

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. 30-015-38511
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 #15
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.) 3606' 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 J : 1746 feet from the South line and 1896 feet from the East line
 Section 30 Township 17-S Range 28-E NMPM Eddy County

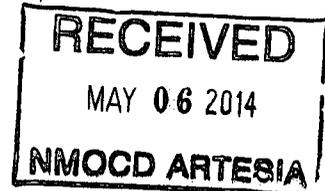
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input checked="" type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: 1 st Delivery & Pool Allocations <input checked="" type="checkbox"/>	

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 well was originally completed in the Yeso on 5/25/11 (3300'-4600'). On 3/15/14, this well was recompleted from the Yeso to the San Andres (1732'-3124') & downhole commingled with the Yeso as per order DHC-4609-Q. Before the recompletion, on February 25, 2014, the lower zone (Yeso) tested for **11 BOPD, 66 MCF/D**. Following the workover the two commingled intervals 1st Delivered on 3/23/14 & IP Tested on 5/4/14 for **29 BOPD, 38 MCF/D**. The pool allocations are as follows:

	Upper Zone (San Andres)	Lower Zone (Yeso)
OIL:	62%	38%
GAS:	0%	100%



See the attached calculations.

Spud Date: 4/26/11 Drilling Rig Release Date: 5/9/11

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

For State Use Only

APPROVED BY: RDade TITLE Asst P Supervisor DATE 5/12/14
 Conditions of Approval (if any):

LRE OPERATING, LLC
STALEY STATE #15
Red Lake, Glorieta-Yeso NE & Red Lake, Queen, Grayburg, San Andres
J Section 30 T17S R28E
5/5/2014 – Mike Pippin
API#: 30-015-38511

Commingle Allocation Calculations

This well was originally completed in the Yeso on 5/25/11. On 3/15/14, this well was recompleted from the Yeso to the San Andres (1732'-3124') & downhole commingled with the Yeso as per order ART-4609-Q. Before the recompletion, on February 25, 2014, the lower zone (Yeso) tested for 11 BOPD, 66 MCF/D from Yeso perfs 3300'-4600'.

Following the workover the two commingled intervals tested on 5/4/14 for 29 BOPD, 38 MCF/D.

Therefore, the oil from the upper zone (San Andres) should be: $29 - 11 = \underline{18 \text{ BOPD}}$.
The gas from the upper zone (San Andres) should be $38 - 66 = \underline{0 \text{ MCF/D}}$.

RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{11}{29} = \underline{38\%}$$

$$\% \text{ Upper Zone} = \frac{18}{29} = \underline{62\%}$$

RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \underline{100\%}$$

$$\% \text{ Upper Zone} = \underline{0\%}$$