

HOBBS OCD

State of New Mexico

Form C-101
Revised November 14, 2012

APR 05 2013

Energy Minerals and Natural Resources

RECEIVED

Oil Conservation Division

☐ AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|---------------------------------------|-------------------------------|
| 1. Operator Name and Address CAZA OPERATING, LLC. 200 NORTH LORAIN SUITE 1550 MIDLAND, TEXAS 79701 | | 2. OGRID Number 249099 |
| 3. Property Code 39801 | 4. Property Name GATEWAY "2" STATE | 5. API Number 30-025-41096 |
| | | 6. Well No. 2 |

7. Surface Location

| | | | | | | | | | |
|--------------------|--------------|-----------------|--------------|--------------|-------------------|-------------------|-------------------|------------------|---------------|
| UL - Lot LOT #4 | Section 2 | Township 19S | Range 35E | Lot Idn 4 | Feet from 525' | N/S Line NORTH | Feet From 660' | E/W Line WEST | County LEA |
|--------------------|--------------|-----------------|--------------|--------------|-------------------|-------------------|-------------------|------------------|---------------|

* Proposed Bottom Hole Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|

9. Pool Information

| | |
|-------------------------------|--------------------|
| Pool Name WOLFCAMP-WILDCAT | Pool Code 96794 |
|-------------------------------|--------------------|

Additional Well Information

| | | | | |
|------------------------------|-------------------------------|--|---------------------------|---|
| 11. Work Type N | 12. Well Type O | 13. Cable/Rotary ROTARY | 14. Lease Type S | 15. Ground Level Elevation 3849 |
| 16. Multiple NO | 17. Proposed Depth 10,300' | 18. Formation WOLFCAMP | 19. Contractor UNKNOWN | 20. Spud Date WHEN APPROVED |
| Depth to Ground water 85' | | Distance from nearest fresh water well .8 miles North | | Distance to nearest surface water NA |

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surface | 17 1/2" | 13 3/8" | 54.5# | 1825' | 1162 Sx. | Surface |
| Intermed. | 12 1/4" | 9 5/8" | 40# | 3950' | 946 Sx. | Surface |
| Production | 8 7/8" | 7" | 26# | 10,300' | 1215 Sx. | 3450' FS |

Casing/Cement Program: Additional Comments

| |
|--------------------|
| SEE ATTACHED SHEET |
|--------------------|

Permit Expires 2 Years From Approval

22. Proposed Blowout Prevention Program Date Unless Drilling Underway

| Type | Working Pressure | Test Pressure | Manufacturer |
|------|------------------|---------------|--------------------|
| | 5000 PSI | 1500 PSI | CAMERON OR SHAFFER |

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐, if applicable.

Signature:

Printed name: Joe T. Janica

Title: Permit Eng.

E-mail Address: joejanica@valornet.com

Date: 04/05/13

Phone: 575-391-8503

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date: 04/08/13 Expiration Date: 04/08/15

Conditions of Approval Attached

APR 09 2013

CAZA OPERATING, LLC.
GATEWAY "2" STATE #2
UNIT "D" SECTION 2
T19S-R35E LEA CO. NM

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-Mix.
2. Drill 17½" hole to 1825'. Run and set 1825' of 13 3/8" 54.5# J-55 ST&C casing. Cement 962 Sx. of Class "C" cement + 4% Gel, + 2% CaCl Yield 1.74, tail in with 200 Sx. of Class "C" cement + 2% CaCl, Yield 1.32. Circulate cement to surface.
3. Drill 12½" hole to 3950'. Run and set 3950' of 9 5/8" 40# J-55 LT&C casing. Cement with 746 Sx. of Class "C" POZ cement + 5% Salt, + 6% Gel, Yield 2.09. Tail in with 200 Sx. of Class "C" cement + 1% CaCl, Yield 1.32. Circulate cement to surface.
4. Drill 8 3/4" hole to 10,300'. Run and set 10,300' of 7" 26# P-110 LT&C casing. Cement with 715 Sx. of 50/50 Class "H" POZ cement + 5# Gilsonite/Sx. + 0.125# cello flakes/Sx., + .25% Econolite, Yield 1.1.3, tail in with 500 Sx. of Class "H" cement Yield 1.18. 50% Excess estimate top of cement 3450' from surface.

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State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

HOBBS OGD

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

APR 05 2013

RECEIVED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------------|---------------------------------------|--------------------------------|
| API Number 30025-41096 | Pool Code 96794 | Pool Name WOLLFCAMP-WILDCAT |
| Property Code 39801 | Property Name GATEWAY 2 STATE | Well Number 2 |
| OGRID No. 249099 | Operator Name CAZA OPERATING, LLC. | Elevation 3849 |

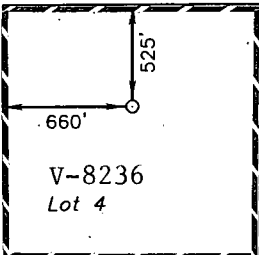
Surface Location

| | | | | | | | | | |
|--------------------------|--------------|------------------|---------------|--------------|----------------------|---------------------------|----------------------|------------------------|---------------|
| UL or lot No. D Lot 4 | Section 2 | Township 19 S | Range 35 E | Lot Idn 4 | Feet from the 525 | North/South line NORTH | Feet from the 660 | East/West line WEST | County LEA |
|--------------------------|--------------|------------------|---------------|--------------|----------------------|---------------------------|----------------------|------------------------|---------------|

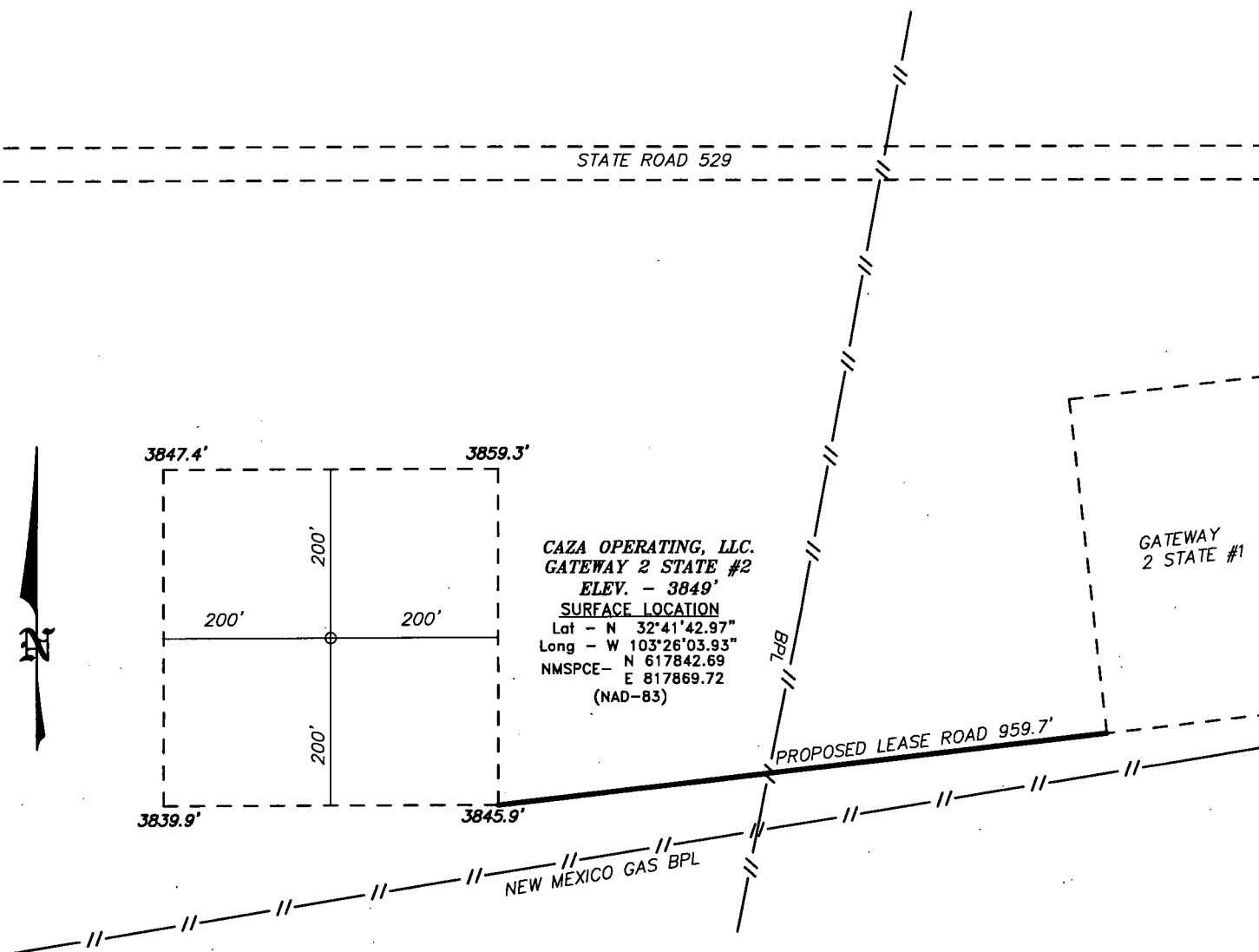
Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|----------------------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| Dedicated Acres 4039.50 | | | | | | | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | |
|---|---|-------|-------|
|  | <p>SURFACE LOCATION Lat - N 32°41'42.97" Long - W 103°26'03.93" NMSPCE- N 617842.69 E 817869.72 (NAD-83)</p> | Lot 2 | Lot 1 |
| Lot 3 | | | |
| <p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: Joe T. Janica Date: 04/03/13 Printed Name: Joe T. Janica Email Address: joejanica@valornet.com</p> <p>SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MARCH 25 2013 Date Surveyed: MARCH 25 2013 Signature & Seal of Professional Surveyor: [Signature] W.O. No. 28405 Certificate No. 7977 BASIN SURVEYS 28405</p> | | | |

SECTION 2, TOWNSHIP 19 SOUTH, RANGE 35 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



200 0 200 400 FEET

SCALE: 1" = 200'

FROM THE JUNCTION OF HWY 529 AND HWY 238;
TO WEST 0.3 MILES TO PROPOSED LEASE ROAD.

BASIN SURVEYS P.O. BOX 1786—HOBBS, NEW MEXICO

| | |
|--------------------|--------------------|
| W.O. Number: 28405 | Drawn By: D. JONES |
|--------------------|--------------------|

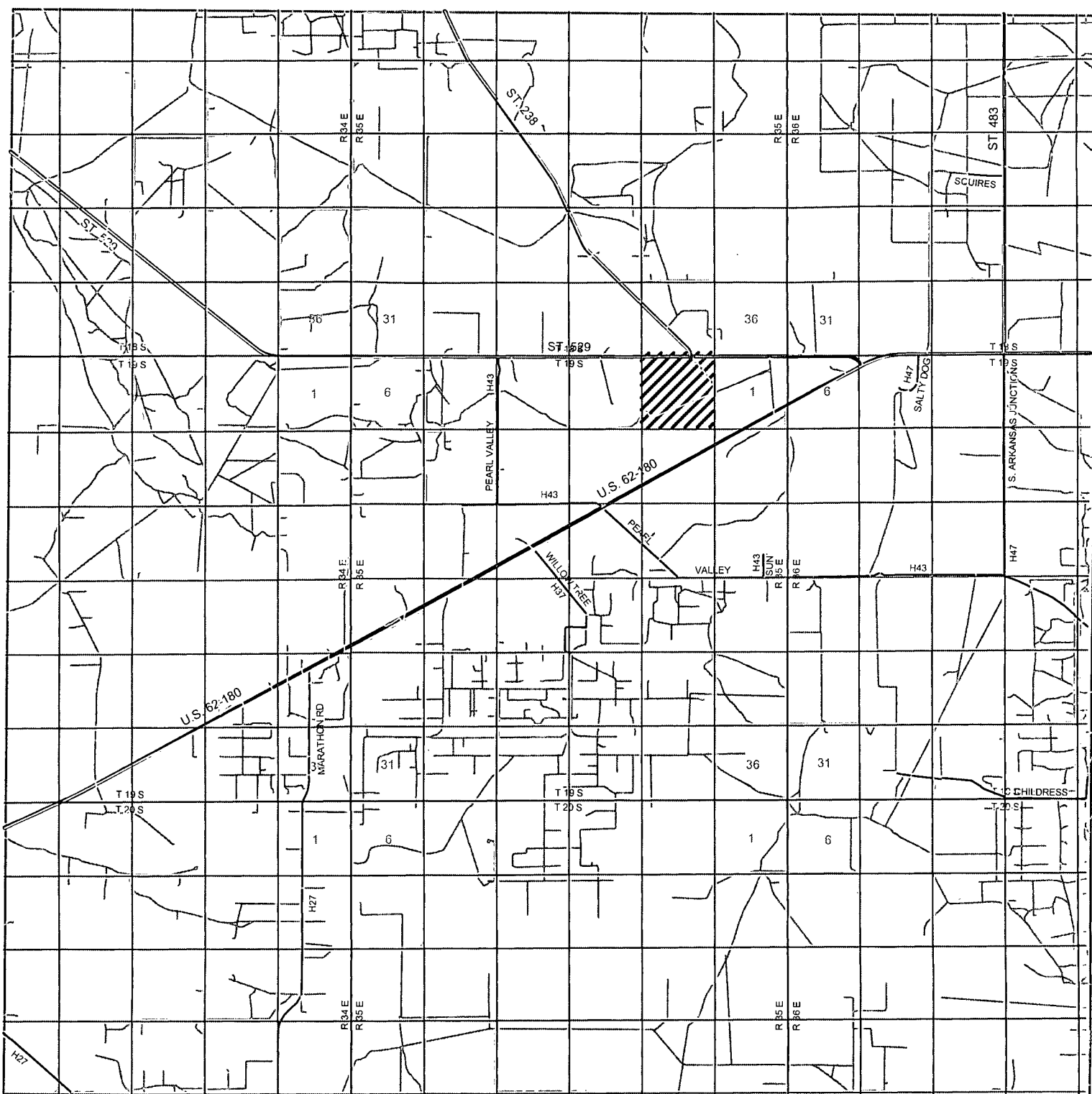
| | |
|-------------------|-----------------|
| Date: 04-01-2013. | Disk: DAJ 28405 |
|-------------------|-----------------|

CAZA OPERATING, LLC.

REF: GATEWAY 2 STATE #2 / WELL PAD TOPO

THE GATEWAY 2 STATE #2 LOCATED 525 FEET
FROM THE NORTH LINE AND 660 FEET FROM THE WEST LINE OF
SECTION 2, TOWNSHIP 19 SOUTH, RANGE 35 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

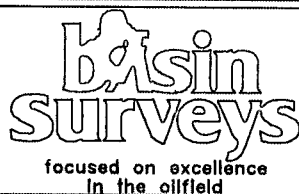
Survey Date: 03-25-2013 Sheet 1 of 1 Sheets



GATEWAY 2 STATE #2

Located 525' FNL and 660' FWL

Section 2, Township 19 South, Range 35 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

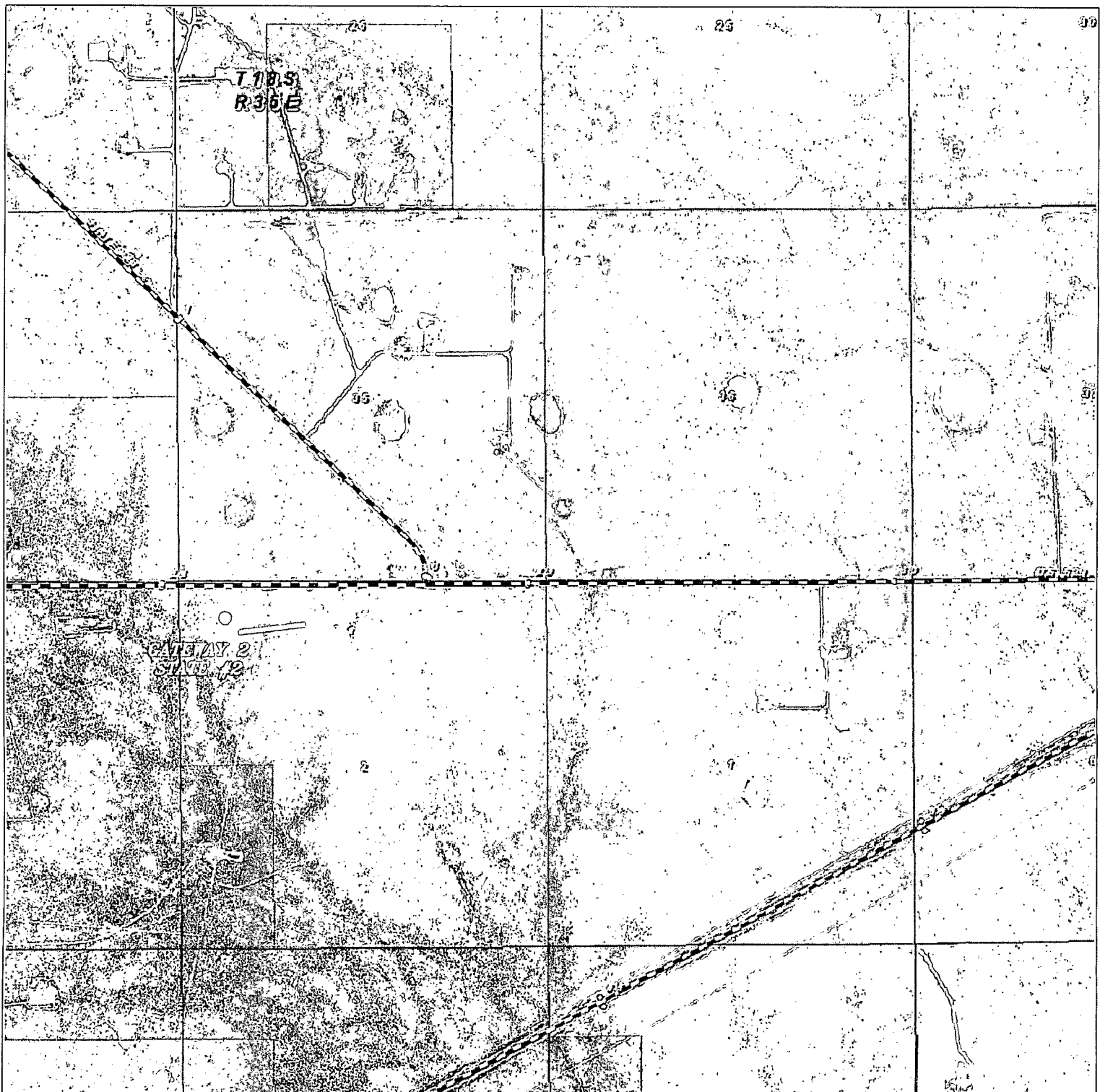
W.O. Number: DAJ 28405

Survey Date: 03-25-2013

Scale: 1" = 2 Miles

Date: 02-21-2012

CAZA
OPERATING,
LLC.



GATEWAY 2 STATE #2
 Located 525' FNL and 660' FWL
 Section 2, Township 19 South, Range 35 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
basinsurveys.com

W.O. Number: DAJ 20981

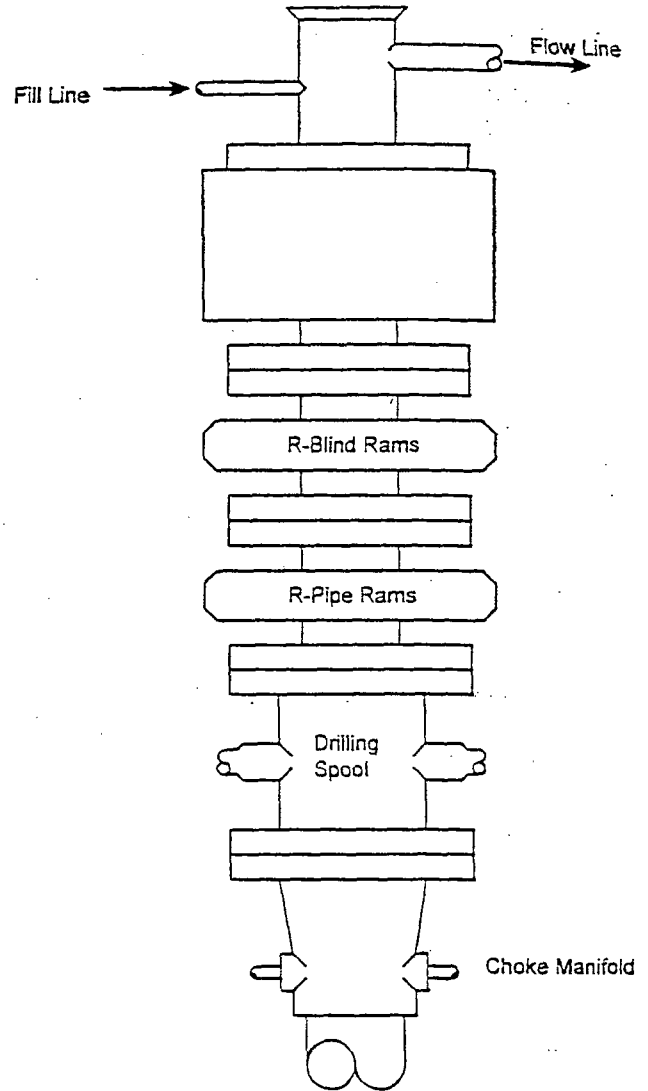
Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

**CAZA
 OPERATING,
 LLC.**

BLOWOUT PREVENTER SYSTEM

5000 PSI



Type 1500 SERIES
5000 psi WP

Choke Manifold Assembly for 5M WP System

