

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Certified Mail: 7007 2560 0002 2222 8285

November 1, 2012

Mr. Richard Wright
Caza Operating, LLC
200 N. Loraine, Suite 1550
Midland TX 79701

RE: Denial of the Forehand Ranch 27 State 1H C-144 Permit and Permit Modification Request
Operator: Caza Operating, LLC
OGRID: 249099
Facility or Well Name: Forehand Ranch 27 State 1H
Location: Unit B, Section 27, Township 23 South, Range 27 East, NMPM
Eddy County, New Mexico

Dear Mr. Wright:

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of two (2) separate Form C-144 Drilling Pit Permit Applications (permit) for the above referenced well. The permits were formulated and submitted to OCD by your agent/contractor, R.T. Hicks Consultants, Ltd. The first permit was received by OCD on August 16, 2012. During OCD review of this permit, and during conversations and correspondence with your agent, (Mr. Hicks), it was determined that there were some deficiencies and non-compliance issues with this submittal. Subsequently, a second permit was submitted by your agent. This permit was received by OCD on August 30, 2012.

During OCD review of the second permit submittal, it was discovered by OCD, that this well was federally permitted by the Bureau of Land Management (BLM), and is subject to Conditions of Approval (COA) as attached to the APD. The portion of the COA relevant to your C-144 submittal is as follows:

- **VI. CONSTRUCTION**

- C. CLOSED LOOP SYSTEM**

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

Due to the federal COA concerning drilling pits at this site, OCD hereby denies the Form C-144 drilling pit permits referenced above.

You have 10 days from receipt of this notice to request a hearing on the denial of your C-144 permit application. See 19.15.17.16 NMAC. Please contact Florene Davidson at (505) 476-3458 within 10 days of receipt of this notice if you want to request a hearing on the denial of the C-144 permit application.

Mr. Wright
Caza Operating, LLC
November 1, 2012
Page 2

Please be advised that permit applications and permit modification and/or amendments will be processed in the order in which they are received. The submittal of multiple requests and modifications from the applicant may result in scheduling issues and delays. Please request your contractors, agents, and/or consultants to submit permit applications that are in compliance with current OCD and BLM rules, regulations and guidelines.

If you have any questions or concerns, please contact the District 2 Environmental Specialist, Mike Bratcher, at 575-748-1283 X108 or by email, mike.bratcher@state.nm.us

Sincerely,



Randy Dade
OCD District 2 Supervisor
randy.dade@state.nm.us

Cc: Daniel Sanchez, Compliance & Enforcement Manager, OCD Santa Fe
Glenn von Gonten, Senior Hydrologist, OCD Santa Fe
Randy Dade, District Supervisor, OCD District 2
Mike Bratcher, Environmental Specialist, OCD District 2
R.T. Hicks Consultants, Ltd.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Richard Wright
Caza Operating LLC
200 N. Lorraine, Suite 1550
Midland TX 79701

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x *Caren Copeland* ☐ Agent
☐ Addressee

B. Received by (Printed Name)

Caren Copeland C. Date of Delivery *11-2-11*

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article No.
(Transfer)

7007 2560 0002 2222 8285

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11/01/2012 (505)746-4412 12:50:46 PM

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===== Sales Receipt =====

Product Description	Sale Unit Qty	Unit Price	Final Price
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(Forever) Neon Celebrate	1	\$0.45	\$0.45
MIDLAND TX 79701			\$0.45
Zone-3 First-Class Letter			
0.70 oz.			
Expected Delivery: Mon 11/05/12			
Return Rcpt (Green Card)			\$2.35
Certified			\$2.95
Label #:	70072560000222228285		

Issue PVI: \$5.75

Total: \$6.20

Paid by:

Debit Card \$6.20

Account #: XXXXXXXXXXXX9181

Approval #:

Transaction #: 196

23902810340

Receipt#: 002489

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shipping labels with postage. For
other information call
1-800-ASK-USPS.

KT Hicks Consultants

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Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 5.75

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Mr. Richard Wright Caza Operating LLC	
Street, Apt. No.:	
or PO Box No. 200 N. Lorraine Suite 1550	
City, State, Zip+4	
Midland TX 79701	

PS Form 3800, August 2006 See Reverse for Instructions