

LRE OPERATING, LLC
Mike Pippin
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August 5, 2013

NMOCD
c/o Elido Gonzales
1625 North French Drive
Hobbs, NM 88240

HOBBS OCD
AUG 06 2013
RECEIVED

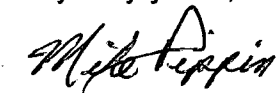
RE: P&A
SCHENCK ATP #1 – API#: 30-025-12583
Unit Letter "D" Section 11 T16S R35E
Lea County, New Mexico

Dear Mr. Gonzales,

As I indicated on our phone conversation on 8/5/13, I do much of the government paperwork for LRE Operating, LLC. Your office approved an NOI to recomplete this well from the Strawn to the Upper Penn on January 12, 2010. The well was recompleted from Strawn to Upper Penn on 4/25/10. Due to several errors, the recompletion from Strawn to Upper Penn was not reported to your office in any way. LRE is regretful for this omission. Any production from the Upper Penn has been reported as Strawn production since its recompletion on 4/25/10. Our records show that the well only produced a small amount of Upper Penn gas for 7 months after 4/25/10. Attached is all the recompletion paperwork that was due in April of 2010. An NOI sundry to P&A the well is also attached. Please inform us as to how would you like us to proceed.

Please contact me at 505-327-4573 should you have any questions or need any additional information.

Very truly yours,



Mike Pippin

Petroleum Engineer

OCT 15 2013