

Submit 1 Copy To Appropriate District Office  
 District I - (575) 393-6161  
 1625 N. French Dr., Hobbs, NM 88240  
 District II - (575) 748-1283  
 811 S. First St., Artesia, NM 88210  
 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

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised July 18, 2013

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

WELL API NO. 30-015-36977
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 #8
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 J : 1980 feet from the South line and 2310 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.)  
3601' GL

RECEIVED  
 OCT 04 2013  
 NMOC D ARTESIA

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>DOWNHOLE COMMINGLE <input checked="" type="checkbox"/></p> <p>CLOSED-LOOP SYSTEM <input checked="" type="checkbox"/></p> <p>OTHER: Recomplete to San Andres &amp; DHC <input checked="" type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>
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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 would like to recomplete into the San Andres & DHC with the existing Yeso as follows: MIRUSU. TOH w/rods, pump, & tbq. Set a CBP @ 3200 (above existing Yeso perfs @ 3226'-4619'). PT 5-1/2" csg & CBP to 3500 psi. Perf lower San Andres @ ~2712'-3025' w/ ~37 holes. Stimulate with ~3200 gal 15% HCL acid & frac w/ ~91,000# 16/30 sand in 25# X-linked gel.  
 Set a 5-1/2" CBP @ ~2660' & PT csg & CBP to ~3500 psi. Perf middle San Andres @ ~2376'-2609' w/ ~31 holes. Stimulate with ~2400 gal 15% HCL acid & frac w/ ~73,000# 16/30 sand in 20# X-linked gel.  
 Set a 5-1/2" CBP @ ~2340' & PT csg & CBP to ~3500; psi. Perf upper San Andres @ ~2082'-2305' w/ ~28 holes. Stimulate with ~2300 gal 15% HCL acid & frac w/ ~73,000# 16/30 sand in 20# X-linked gel.  
 Set a 5-1/2" CBP @ ~2040' & PT csg & CBP to ~3500; psi. Perf upper San Andres @ ~1738'-1987' w/ ~29 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/ ~54,000# 16/30 sand in 20# X-linked gel.  
 CO after frac & drill out CBPs @ 2040', 2340', 2660', & 3200' & CO to ~PBSD @ 4805'. Land 2-7/8" production tbq @ ~4715'. Run pump & rods & release workover rig. Complete as a commingled Yeso / San Andres oil well. These two oil pools have a blanket DHC order (19.15.12.11E). See the attached wellbore diagram.

Spud Date: 8/15/13 Drilling Rig Release Date: 8/21/13

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 10/3/13

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

APPROVED BY: [Signature] TITLE DHC ST Supervisor DATE 10/9/13

Conditions of Approval (if any):  
DHC ART-4609-M 10/15/13