

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*5. Lease Serial No.
NMNM114998

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
SIOUX 25-36 STATE FED COM 12H9. API Well No.
30-025-4455310. Field and Pool or Exploratory Area
WOLFCAMP11. County or Parish, State
LEA COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
CAZA OPERATING LLCContact: STEVE MORRIS
E-Mail: steve.morris@morcoreengineering.com3a. Address
200 NORTH LORRAINE SUITE 1550
MIDLAND, TX 797013b. Phone No. (include area code)
Ph: 985-415-9722

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 25 T25S R35E NENE 100FNL 1422FEL
32.108360 N Lat, 103.317230 W Lon**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Change to Original A |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | PD |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Caza proposes to change the production casing to 6" 24.5# P110. The drilling plan will not change.
Attached is the casing and cement worksheet.

Carlsbad Field Office
OCD Hobbs

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #494520 verified by the BLM Well Information System

For CAZA OPERATING LLC, sent to the Hobbs

Committed to AFMSS for processing by PRISCILLA PEREZ on 12/05/2019 (20PP0521SE)

Name (Printed/Typed) STEVE MORRIS

Title ENGINEER

Signature (Electronic Submission)

Date 12/04/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By JONG VO

Title PETROLEUM ENGINEER

Date 12/05/2019

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office Hobbs

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

| | |
|------------------------------|---|
| OPERATOR'S NAME: | CAZA OPERATING LLC |
| LEASE NO.: | NMNM11498 |
| WELL NAME & NO.: | Sioux 25-36 State Fed Com 12H |
| SURFACE HOLE FOOTAGE: | 100'/N & 1422'/E |
| BOTTOM HOLE FOOTAGE: | 270'/S & 340'/E |
| LOCATION: | Section 25, T.25 S., R.35 E., NMPM |
| COUNTY: | Lea County, New Mexico |

COA

| | | | |
|----------------------|---|--|---------------------------------------|
| H2S | <input type="radio"/> Yes | <input checked="" type="radio"/> No | |
| Potash | <input checked="" type="radio"/> None | <input type="radio"/> Secretary | <input type="radio"/> R-111-P |
| Cave/Karst Potential | <input checked="" type="radio"/> Low | <input type="radio"/> Medium | <input type="radio"/> High |
| Cave/Karst Potential | <input type="radio"/> Critical | | |
| Variance | <input type="radio"/> None | <input checked="" type="radio"/> Flex Hose | <input type="radio"/> Other |
| Wellhead | <input type="radio"/> Conventional | <input type="radio"/> Multibowl | <input checked="" type="radio"/> Both |
| Other | <input type="checkbox"/> 4 String Area | <input type="checkbox"/> Capitan Reef | <input type="checkbox"/> WIPP |
| Other | <input type="checkbox"/> Fluid Filled | <input type="checkbox"/> Cement Squeeze | <input type="checkbox"/> Pilot Hole |
| Special Requirements | <input type="checkbox"/> Water Disposal | <input checked="" type="checkbox"/> COM | <input type="checkbox"/> Unit |

All Previous COAs Still Apply

A. PRESSURE CONTROL

1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).
- 2.

Option 1:

- a. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi.
- b. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the intermediate casing shoe shall be 10,000 (10M) psi. **Variance is approved to use a 5000 (5M) Annular which shall be tested to 5000 (5M) psi.**

Option 2:

1. Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **10,000 (10M) psi**. **Variance is approved to use a 5000 (5M) Annular which shall be tested to 5000 (5M) psi.**
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
 - e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.

GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

☒ Eddy County

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

☒ Lea County

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575)
393-3612

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
 - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
 - b. When the operator proposes to set surface casing with Spudder Rig
 - Notify the BLM when moving in and removing the Spudder Rig.
 - Notify the BLM when moving in the 2nd Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
 - BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.
2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

A. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: The flex line must meet the requirements of API 16C. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.
3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.
4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.
 - e. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including

lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time, except the casing pressure test can be initiated immediately after bumping the plug (only applies to single stage cement jobs).
- c. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- d. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
- e. The results of the test shall be reported to the appropriate BLM office.
- f. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
- g. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.
- h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

| | |
|---------------------|----------------------|
| Operator | Caza Operating LLC |
| Well Name & No. | Maun 25 Fed Core 1DH |
| County | Lea |
| Location (S/T/R/AH) | |
| Lease Number | |
| ATS or EC # | |

APD### or EC###

| |
|-----------------------|
| Colors: |
| Choose casings |
| FBI In, if applicable |

| | |
|---------|--|
| Name | |
| Date | |
| Version | |

| | |
|---------|--|
| Remarks | |
|---------|--|

| Type of Casing | Size of Hole (in) | Size of Casing (in) | Weight per Foot (lbs/ft) | Grade | Yield | Coupling #: | Top (ft) | Bottom (MD) (ft) | Setting Depth (TVD) (TVD of entire string) (ft) | Min Mud Weight (ppg) | Max Mud Weight (ppg) | ID | Drift ID | Cpls OD |
|-----------------|-------------------|---------------------|--------------------------|-------|-------|-------------|----------|------------------|---|----------------------|----------------------|---------|----------|---------|
| Surface | 17.500 | 13.375 | 54.50 | J | 55 | stc | 0 | 1105 | 1105 | 8.40 | 8.90 | 12.6150 | 12.4900 | 14.3750 |
| Int 1 | 12.250 | 9.625 | 40.00 | hcl | 80 | btc | 0 | 7200 | 9150 | 9.20 | 10.00 | 8.8350 | 8.7500 | 10.6250 |
| Int 1 Taper 1 | 12.250 | 9.625 | 47.00 | hcl | 80 | btc | 7200 | 9199 | 9150 | 9.20 | 10.00 | 8.6810 | 8.6250 | 10.6250 |
| <Choose Casing> | | | | | | | | | | | | | | |
| Prod 1 | 8.500 | 6.000 | 24.50 | P | 110 | btc | 0 | 22328 | 12075 | 9.20 | 12.50 | 5.2000 | 5.0750 | 6.8750 |
| <Choose Casing> | | | | | | | | | | | | | | |
| <Choose Casing> | | | | | | | | | | | | | | |

| Cement | | | | | | | | | | | | | | |
|-----------|---------|-----------------------------|--------------|-----------------|-----------------------------|--------------|---------|-----------------------------|-----------------|------|-----------------------------|-----------------|------|-----------------------------|
| Surface | | | Int 1 | | | Prod 1 | | | <Choose Casing> | | | <Choose Casing> | | |
| TOC | 0 | | TOC | 0 | | TOC | 0 | | TOC | | | TOC | | |
| DV Depth | | | DV Depth | 3900 | | DV Depth | | | DV Depth | | | DV Depth | | |
| Sacks | | Yield (ft ³ /sk) | | | Yield (ft ³ /sk) | Sacks | | Yield (ft ³ /sk) | Sacks | | Yield (ft ³ /sk) | Sacks | | Yield (ft ³ /sk) |
| Lead | 580 | 1.93 | Lead | 1410 | 2.13 | Lead 1 | 1942 | 2.38 | Lead 1 | | | Lead 1 | | |
| Tail | 309 | 1.35 | Tail | 232 | 1.35 | Tail 1 | 2942 | 1.62 | Tail 1 | | | Tail 1 | | |
| DV Lead | | | DV Lead | 1100 | 2.13 | DV Lead | | | DV Lead | | | DV Lead | | |
| DV Tail | | | DV Tail | 150 | 1.35 | DV Tail | | | DV Tail | | | DV Tail | | |
| Cmt Added | 1536.55 | cuft | Cement Added | 3316.5 / 2545.5 | cuft | Cement Added | 9388.00 | cuft | Cement Added | #N/A | cuft | Cement Added | #N/A | cuft |
| Cmt Req | 768 | cuft | Cement Req | 1659.6 / 1276.1 | cuft | Cement Req | 4676 | cuft | Cement Req | 0 | cuft | Cement Req | 0 | cuft |
| Excess | 100.18% | | Excess | -99.8% / 99.5% | | Excess | 100.76% | | Excess | #N/A | | Excess | #N/A | |

| Clearances | In Hole | In Surface | In Int 1 | In Int 1 Taper 1 | In Prod 1 |
|---------------|---------|------------|------------|------------------|-----------|
| Surface | | | | | |
| Int 1 | | | | | |
| Int 1 Taper 1 | | No Overlap | No Overlap | | |
| Prod 1 | | | | No Overlap | |

| Safety Factors | Joint/Body | Collapse | Burst | Alt Burst |
|----------------|------------|----------|-------|-----------|
| Surface | 8.54 | 2.21 | | 1.00 |
| Int 1 | 2.40 | 1.13 | | 1.11 |
| Int 1 Taper 1 | 11.56 | 1.49 | | 1.33 |
| Prod 1 | 2.71 | 1.46 | 1.64 | 2.48 |

| BOP Requirements After the Shoe | | | | | |
|---------------------------------|-----------|---------------------|------------|---------------------|--------|
| Surface | | Int 1 | | Prod 1 | |
| Max. Surf. Pressure | 2740 psi | Max. Surf. Pressure | 5184 psi | Max. Surf. Pressure | psi |
| BOP Required | 3M System | BOP Required | 10M System | BOP Required | System |
| <Choose Casing> | | | | | |
| Max. Surf. Pressure | psi | | | | |
| BOP Required | System | | | | |