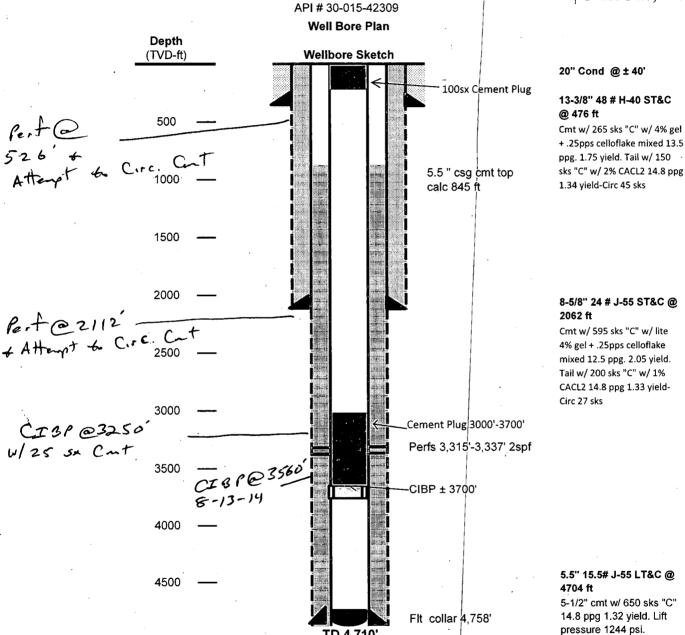
Submit 1 Copy To Appropriate District	State of New Mexico	Form C-103
Office <u>District I</u> = (575) 393-6161 Energ	gy PAB e fals a MM atural Resource	Revised July 18, 2013_
1625 N. French Dr., Hobbs, NM 88240	•	WELL API NO.
District II. (575) 748-1283 811 S. First St., Artesia, NM 88210	ROLOGOARTESIASION	5. Indicate Type of Lease
<u>District III</u> – (505) 334-6178 1000 Rio Brazos Rd., Aztec, NM 87410	1220 South St. Francis Dr.	STATE FEE
<u>District IV</u> – (505) 476-3460	Santa Fe, NM 87505	6. State Oil & Gas Lease No.
1220 S. St. Francis Dr., Santa Fe, NM 87505		
SUNDRY NOTICES AND	1	7. Lease Name or Unit Agreement Name
(DO NOT USE THIS FORM FOR PROPOSALS TO DRI DIFFERENT RESERVOIR. USE "APPLICATION FOR		Forehand 27 State
PROPOSALS.) 1. Type of Well: Oil Well Gas Well	Other	8. Well Number. 4
Name of Operator Caza Oil and Gas, Inc		9. OGRID Number 249099
3. Address of Operator	•	10. Pool name or Wildcat
200 N. Lorraine St #1550., Midland, 7	ΓX 79701	Cass Draw; Delaware
4. Well Location H 1980	c., c., a. N	d 660 feet from the E
Unit Letter;	ieet from the fine and	dicct from theinic
	Township 23S Range 27E tion (Show whether DR, RKB, RT, GR	NMPM County Eddy
	3147 GR	
10 (1)		
12. Check Appropriate	te Box to Indicate Nature of No	otice, Report or Other Data
NOTICE OF INTENTION		SUBSEQUENT REPORT OF:
	ID ABANDON REMEDIAL	
TEMPORARILY ABANDON	E COMPL	
DOWNHOLE COMMINGLE		NAME OCD 24 Mrs. PRIOR TO
CLOSED-LOOP SYSTEM		cary work done.
OTHER:	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	• • • • • • • • • • • • • • • • • • •
	ions (Clearly state all pertinent detail	ils and give pertinent dates including estimated date
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Forehand 27 State # 4

Location: Section 22_T23S_R27E_Eddy County, New Mexico





TD 4,710'

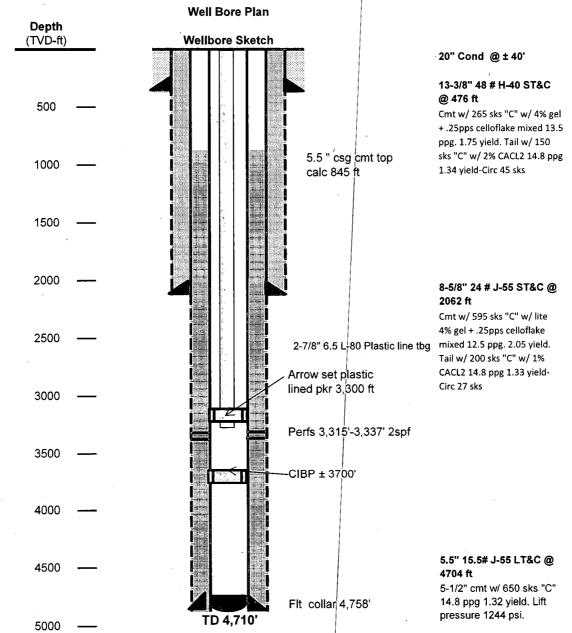
5000

Forehand 27 State # 4

Location: Section 22_T23S_R27E_Eddy County, New Mexico

API # 30-015-42309





CONDITIONS FOR PLUGGING AND ABANDONMENT

OCD - Southern District

The following is a guide or checklist in preparation of a plugging program, this is not all inclusive and care must be exercised in establishing special plugging programs in unique and unusual cases, Notify NMOCD District Office II at (575)-748-1283 at least 24 hours before beginning work. After MIRU rig will remain on well until it is plugged to surface. OCD is to be notified before rig down. Company representative will be on location during plugging procedures.

- 1. A notice of intent to plug and abandon a wellbore is required to be approved before plugging operations are conducted. A cement evaluation tool is required in order to ensure isolation of producing formations, protection of water and correlative rights. A cement bond log or other accepted cement evaluation tool is to be provided to the division for evaluation if one has not been previously run or if the well did not have cement circulated to surface during the original casing cementing job or subsequent cementing jobs. Insure all bradenheads have been exposed, identified and valves are operational prior to rig up.
- 2. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to a permitted disposal location.
- 3. Trucking companies being used to haul oilfield waste fluids to a disposal commercial or private shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator as well as the contractor, to verify that this permit is in place prior to performing work. Drivers shall be able to produce a copy upon request of an NMOCD Field inspector.
- 4. Filing a subsequent C-103 will serve as notification that the well has been plugged.
- 5. A final C-103 shall be filed (and a site inspection by NMOCD Inspector to determine if the location is satisfactorily cleaned, all equipment, electric poles and trash has been removed to Meet NMOCD standards) before bonding can be released.
- 6. If work has not begun within 1 Year of the approval of this procedure, an extension request must be file stating the reason the well has not been plugged.
- 7. Squeeze pressures are not to exceed 500 psi, unless approval is given by NMOCD.
- 8. Produced water will not be used during any part of the plugging operation.
- 9. Mud laden fluids must be placed between all cement plugs mixed at 25 sacks per 100 bbls of water.
- 10. All cement plugs will be a minimum of 100' in length or a minimum of 25 sacks of cement, whichever is greater. 50' of calculated cement excess required for inside casing plugs and 100% calculated cement excess required on outside casing plugs.
- 11. Class 'C' cement will be used above 7500 feet.
- 12. Class 'H' cement will be used below 7500 feet.
- 13. A cement plug is required to be set 50' above and 50' below, casing stubs, DV tools, attempted casing cut offs, cement tops outside casing, salt sections and anywhere the casing is perforated, these plugs require a 4 hour WOC and then will be tagged
- 14. All Casing Shoes Will Be Perforated 50' below shoe depth and Attempted to be Squeezed, cement needs to be 50' above and 50' Below Casing Shoe inside the Production Casing.

- 16. When setting the top out cement plug in production, intermediate and surface casing, wellbores should remain full at least 30 minutes after plugs are set
- 17. A CIBP is to be set within 100' of production perforations, capped with 100' of cement, WOC 4 hours and tag.
- 18. A CIBP with 35' of cement may be used in lieu of the 100' plug if set with a bailer. This plug will be placed within 100' of the top perforation, (WOC 4 hrs and tag).
- 19. No more than 3000' is allowed between cement plugs in cased hole and 2000' in open hole.
- 20. Some of the Formations to be isolated with cement plugs are: These plugs to be set to isolate formation tops
 - A) Fusselman
 - B) Devonian
 - C) Morrow
 - D) Wolfcamp
 - E)Bone Springs
 - F) Delaware
 - G) Any salt sections
 - H) Abo
 - I) Glorieta
 - J) Yates.
 - K) Potash--- (In the R-111-P Area (Potash Mine Area), a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, WOC 4 hours and tag, this plug will be 50' below the bottom and 50' above the top of the Formation.
- 21. If cement does not exist behind casing strings at recommended formation depths, the casing can be cut and pulled with plugs set at recommended depths. If casing is not pulled, perforations will be shot and cement squeezed behind casing, WOC and tagged. These plugs will be set 50' below formation bottom to 50' above formation top inside the casing

DRY HOLE MARKER REQUIRMENTS

The operator shall mark the exact location of the plugged and abandoned well with a steel marker not less than four inches in diameter, 3' below ground level with a plate of at least %" welded to the top of the casing and the dry hole marker welded on the plate with the following information welded on the dry hole marker:

1. Operator name 2. Lease and Well Number 3.API Number 4. Unit Letter 5. Quarter
Section (feet from the North, South, East or West) 6. Section, Township and Range 7. Plugging Date
8. County (SPECIAL CASES)------AGRICULTURE OR PRARIE CHICKEN BREEDING AREAS

In these areas, a below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to NMOCD for record, the exact location of the marker (longitude and latitude by GPS) will be provided to NMOCD (We typically require a current survey to verify the GPS)

SITE REMEDIATION DUE WITHIN ONE YEAR OF WELL PLUGGING COMPLETION