

Office

Energy, Minerals and Natural Resources

June 19, 2008

District I

1625 N. French Dr., Hobbs, NM 88240

HOBBBS OGD

District II

1301 W. Grand Ave., Artesia, NM 88210

OIL CONSERVATION DIVISION

District III

1000 Rio Brazos Rd., Aztec, NM 87410

AUG 06 2013

1220 South St. Francis Dr.

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

Santa Fe, NM 87505

RECEIVED

| |
|---|
| WELL API NO. 30-025-12583 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name SCHENCK ATP |
| 8. Well Number #1 |
| 9. OGRID Number 281994 |
| 10. Pool name or Wildcat: <i>(96838) Dry</i> Townsend Permo Upper Penn <i>(59847) Abandon</i> |

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 D: 660 feet from the NORTH line and 608 feet from the WEST line
Section 11 Township 16-S Range 35-E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3988' GL

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"/> | | | |
| OTHER: <input type="checkbox"/> | | OTHER: Recomplete to Upper Penn <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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

MIRUSU. 3/10/10. TOH w/tbg. Strawn perfs are @ 11,448'-60'. Set 3-1/2" CIBP @ 11,340' & top w/35' of cmt (new PBTD @ 11,307'). Perf Upper Penn @ 10,822'-24', 10,836', 10,839'-44', 10,848'-50', 10,853'-57', 10,863', 10,867', 10,887'-90', 10,897', & 10,904' w/30 holes. W/pkr @ 10,388', treated new perfs w/3000 gal 10% HCL & 60 perf balls. Using tracer, discovered channel from new perfs to 10,540'. Discovered csg leak @ 4900'-63'. On 3/22/10, SQ csg leak w/650 sx (1085 cf) cmt. Circ. 46 sx cmt to surface through 8-5/8" csg valve & around 13-3/8" csg. Drilled out cmt & PT SQ to 1500 psi for 15 min-OK. On 3/25/10, perfed SQ holes @ 10,810' & SQ channel above Penn perfs w/50 sx cmt. Drilled out cmt. Sting into PBR liner top seal assembly @ 10,387' w/3-1/2" 12.95# P110 frac string. On 4/6/10, fraced new upper Penn perfs w/43,278# 18/40 Versaprop in 70Q foam. Swab tested, poor. CO through 3-1/2" frac string w/coiled tbg to PBTD11,307'. TOH w/3-1/2" frac string & pkr. Swab tested, poor. On 4/19/10, landed 2-7/8" 6.5# L-80 production tbg (bottom 651' of tbg, is 2-1/16" 3.25# J-55). EOT @ 11,019'. Ran pump & CoRod. Released rig on 4/25/10. Completed well as a single Uppr Penn oil well.

Spud Date: 1/3/00 Drilling Rig Release Date: 2/8/00

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 8/2/13

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 OCT 15 2013

Conditions of Approval (if any):

PA Big Dog Strawn, South

OCT 15 2013

[Signature]