

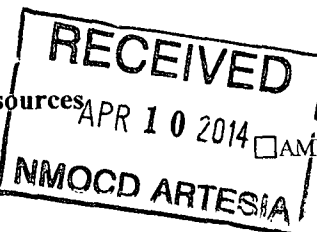
District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

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

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



Form C-101
Revised July 18, 2013

☐ 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 LORAIN SUITE 1550 MIDLAND, TEXAS 79701		² OGRID Number 249099
³ Property Code 40499		⁴ API Number 30-05-42308
⁵ Property Name FOREHAND "22" STATE		⁶ Well No. 2

7. Surface Location									
UL - Lot N	Section 22	Township 23S	Range 27E	Lot Idn	Feet from 660'	N/S Line SOUTH	Feet From 2080'	E/W Line WEST	County EDDY

8. 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 Cass Draw	FOREHAND RANCH-DELAWARE	Pool Code 10410-24670

Additional Well Information				
¹¹ Work Type N	¹² Well Type 0	¹³ Cable/Rotary ROTARY	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 3151'
¹⁶ Multiple NO	¹⁷ Proposed Depth 4000'	¹⁸ Formation DELAWARE	¹⁹ Contractor CAPSTAR	²⁰ Spud Date WHEN APPROVED
Depth to Ground water 100'		Distance from nearest fresh water well .5 miles East Northeast		Distance to nearest surface water No known surface water near

☒ 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"	48#	450'	415 Sx.	SURFACE
Intermed.	11"	8 5/8"	24#	2050'	616 Sx.	SURFACE
Prod.	7 7/8"	5 1/2"	15.5#	4000'	465 Sx.	1500' from surface

Casing/Cement Program: Additional Comments
SEE ATTACHED SHEET

22. Proposed Blowout Prevention Program			
Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000 PSI	1500 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>		OIL CONSERVATION DIVISION	
Printed name: Joe T. Janica		Approved By: <i>T.C. Shepard</i>	
Title: Permit Eng.		Title: Geologist	
E-mail Address: joejanica@valornet.com		Approved Date: 4-10-2014 Expiration Date: 4-10-2016	
Date: 04/08/14 Phone: 575-391-8503		Conditions of Approval Attached	

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17½" hole to 450'. Run and set 450' of 13 3/8" 48# H-40 ST&C casing. Cement with 265 Sx. of Class "C" cement + 4% Bentonite, + 2% CaCl, + 0.25# Celo Flakes/Sx. Yield 1.75 , tail in with 150 Sx. of Class "C" cement + 2% CaCl, Yield 1.33. 100% Excess, circulate cement to surface.
3. Drill 11" hole to 2050'. Run and set 2050' of 8 5/8" 24# J-55 ST&C casing. Cement with 416 Sx. of Class "C" 35/65 POZ cement + 4% Bentonite, + 5% Salt, Yield 2.16, tail in with 200 Sx. of Class "C" cement + 1% CaCl, Yield 1.33. 100% Excess from 2050' to 450'. Circulate cement to surface.
4. Drill 7 7/8" hole to 4000'. Run and set 4000' of 5½" 15.5# K-55 LT&C casing. Cement with 465 Sx. of Class "C" cement, Yield 1.33 50% Excess from 4000' to 1500'. Estimate top of cement 1500'.

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-42308	Pool Code 24670	Pool Name Cass Draw FOREHAND RANCH-DELAWARE
Property Code 40499	Property Name FOREHAND 22 STATE	Well Number 2
OGRID No. 249099	Operator Name CAZA OPERATING, LLC	Elevation 3151'

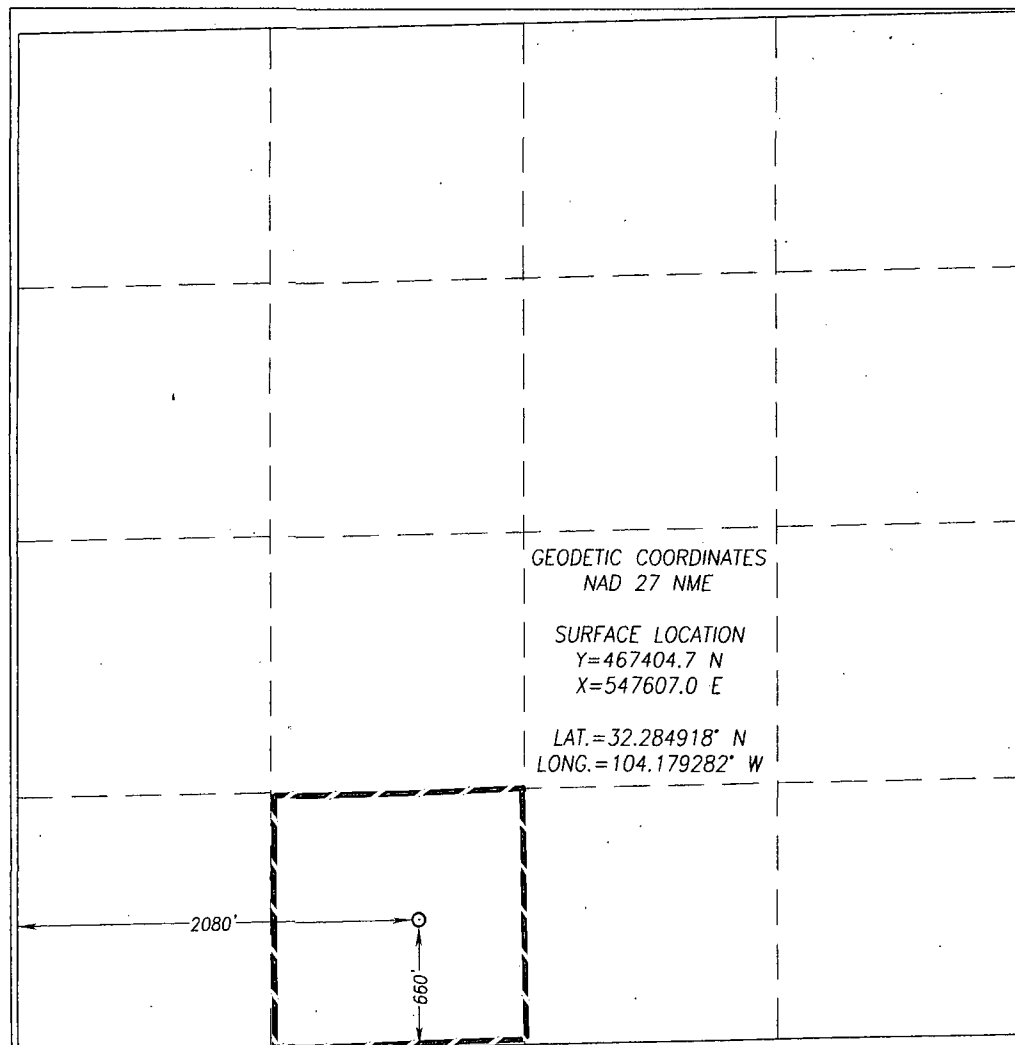
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	22	23-S	27-E		660	SOUTH	2080	WEST	EDDY

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 40	Joint or Infill	Consolidation Code	Order No.						

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



OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Joe T. Janica*
Date: **04/08/14**
Printed Name: **Joe T. Janica**
E-mail Address: **joejanica@valornet.com**

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.

MARCH 13, 2014

Date of Survey
Signature & Seal of Professional Surveyor:

GARY G. EIDSON
NEW MEXICO
12641
REG. PROFESSIONAL SURVEYOR
Certificate Number: **Gary G. Eidson 12641**
Ronald J. Eidson 3239

ACK JWSC W.O.: 14.11.0246

Forehand 22 State # 2

Location: Section 22_T23S_R27E_Eddy County, New Mexico



Well Bore Plan

Depth
(TVD-ft)

Wellbore Sketch

500 —

1000 —

1500 —

2000 —

2500 —

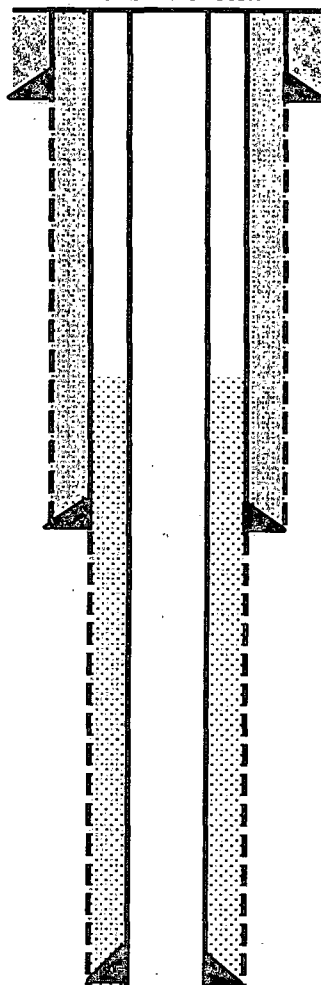
3000 —

3500 —

4000 —

4500 —

5000 —



20" Cond @ ± 40'

**13-3/8" 48 # H-40 ST&C
@ 450 ft**

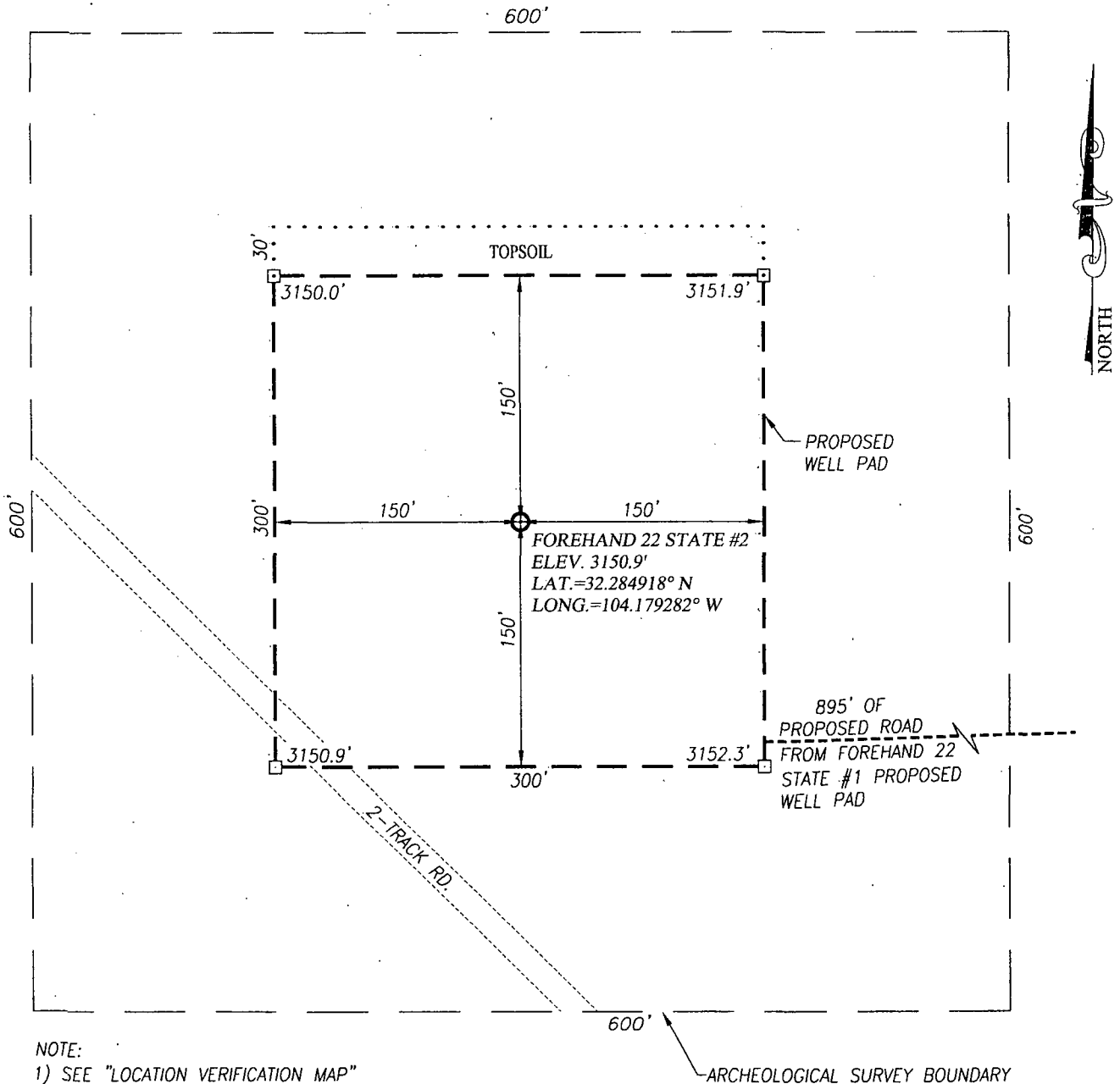
Cmt w/ 265 sks "C" w/ 4% gel
+ .25pps celloflake mixed 13.5
ppg. 1.75 yield. Tail w/ 150
sks "C" w/ 2% CACL2 14.8 ppg
1.33 yield

**8-5/8" 24 # J-55 ST&C @
2150 ft**

Cmt w/ 416 sks "C" w/ lite
4% gel + .25pps celloflake
mixed 12.5 ppg. 2.14 yield.
Tail w/ 200 sks "C" w/ 1%
CACL2 14.8 ppg 1.33 yield

**5.5" 15.5# J-55 LT&C @
4000 ft**

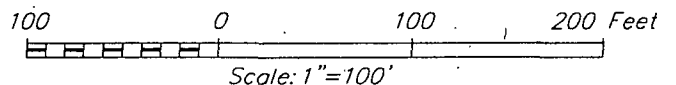
5-1/2" cmt w/ 465 sks "C"
14.8 ppg 1.33 yield.



NOTE:
1) SEE "LOCATION VERIFICATION MAP"
FOR PROPOSED ROAD LOCATION.

DIRECTIONS TO FOREHAND 22 STATE #2:

FROM THE INTERSECTION OF U.S. HIGHWAY 285 AND CO. RD. #706 (GRANDI RD.), GO SOUTH APPROX. 4 MILES ON CO. RD. #706; TURN RIGHT AND GO SOUTHWEST APPROX. 0.25 MILES. BEND LEFT AND GO SOUTH APPROX. 0.55 MILES; TURN RIGHT AND GO WEST APPROX. 0.15 MILE TO FOREHAND RANCH 27 #2H. FROM NORTHWEST PAD CORNER FOLLOW STAKED ROAD APPROX. 627 FEET NORTHWEST TO THE PROPOSED FOREHAND 22 STATE #1 WELL PAD AND PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY WEST 895 FEET. THIS LOCATION IS NORTHWEST APPROX. 200 FEET.



CAZA OPERATING, LLC

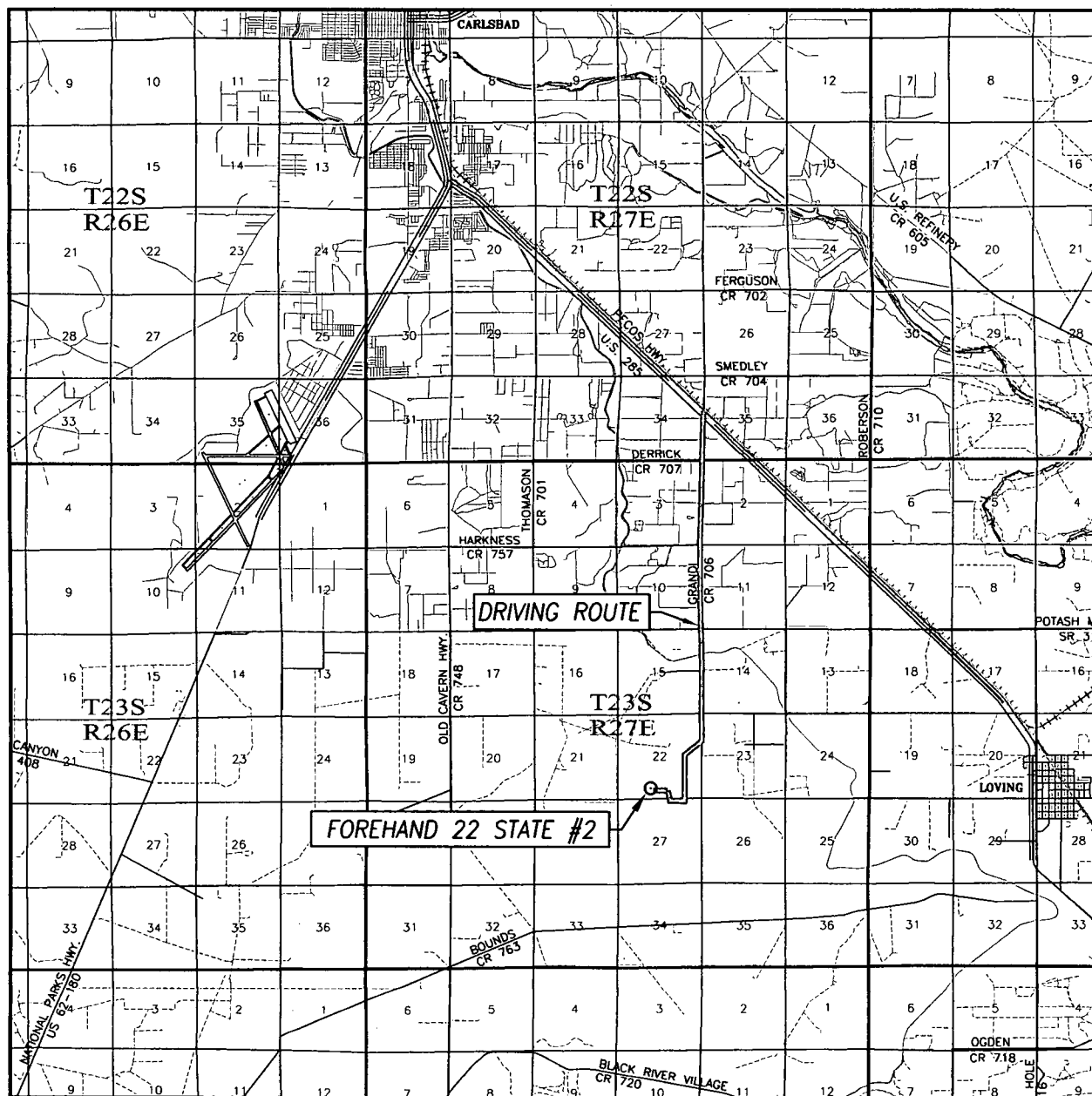
FOREHAND 22 STATE #2 WELL
LOCATED 660 FEET FROM THE SOUTH LINE
AND 2080 FEET FROM THE WEST LINE OF SECTION 22,
TOWNSHIP 23 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz
TBPLS# 10021000

Survey Date: 3/13/14	CAD Date: 3/28/14	Drawn By: ACK
W.O. No.: 14110246	Rev: .	Rel. W.O.:
		Sheet 1 of 1

VICINITY MAP



SCALE: 1" = 2 MILES

DRIVING ROUTE: SEE LOCATION VERIFICATION MAP

SEC. 22 TWP. 23-S RGE. 27-E

SURVEY N.M.P.M.


COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 660' FSL & 2080' FWL

ELEVATION 3151'

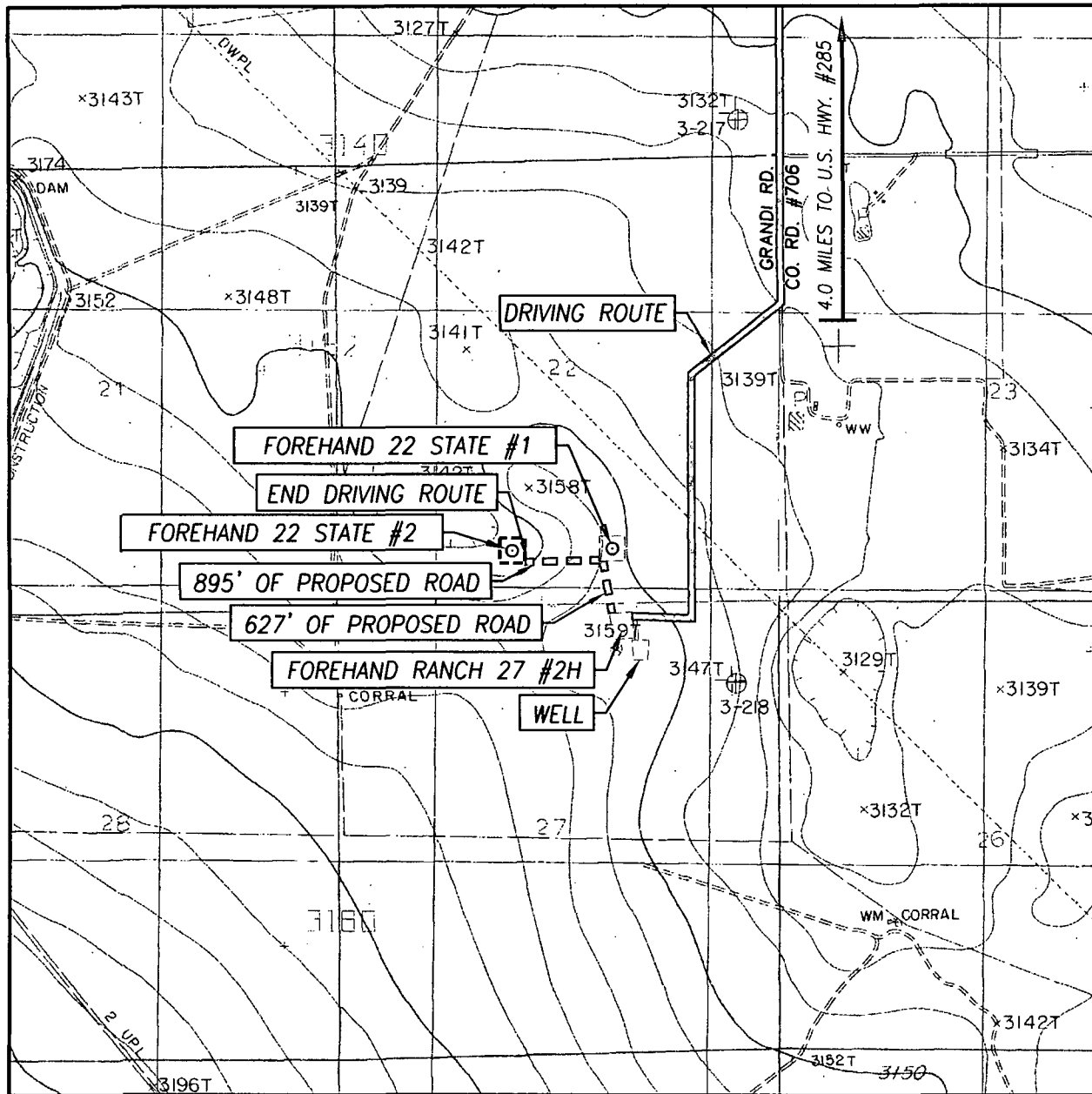
OPERATOR CAZA OPERATING, LLC

LEASE FOREHAND 22 STATE



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TBPLS# 10021000

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
OTIS, N.M. - 10'

SEC. 22 TWP. 23-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 660' FSL & 2080' FWL

ELEVATION 3151'

OPERATOR CAZA OPERATING, LLC

LEASE FOREHAND 22 STATE

U.S.G.S. TOPOGRAPHIC MAP

OTIS, N.M.

DIRECTIONS TO FOREHAND 22 STATE #2:

FROM THE INTERSECTION OF U.S. HIGHWAY 285 AND CO. RD. #706 (GRANDI RD.), GO SOUTH APPROX. 4 MILES ON CO. RD. #706; TURN RIGHT AND GO SOUTHWEST APPROX. 0.25 MILES. BEND LEFT AND GO SOUTH APPROX. 0.55 MILES; TURN RIGHT AND GO WEST APPROX. 0.15 MILE TO FOREHAND RANCH 27 #2H. FROM NORTHWEST PAD CORNER FOLLOW STAKED ROAD APPROX. 627 FEET NORTHWEST TO THE PROPOSED FOREHAND 22 STATE #1 WELL PAD AND PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY WEST 895 FEET. THIS LOCATION IS NORTHWEST APPROX. 200 FEET.



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SINCE 1946

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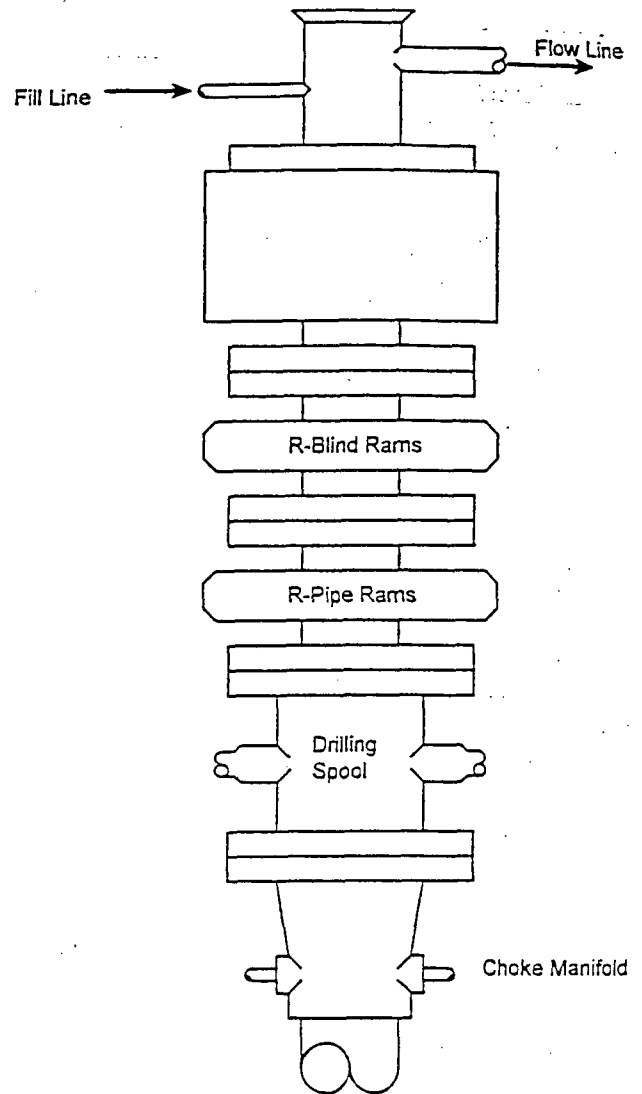
412 N. DAL PASO HOBBS, N.M. 88240

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TBPLS# 10021000

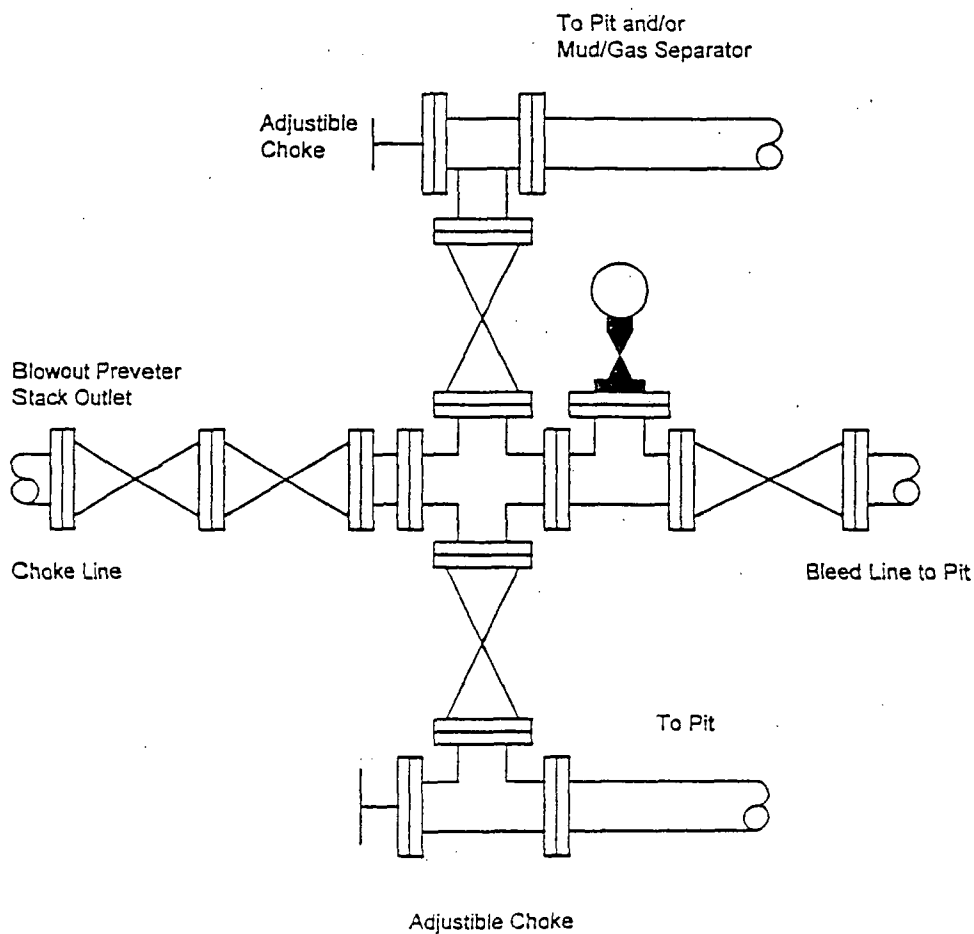
BLOWOUT PREVENTER SYSTEM

3000 PSI



Type 900 SERIES
3000 PSI WP

Choke Manifold Assembly for 5M WP System





Forehand 22 State #2 Closed Loop Drilling System

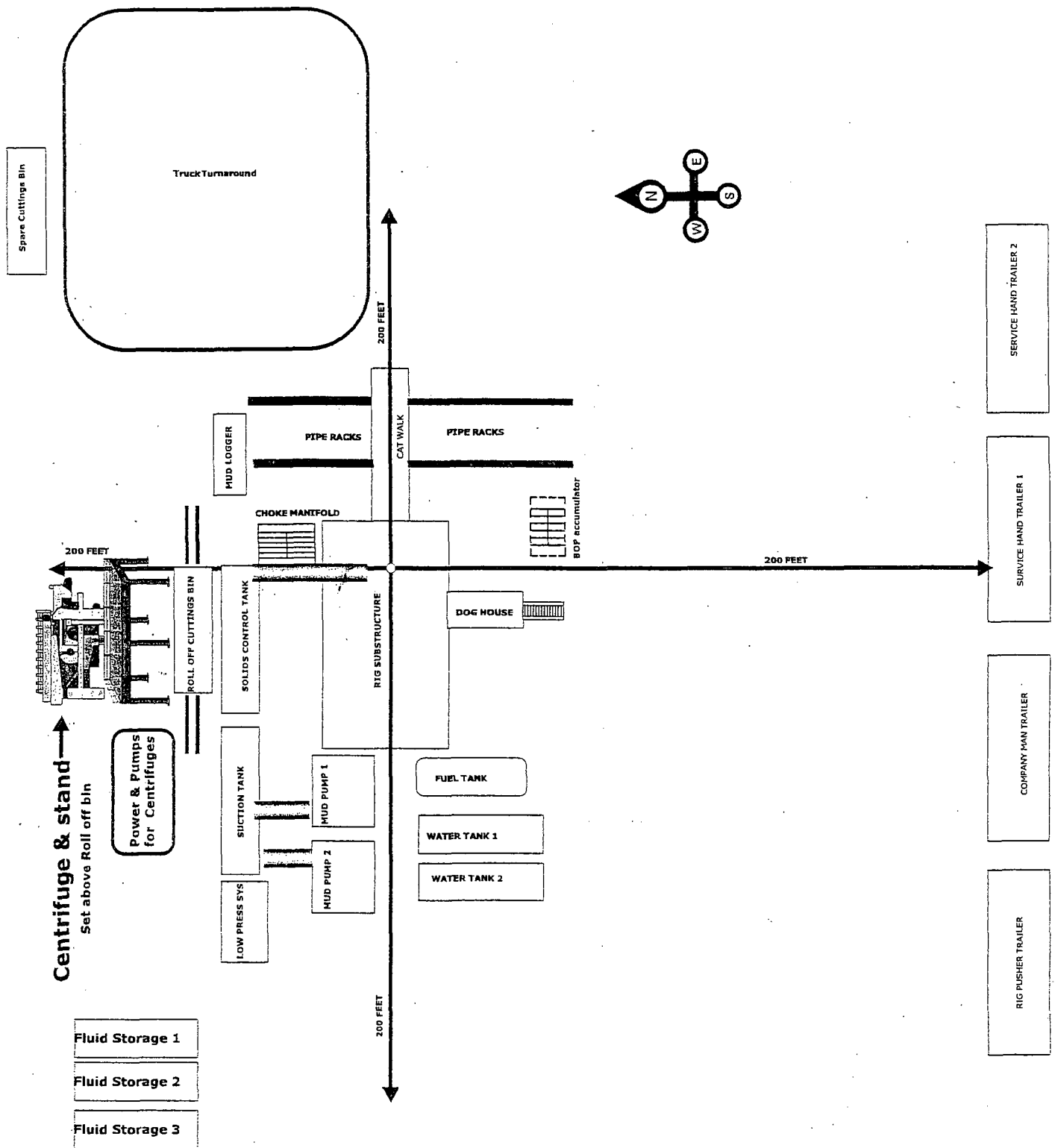
Operations and Maintenance Plan

Closed Loop equipment will be inspected and monitored closely on a daily basis by each drilling rig Tour and by those hired specifically to operate the equipment. Any leak or release detected will be repaired immediately and the proper NMOCD official will be notified within the 48 hr requirement. A large release will require Caza Operating, LLC representatives to contact NMOCD immediately at the Hobbs office 575 393 6161 as stated by NMOCD rule 116.

Closure Plan

During and after drilling operations, liquids (which apply), all drill cuttings and drilling fluids will be hauled and disposed of at the R-360 disposal (permit number NM-01-0006) located about 30 miles East of Carlsbad, New Mexico. An alternate approved disposal site has been selected "Sundance" Parabo NM-01-0003 which is 5 miles East of Eunice, NM. The Second site would only be used in the event of problems with R-360 disposal.

CAZA OPERATING, LLC.
FOREHAND "22" STATE # 2



Note: The Rig and Closed System Company for this well have not been selected thus the set up shown is simply generic.