing repairs, plug-back, alter casing, perform nonroutine fracturing jobs, recompleting in a different interval, perform water shut off, commingling production between intervals and/or conversion to injection. If there is additional surface disturbance, the proposal shall include a surface use plan of operations. A subsequent report on these operations also will be filed on Form 3160-5. The authorized officer may prescribe that each proposal contain all or a portion of the information set forth in §3162.3-1 of this title.

(b) Unless additional surface disturbance is involved and if the operations conform to the standard of prudent operating practice, prior approval is not required for routine fracturing or acidizing jobs, or recompleting in the same interval; however, a subsequent report on these operations must be filed on Form 3160-5.

(c) No prior approval or a subsequent report is required for well cleanout work, routine well maintenance, or bottom hole pressure surveys.

[47 FR 47765, Oct. 27, 1982. Redesigned and amended at 48 FR 36583-36586, Aug. 12, 1983, further amended at 52 FR 5391, Feb. 20, 1987; 53 FR 17363, May 16, 1988; 53 FR 22847, June 17, 1988]

§ 43 CFR 3160.0-9 (c)(1) Information collection.

(c)(1) The information collection requirements contained in part 3160 have been approved by the Office of Management and Budget under 44 U.S.C. 3507 and assigned the following Clearance Numbers:

Operating Forms

| Form No. | Name and filing date | OMB No. |
|----------|---|-----------|
| 3160-3 | Application for Permit to Drill, Deepen, or Plug Back—Filed 30 days prior to planned action | 1004-0136 |
| 3160-4 | With Completion of Recompletion Report and Log—Due 30 days after well completion | 1004-0137 |
| 3160-5 | Sundry Notice and Reports on Wells—Subsequent report due 30 days after operations completed | 1004-0135 |

The information will be used to manage Federal and Indian oil and gas leases. It will be used to allow evaluation of the technical, safety, and environmental factors involved with drilling and producing oil and gas on Federal and Indian oil and gas leases. Response is mandatory only if the operator elects to initiate drilling, completion, or subsequent operations on an oil and gas well, in accordance with 30 U.S.C. 181 *et seq.*

§ 3162.4-1 (c) Well records and reports.

Not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed.