

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. 30-015-40340
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 #19
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

A2T-DHC-4609-J

3. Address of Operator
c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401

4. Well Location

Unit Letter L : 2160 feet from the South line and 455 feet from the West line
Section 30 Township 17-S Range 28-E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3582' 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: ☐

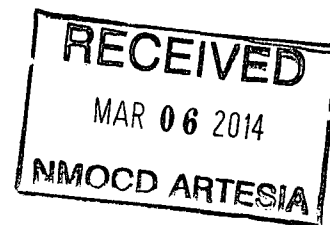
SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: 1st Delivery & DHC Allocations ☒

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.

This oil well was DHC on 2/14/14 as per order ART-2609-J. The Yeso was last tested alone on 3/24/13 for 9 BOPD & 82 MCF/D. The San Andres was tested alone on 2/14/14 for 6 BOPD & 184 MCF/D. The attached calculations indicate the following pool allocations:

	UPPER POOL (SA)	LOWER POOL (YESO)
OIL:	40%	60%
GAS:	69%	31%



Yeso Perfs: 3279'-4532'
San Andres Perfs: 1914'-2900'
Bottom Hole Location is 2293' FSL & 343' FWL Sec.30 T17S R28E

Spud Date: 6/6/12 Drilling Rig Release Date: 6/15/12

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 3/5/14
Type or print name Mike Pippin E-mail address: mike@pippinllc.com PHONE: 505-327-4573

For State Use Only

APPROVED BY: T. C. Shepard TITLE "Geologist" DATE 3/7/2014
Conditions of Approval (if any):

LRE OPERATING, LLC
STALEY STATE #19
 Red Lake; Glorieta-Yeso NE & Red Lake, Queen-Grayburg-San Andres
 L Section 30 T17S R28E
 3/5/2014
 API#: 30-015-40340

Commingle Allocation Calculations

On 6/27/12, the Yeso (lower zone) was completed as a new well. On 8/19/13, the well was recompleted into the San Andres (upper zone) with the lower zone shut-in below a CBP. The Yeso production test on 3/24/13 before the recompletion was 9 BOPD & 82 MCF/D. The latest test on the San Andres alone after the recompletion was on 2/14/14 for 6 BOPD & 184 MCF/D.

	Upper Zone (SA)	+	Lower Zone (YESO)	=	Total
Total Oil (bbls/d)	6	+	9	=	15
Total Gas (mcf/d)	184	+	82	=	266

OIL

Upper Zone (SA) = 6 BOPD

Lower Zone (Yeso) = 4 BOPD

Total oil = 15 BOPD

% Upper Zone = $\frac{6}{15} = \underline{40\%}$.

% Lower Zone = $\frac{9}{15} = \underline{60\%}$ ✓

GAS

Upper Zone (SA) = 184 MCF/D

Lower Zone (Yeso) = 82 MCF/D

Total gas = 266 MCF/D

% Upper Zone = $\frac{184}{266} = \underline{69\%}$.

% Lower Zone = $\frac{82}{266} = \underline{31\%}$ ✓

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