

Submit 3 Copies To Appropriate District 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

State of New Mexico
 Energy, Minerals and Natural Resources

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 JUL 25 2013
 NMOCD ARTESIA

Form C-103
 June 19, 2008

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

API NO. 30-015-40988
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 STALEY STATE
8. Well Number #26
9. OGRID Number 281994
10. Pool name or Wildcat Red Lake, Glorieta-Yeso NE (96836) Red Lake, Queen-Grayburg-San Andres (51300)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3598' GL

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 L : 1655 feet from the SOUTH line and 990 feet from the WEST line
 Section 30 Township 17-S Range 28-E NMPM Eddy County

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

SUBSEQUENT REPORT OF:

- REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. P AND A
 CASING/CEMENT JOB

OTHER: Acidize Yeso, Open San Andres, & DHC

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 would like to acidize the existing Yeso perms, recomplete into the Red Lake, Queen-Grayburg-San Andres (51300), and DHC as follows: MIRUSU. TOH w/rods, pump, & tbg & inspect for scale. If necessary, treat Yeso perms w/calcium sulfate converter & acidize as required. Set a 5-1/2" CBP @ ~3130' & PT csg & CBP to ~3500 psi. (Existing Yeso perms are @ 3154'-4560'). Perf lower San Andres @ ~2650'-2891' w/ ~24 holes. Stimulate with ~2500 gal 15% HCL acid & frac w/ ~83,000# 16/30 sand in 20# X-linked gel.

Set a 5-1/2" CBP @ ~2634' & PT csg & CBP to ~3500 psi. Perf middle San Andres @ ~2400'-2617' w/ ~20 holes. Stimulate with ~2200 gal 15% HCL acid & frac w/ ~73,000# 16/30 sand in 20# X-linked gel.

Set a 5-1/2" CBP @ ~2385' & PT csg & CBP to ~3500; psi. Perf upper San Andres @ ~2070'-2371' w/ ~28 holes. Stimulate with ~3000 gal 15% HCL acid & frac w/ ~91,000# 16/30 sand in 20# X-linked gel.

CO after frac & drill out CBPs @ 2385', 2634', & 3130' & CO to ~PBD @ 4875'. Land 2-7/8" production tbg @ ~4679'. Run pump & rods & release workover rig. Complete as a commingled Yeso / San Andres oil well. Work will not commence until the DHC application in Santa Fe is approved. This will be a closed loop flow back system. See the attached wellbore diagram.

Spud Date: 2/6/13 Drilling Rig Release Date: 2/12/13

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 7/24/13

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

For State Use Only

APPROVED BY: [Signature] TITLE Dist. Eng. Supervisor DATE July 31, 2013

Conditions of Approval (if any):

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



Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-40988	² Pool Code 51300	³ Pool Name Red Lake, Queen-Grayburg-San Andres
⁴ Property Code 309874	⁵ Property Name STALEY STATE	
⁷ OGRID No. 281994	⁸ Operator Name LRE OPERATING, LLC	⁶ Well Number 26
⁹ Elevation 3598' GL		

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Id	Feet from the	North/South line	Feet from the	East/West line	County
L	30	17-S	28-E	3	1655	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.									

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.

30	990'	1655'	O
	O		

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: Mike Pippin Date: 7/24/13

Printed Name: Mike Pippin

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.

Date of Survey: 12/27/12

Signature and Seal of Professional Surveyor:
 Filmon F. Jaramillo

12797

Certificate Number