

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

Form C-103
June 19, 2008

Oil and Gas Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

MAY 04 2012

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)		WELL API NO. 30-025-31244
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator LRE OPERATING, LLC		6. State Oil & Gas Lease No.
3. Address of Operator c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401		7. Lease Name or Unit Agreement Name NOWATA AGR STATE
4. Well Location Unit Letter <u>P</u> : <u>860</u> feet from the <u>SOUTH</u> line and <u>990</u> feet from the <u>EAST</u> line Section <u>9</u> Township <u>18-S</u> Range <u>35-E</u> NMPM Leay County		8. Well Number <u>#1</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3920' GL		9. OGRID Number <u>281994</u>
		10. Pool name or Wildcat Vacuum, Bone Spring, Mid (46195)

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 ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

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

OTHER: Set Whipstock & Prepare For Sidetrack ☒

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.

4/15/12: MIRUSU. Ran 6-1/8" bit & csg scraper to 4403'. Set 7" CIBP @ 4200'. Set 7" whipstock on CIBP @ 4200' & orient w/gyro. Mill window in 7" csg from 4184' to 4196'. Dress 7" window with 6-1/8" mill. With 6-1/8" tricone mill, drill starter hole to 4212'. Release service unit on 4/24/12. Will wait on drilling rig, which will drill to the Bone Spring with a TD of ~MD8737'.

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 5/3/12

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

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAY 04 2012

Conditions of Approval (if any):

MAY 08 2012