

District I - (575) 393-6166

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

87505

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

RECEIVED
MAY 22 2015

WELL API NO. 30-015-41065
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 #24
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.) 3624' 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 N : 990 feet from the South line and 2335 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
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- DOWNHOLE COMMINGLE
- CLOSED-LOOP SYSTEM
- OTHER: Recomplete to San Andres & DHC
- PLUG AND ABANDON
- CHANGE PLANS
- MULTIPLE COMPL

SUBSEQUENT REPORT OF:

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

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 Operating, LLC would like to recomplete this Yeso oil well to the San Andres & DHC as follows: MIRUSU. TOH w/rods, pump, & tbg. Set a 5-1/2" CBP @ ~3200' & PT to ~3500 psi. (Existing Yeso perms are @ 3300'-4460'). Perf lower San Andres @ ~2650'-2997' w/~30 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~303,030# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~2616' & PT to ~3500 psi. Perf San Andres @ ~2170'-2585' w/~37 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~360,780# 40/70 Ottawa sand in slick water.

Set a 5-1/2" CBP @ ~2070' & PT to ~3500 psi. Perf upper San Andres @ ~1742'-1969' w/~26 holes. Stimulate with ~1500 gal 15% HCL acid & frac w/~30,000# 100 mesh & ~119,700# 40/70 Ottawa sand in slick water.

CO after frac & drill out CBPs @ 2070' & 2616', & CO to CBP @ 3200'. Run 2-7/8" 6.5#J-55 production tbg & land @ ~3045'. Run pump & rods. Release workover rig. Complete as a single San Andres oil well. See the attached proposed wellbore diagram. Following a test of the San Andres alone, the CBP @ 3200' will be removed & the well DHC as per order ART-4609-AA.

Spud Date: 6/16/13

Drilling Rig Release Date: 6/22/13

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 5/21/15

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. J. Spewison DATE 5/26/15

Conditions of Approval (if any):