

District I
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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

State of New Mexico
HOBBES OCEAN Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised July 18, 2013

JUN 03 2014

RECEIVED

☐ AMENDED REPORT

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

¹ Operator Name and Address CAZA OPERATING, LLC. 200 NORTH LORRAINE SUITE 1550 MIDLAND, TEXAS 79701		² OGRID Number 249099
⁴ Property Code 40096		³ API Number 30-025-41888
⁵ Property Name GRAMMA 27 STATE		⁶ Well No. 2H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
A	27	21S	34E		330'	NORTH	500'	EAST	LEA

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
P	27	21S	R34E		330'	SOUTH	330'	EAST	LEA

9. Pool Information

¹⁰ Pool Name GRAMMA RIDGE-BONE SPRING NORTHEAST	¹¹ Pool Code 28435
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Additional Well Information

¹² Work Type N	¹³ Well Type O	¹⁴ Cable/Rotary ROTARY	¹⁵ Lease Type S	¹⁶ Ground Level Elevation 3688'
¹⁷ Multiple NO	¹⁸ Proposed Depth 11,200 TVD	¹⁹ Formation BONE SPRING	²⁰ Contractor UNKNOWN	²¹ Spud Date WHEN APPROVED
²² Depth to Ground water 100'		²³ Distance from nearest fresh water well Approximately .75 miles Northeast.		²⁴ Distance to nearest surface water None Known

☒ We will be using a closed-loop system in lieu of lined pits

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#	1800'	1506 Sx.	Surface
Intermed	12 1/4"	9 5/8"	40#	5700'	1332 Sx.	Surface
2nd Inter.	8 3/4"	7"	29#	11,480'	1011 Sx.	Est. 5000' FS

* SEE ATTACHED SHEET

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DOUBLE RAM	5000 PSI	3000 PSI	Cameron or schaffer

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 <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> , if applicable. Signature: <i>Joe T. Janica</i> Printed name: Joe T. Janica Title: Permit Eng. E-mail Address: joejanica@valornet.com Date: 06/03/14 Phone: 575-391-8503	<p style="text-align: center;">OIL CONSERVATION DIVISION</p> Approved By: <i>[Signature]</i> Title: <i>[Signature]</i> Approved Date: 06/03/14 Expiration Date: 06/03/16 Conditions of Approval Attached
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JUN 04 2014

Am

1. Drill 26" hole to 120'. Set 120' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17½" hole to 1800'. Run and set 1800' of 13 3/8" 54.5# J-55 ST&C casing. Cement with 1306 Sx. of Class "C" cement + 4% Gel, + 2% CaCl, Yield 1.75, tail in with 200 Sx. of Class "C" cement + 2% CaCl, Yield 1.32. 100% excess circulate cement to surface.
3. Drill 12½" hole to 5700'. Run and set 5700' of 9 5/8" 40# as follows: 1800' of 9 5/8" 40# HCK-55 LT&C, 3900' of 9 5/8" 40# J-55 ST&C. Cement with 1032 Sx. of 35/65 Class "C" POZ cement + 6% Gel, + 5% Salt, Yield 2.09, tail in with 300 Sx. of Class "C" cement + 1% CaCl, Yield 1.32 100% Excess, circulate cement to surface.
4. Drill 8 3/4" hole to 10,700' (KO Point). Run open hole logs. KO point 10,700'. Drill 8 3/4" hole to 11,480' MD, (TVD-11,200'). Run and set 11,480' of 7" 29# P-110 LT&C casing. Cement with 711 Sx. of 35/65 Class "H" POZcement + 1#/Sx. of KOL seal, Yield 1.93, tail in with 300 Sx. of Class "H" cement + fluid loss control, + defoamer, Yield 1.18. 50% Excess estimated top of cement 5000'.
5. Drill lateral hole with 6 1/8" bit to a total MD of 15,617' (TVD 11,200') Run and set 4968' of 4½" 13.5# HCP-110 BT&C. Cement with 258 Sx. of Class "H" SoluCem + fluid loss control and defoamer yield 2.61, 50% excess.

CONDITIONS OF APPROVAL

API #	Operator	Well name & Number
30-025-41888	Caza Operating LLC	Gramma 27 State # 2H

Applicable conditions of approval marked with XXXXXX

Administrative Orders Required

	Will require administrative order for non-standard location prior to placing the well on production
	Will require administrative order for non-standard spacing unit
	Will require administrative order for DHC prior to placing the well on production
	Will require form C-103 for pre-approved pools for downhole commingling prior to production. R-11363
	Will require administrative order for injection or disposal prior to injection or disposal

Other wells

	Spacing rule violation. Operator must follow up with Change of Status notification on other well to be shut in or abandoned

Drilling

XXXXXXX	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string

Casing

XXXXXXX	SURFACE & INTERMEDIATE(1) CASING - Cement must circulate to surface --
	INTERMEDIATE2 CASING - Cement must tie back into intermediate casing --
XXXXXXX	PRODUCTION CASING - Cement must tie back into intermediate casing --
	PRODUCTION CASING - Cement must circulate to surface --
	Liner – Cement must tie back into production casing
	South Area
XXXXXXX	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water
	North Area
	Surface casing minimum setting depth of 350' and at least 50' into the red beds whichever is greater.