

CAZA PETROLEUM, INC.
AUTHORIZATION FOR EXPENDITURE
EXPLORATORY DRILLING AFE

8.5" Casing Completion

DATE: 03/27/2013

AFE Title:

Well Name & No.: West Copperline 29 Fed # 1H

Field: Antelope Ridge

State: New Mexico

County: LEA

Exploratory

Development: XX

Oil: XX

GAS

Proposed Formation: 3RD Bone Springs Horizontal

Prop TD: 11,480 TVD 15,890 ft md Lat

Description: DRILL, Complete Horizontal 3rd Bone Sprg, 330 FNL & 1980 FWL, Sec 29, T23S, R34E

KOP ± 10,900 R. Horizontal @ 11,480 R TVD. Measured Depth ± 15,890 R. Lateral 4128 R. BHL = 330 FSL & 1980 FWL

INTANGIBLE COSTS

		BCP Dry Hole		ACP Completion	TOTAL COST
APD & ARCHAEOLOGICAL	502	\$5,000	702	0	5,000
TITLE OPINION & CURATIVE	504	\$20,000	704	5,000	25,000
SURVEYING / STAKE LOCATION	506	\$5,000	706	0	5,000
DAMAGES & R.O.W'S	508	\$10,000	708	0	10,000
CONTRACT SERVICES & EQUIPMENT	509	\$20,000	713	25,000	45,000
ROADS LOCATION PITS LINERS ETC	510	\$105,000	710	11,000	116,000
DRILLING - FOOTAGE OF TURNKEY	512	\$0			0
DRILLING - DAYWORK	514	\$636,000	714	50,500	686,500
DRILLING MUD & CHEMICALS	516	\$85,000	716	0	85,000
WATER	518	\$50,000	718	150,000	200,000
BITS REAMERS ETC	520	\$85,000	720	0	85,000
DIRECTIONAL DRILLING SERVICES	521	\$194,000			194,000
FUEL	522	\$273,750	722	0	273,750
CEMENTING SURFACE	524	\$18,000			18,000
CEMENTING INTERMEDIATE	526	\$32,000			32,000
CEMENTING PRODUCTION	528	\$0	728	\$0,000	0,000
TUBULAR SERVICES AND TOOLS	530	\$0	730	0	0
CASING CREWS / PULD MACHINE	532	\$30,000	732	40,000	70,000
FLOAT EQUIPMENT	534	\$7,500	734	10,000	17,500
TESTING - DST & COMPLETION	536	\$20,000	736	0	20,000
OPEN HOLE LOGGING / CORES	538	\$75,000			75,000
MUD LOGGING	540	\$5,000			5,000
WELDING & HOURLY LABOR	542	\$12,500	742	\$15,000	27,500
EQUIPMENT RENTAL	544	\$200,350	744	\$150,000	350,350
CLOSED LOOP MUD SYSTEM	545	\$133,000			133,000
TRUCKING / TRANSPORTATION / FORKLIFT	546	\$205,000	746	\$45,000	250,000
COMPLETION UNIT	548	\$0	748	\$98,000	98,000
FORMATION STIMULATION	550	\$0	750	\$1,515,000	1,515,000
WIRELINE SERVICES	552	\$12,000	752	\$140,000	152,000
GEOLOGIC / ENGINEERING	554	\$27,000			27,000
WELL SITE CONSULTANT	556	\$60,800	756	\$64,000	124,800
INSURANCE	560	\$15,000	760		15,000
TELEPHONE COMMUNICATIONS	561	\$2,500			2,500
MISCELLANEOUS	562	\$12,500	762	\$7,500	20,000
MUD DISPOSAL/HAULOFF	565	\$152,000	765	\$135,000	287,000
PLUGGING	566	\$0	766	\$0	0
PERMANENT PACKER		\$0	745	\$0	0
CEMENT STAGE TOOLS		\$0	767	\$0	0
COMPLETION FLUIDS		\$0	763	\$85,000	85,000
GRAVEL PACK SVC & EQPT		\$0	747	\$0	0
CONTINGENCY 15%		\$399,135		\$394,350	793,485
TOTAL INTANGIBLES		\$3,060,035		\$3,023,350	6,083,385

TANGIBLE COSTS

CONDUCTOR CASING	602	45,000			45,000
SURFACE CASING	604	29,250			29,250
INTERMEDIATE CASING	608	\$160,325			160,325
DEEP INTERMEDIATE CASING & DRILLING LNR	612	\$0			0
CONSTRUCTION LABOR CAPITALIZED			815	\$0	0
PRODUCTION CASING / LINER			816	\$317,600	317,600
METER STATION			818	\$0	0
TUBING			820	\$63,250	63,250
WELLHEAD EQUIPMENT	622	\$12,000	822	\$30,000	42,000
SURFACE LIFT & ELECTRICAL CONST			824	\$95,000	95,000
RODS AND PUMP			826	\$0	0
PACKERS, BPS, DOWNHOLE EQUIPMENT	828	\$0	828	\$5,000	5,000
GAS PRODUCTION EQUIPMENT			830	\$7,000	7,000
SEPARATOR TREATER			832	\$75,000	75,000
FLOWLINES, VALVES, CONNECTIONS	634	\$0	834	\$83,500	83,500
TANKS (Water and Production)			836	\$156,000	156,000
DEHYDRATOR			838	\$0	0
MISCELLANEOUS	838	\$2,500	838	\$51,500	54,000
CONTINGENCY (10%)	640	\$24,908		\$88,385	113,293
TOTAL TANGIBLES		\$273,993		\$972,235	1,246,218
TOTAL COST		\$3,334,018		\$3,995,585	7,329,603

Caza Operating, LLC

By: Tony B. Sam
 Tony B. Sam, V.P. Operations

Date Prepared: 3-27-13

We approve / disapprove:

Company:

By:

CAZA APPROVAL

Land: 3-25-13
 G&G: 4-1-13
 Acct: 4-3-13
 Pres: 4-3-13

Printed Name:

Title:

Date:

Oil Conservation Division
 Case No. 9-15021
 Exhibit No. 2