

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

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

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 #1

9. API Well No.

30-015-30476

10. Field and Pool, or Exploratory Area

EMPIRE, WOLFCAMP (22420)

AND

Eddy County, New Mexico

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

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 checked="" 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 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 Amended Procedure
	<input checked="" type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Water Disposal
	<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 recompleate 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.)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

AMENDED PROCEDURE

LRE would like to recompleate from the Morrow to the Empire, Wolfcamp (22420) as follows: MIRUSU. TOH w/production equipment. Spot a 25 sx CI "H" cmt plug from 9510'-9210'. WOC. Tag cmt @ 9250' or shallower. (Morrow perfs are @ 9343'-9457'). PT cmt plug & 4-1/2" csg to 500 psi for 30 min using a chart recorder. Perf 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/4-1/2" pkr @ 5980'. Stimulate w/about 4000 gal linear & gelled acid & about 4000 gal linear gel (no sand). TOH w/tbg & pkr. If well flows, set 4-1/2" pkr @ about 6150' 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.

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

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Date

March 30, 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.

RECEIVED
APR 24 2012
NMOCD ARTESIA

Revised 05/24/12
Accepted for record
NMOCD

APPROVED
APR 20 2012
P. S. Fennell
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

District I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-30476		² Pool Code 22420		³ Pool Name Empire Wolfcamp	
⁴ Property Code 23853		⁵ Property Name Duke ARP Federal Com			⁶ Well Number 1
⁷ OGRID No. 281994		⁸ Operator Name LRE Operating, LLC			⁹ Elevation 3,483 ft

¹⁰ Surface Location

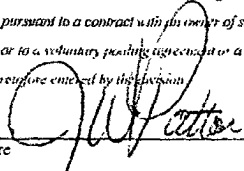
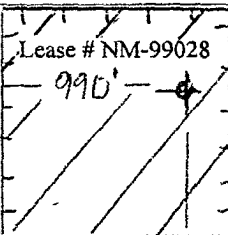
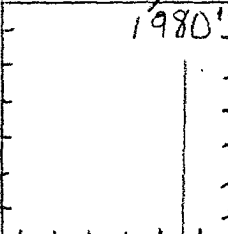
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I.	14	17S	27E		1,980	South	990	West	Eddy

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.
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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.

¹⁶				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.  Signature _____ Date 3/31/12 Printed Name Jeffrey W. Patton, P.E. E-mail Address jpatton@limerockresources.com	
				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. October 2, 1998 Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Original Signed by Dan R. Reddy Certificate Number NM PE & PS #5412	
Lease # NM-99028 	Lease # VB-460	Lease # 028373	Lease # 0557370		
	Lease # 0557370	Lease # VA-734			

Conditions of Approval

Duke ARP Federal Com 1

30-015-30476

LRE Operating, LLC

April 20, 2012

- 1. Surface disturbance beyond the existing pad must have prior approval.**
- 2. Closed loop system required.**
- 3. The communization agreement NM101379 does not include the Wolfcamp pay. Amendments to that agreement may be necessary. Also, Operator may be required to Submit an NOI for downhole commingle approval of Abo and Wolfcamp.**
- 4. Notify 24 hours before plug back procedures BLM phone 575-361-2822. The procedures are to be witnessed.**
- 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. Minimum requirement for mud placed between plugs is 25 sacks of salt water gel per 100 barrels of 9 lb/gal brine.**
- 9. 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.**
- 10. Completion Report and Subsequent sundry with well test and wellbore schematic required within 30 days of completion**
- 11. Workover approval is good for 90 days (completion to be within 90 days of approval).**

EGF 042012