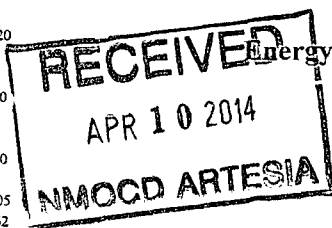


District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

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

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

☐ AMENDED REPORT

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

Operator Name and Address CAZA OPERATING, LLC. 200 NORTH LORRAINE SUITE 1550 MIDLAND, TEXAS 79701		OGRID Number: 249099
Property Code 40013	FOREHAND "27" STATE	Well No. 4

7. Surface Location

UL - Lot H	Section 27	Township 23S	Range 27E	Lot Idn	Feet from 1980'	N/S Line NORTH	Feet From 660'	E/W Line EAST	County EDDY
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8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
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9. Pool Information

Pool Name Cass Draw	FOREHAND RANCH-DELAWARE	Pool Code 10410	24670
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Additional Well Information

11. Work Type N	12. Well Type O	13. Cable/Rotary ROTARY	14. Lease Type S	15. Ground Level Elevation 3147'
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 .75 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

<p>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.</p> <p>Signature: Joe T. Janica</p> <p>Printed name: Joe T. Janica</p> <p>Title: Permit Eng.</p> <p>E-mail Address: joejanica@valornet.com</p> <p>Date: 04/08/14</p>		<p>OIL CONSERVATION DIVISION</p> <p>Approved By: T.C. Shapard</p> <p>Title: "Geologist"</p> <p>Approved Date: 4-10-2014</p> <p>Expiration Date: 4-10-2016</p> <p>Conditions of Approval Attached</p>	
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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, + 0,25lb 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% Gel, + 5% NaCl, Yield 2.16. Tail in with 200 Sx. of Class "C" cement + 1% CaCl, Yield 1.33 100% Excess, circulate cement to surface.
4. Drill 7 7/8" hole to 4000'. Run and set 4000' of 5½" 15.6 # K-55 LT&C casing. Cement with 465 Sx. of Class "C" cement, Yield 1.33. 50% excess, estimate top of cement 1500'.

Forehand 27 State # 4

Location: Section 22_T23S_R27E_Eddy County, New Mexico



Well Bore Plan

Depth
(TVD-ft)

Wellbore Sketch

500 —

1000 —

1500 —

2000 —

2500 —

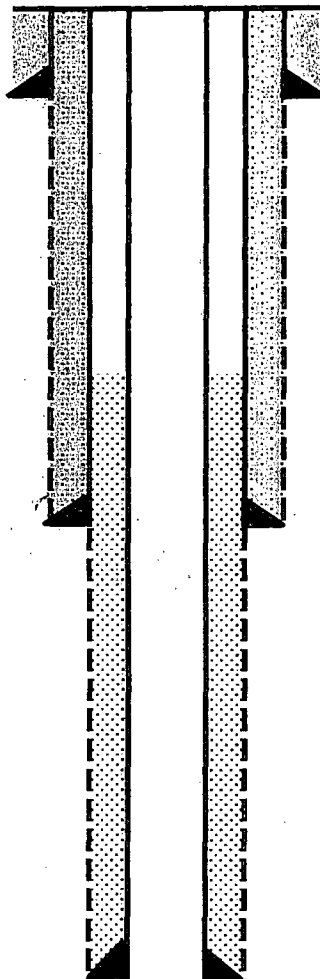
3000 —

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.

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Submit one copy to appropriate
District Office

☐ AMENDED REPORT

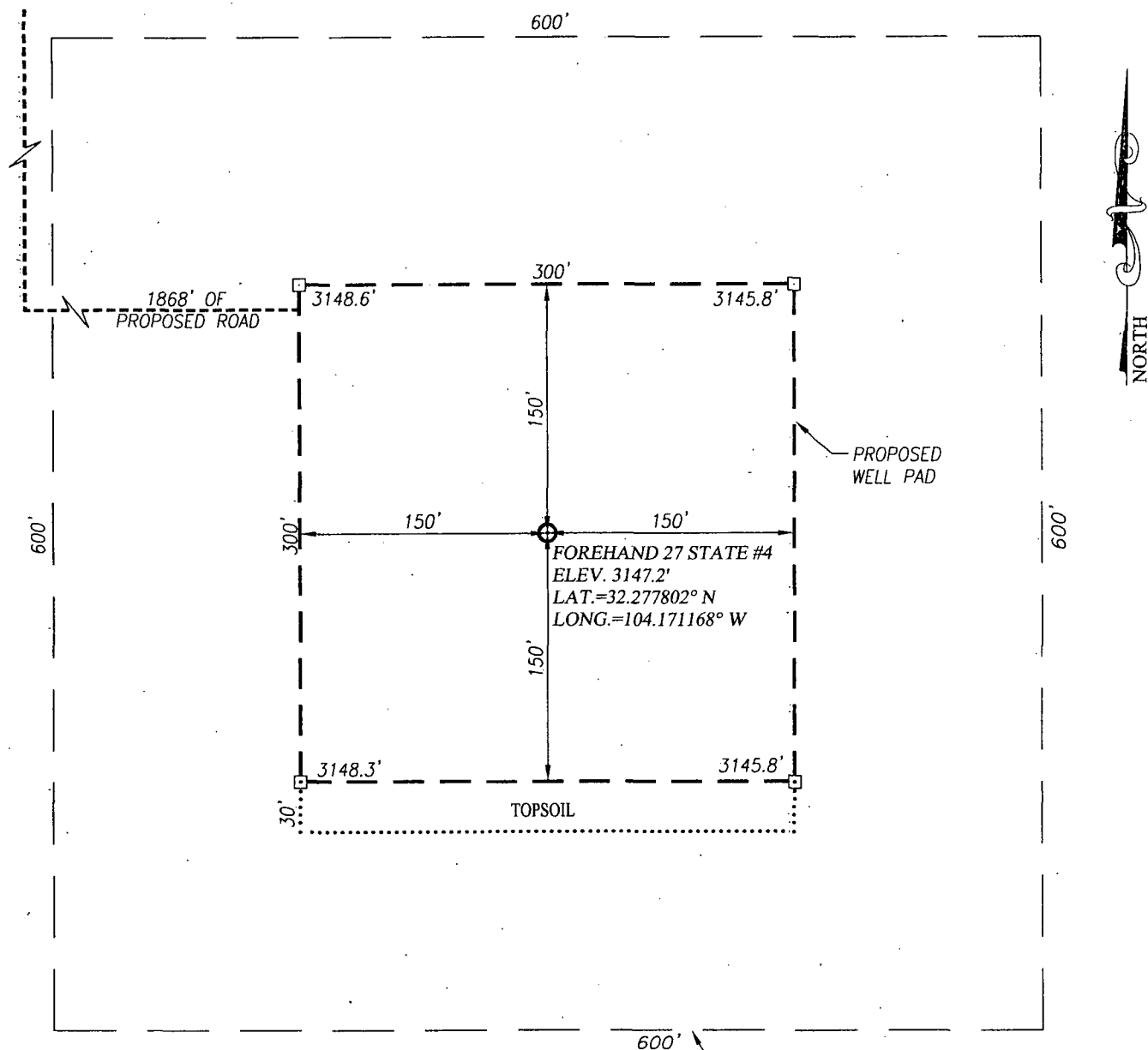
API Number 30-015-42309	Pool Code 24670 10410	Cass Draw FOREHAND RANCH DELAWARE	Pool Name
Property Code 40013	Property Name FOREHAND 27 STATE		Well Number 4
OGRID No. 249099	Operator Name CAZA OPERATING, LLC		Elevation 3147'

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	27	23-S	27-E		1980	NORTH	660	EAST	EDDY

UL or lot No.	Section	Township	Range	Lot 1dn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=464819.6 N X=550118.1 E</p> <p>LAT.=32.277802° N LONG.=104.171168° W</p>
	<p>Signature _____</p> <p>Joe T. Janica 04/08/14</p>
	<p>Printed Name _____</p> <p>joejanica@valornet.com</p>
	<p>E-mail Address _____</p>
<p>OPERATOR CERTIFICATION</p> <p>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.</p>	
<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MARCH 13, 2014</p> <p>Date of Survey _____</p> <p>Signature & Seal of Professional Surveyor: _____</p> <div></div> <p>Certificate Number Gary G. Eidson 12641 Ronald J. Eidson 3239</p> <p>ACK _____ JWSC W.O.: 14.11.0244</p>	



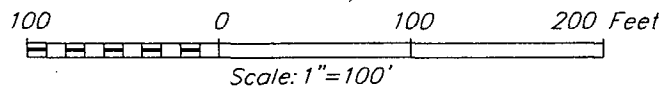
NOTE:

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

ARCHEOLOGICAL SURVEY BOUNDARY

DIRECTIONS TO FOREHAND 27 STATE #4:

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; TO A PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY SOUTH APPROX. 1650 FEET. TURN LEFT AND GO EAST APPROX. 215 FEET. THIS WELL IS APPROX. 200 FEET SOUTHEAST.



CAZA OPERATING, LLC

FOREHAND 27 STATE #4 WELL
LOCATED 1980 FEET FROM THE NORTH LINE
AND 660 FEET FROM THE EAST LINE OF SECTION 27,
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

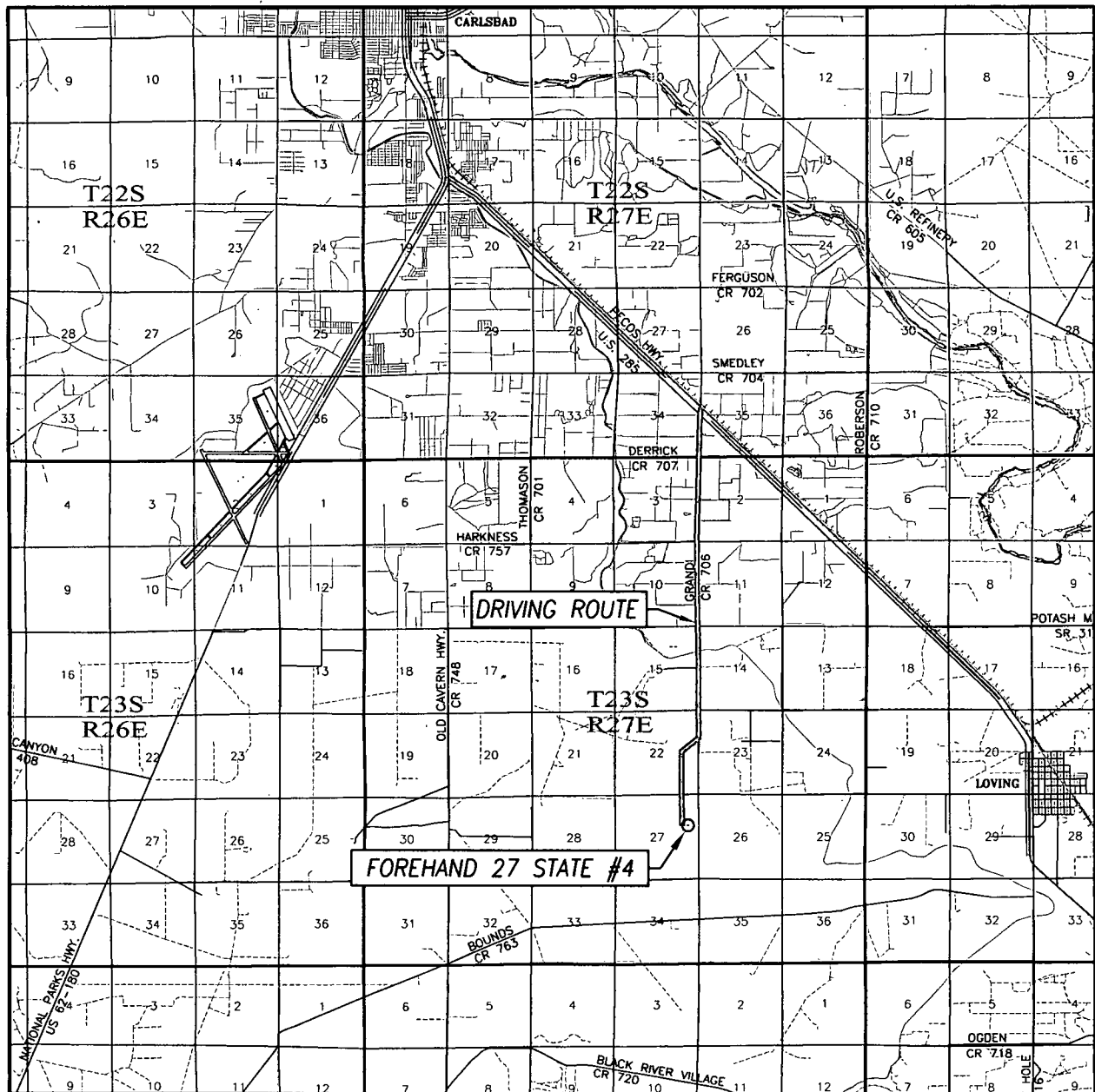
W.O. No.: 14110244

Rev: .

Rel. W.O.:


Sheet 1 of 1

VICINITY MAP



SCALE: 1" = 2 MILES
DRIVING ROUTE: SEE LOCATION VERIFICATION MAP

SEC. 27 TWP. 23-S RGE. 27-E
SURVEY N.M.P.M.
COUNTY EDDY STATE NEW MEXICO
DESCRIPTION 1980' FNL & 660' FEL
ELEVATION 3147'
OPERATOR CAZA OPERATING, LLC
LEASE FOREHAND 27 STATE

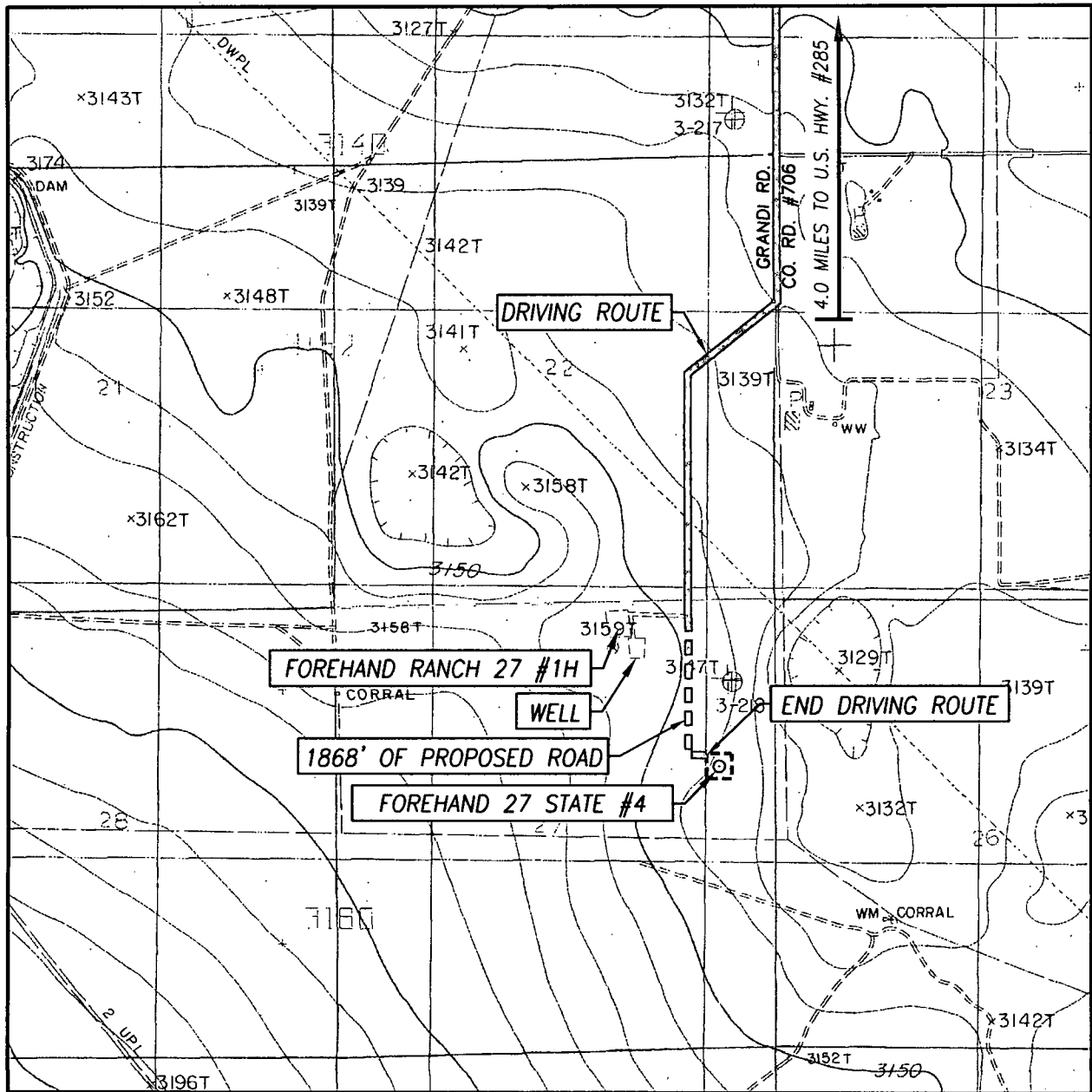


PROVIDING SURVEYING SERVICES
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TBPLS# 10021000

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

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

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1980' FNL & 660' FEL

ELEVATION 3147'

OPERATOR CAZA OPERATING, LLC

LEASE FOREHAND 27 STATE

U.S.G.S. TOPOGRAPHIC MAP
OTIS, N.M.

DIRECTIONS TO FOREHAND 27 STATE #4:

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 TO A PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY SOUTH APPROX. 1650 FEET. TURN LEFT AND GO EAST APPROX. 215 FEET. THIS WELL IS APPROX. 200 FEET SOUTHEAST.



PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

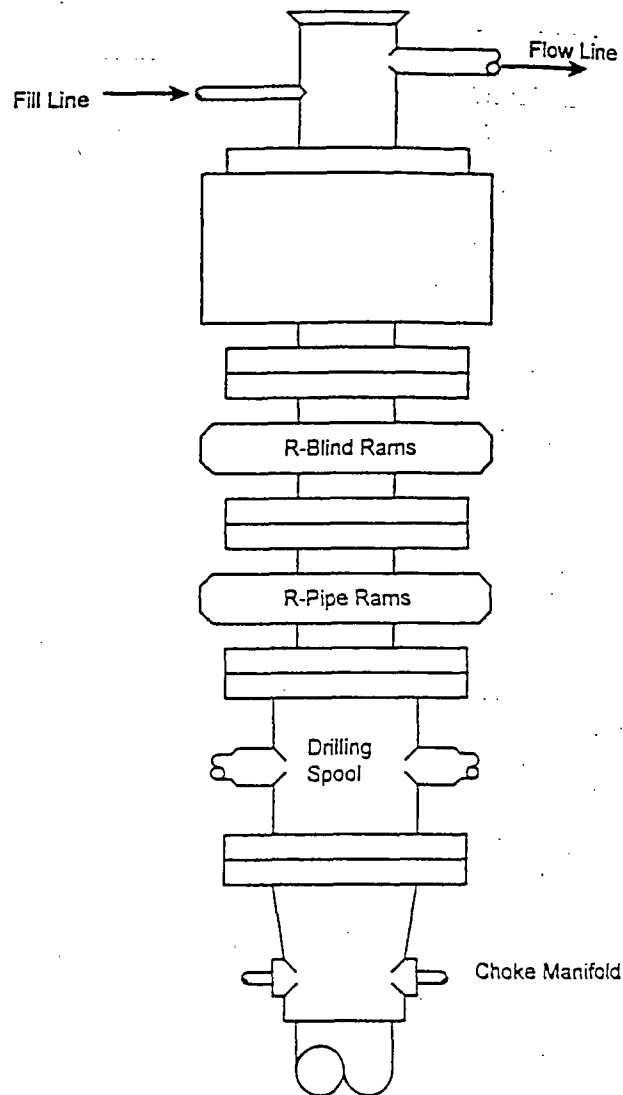
412 N. DAL PASO HOBBS, N.M. 88240

(575) 393-3117 www.jwsc.biz

TBPLS# 10021000

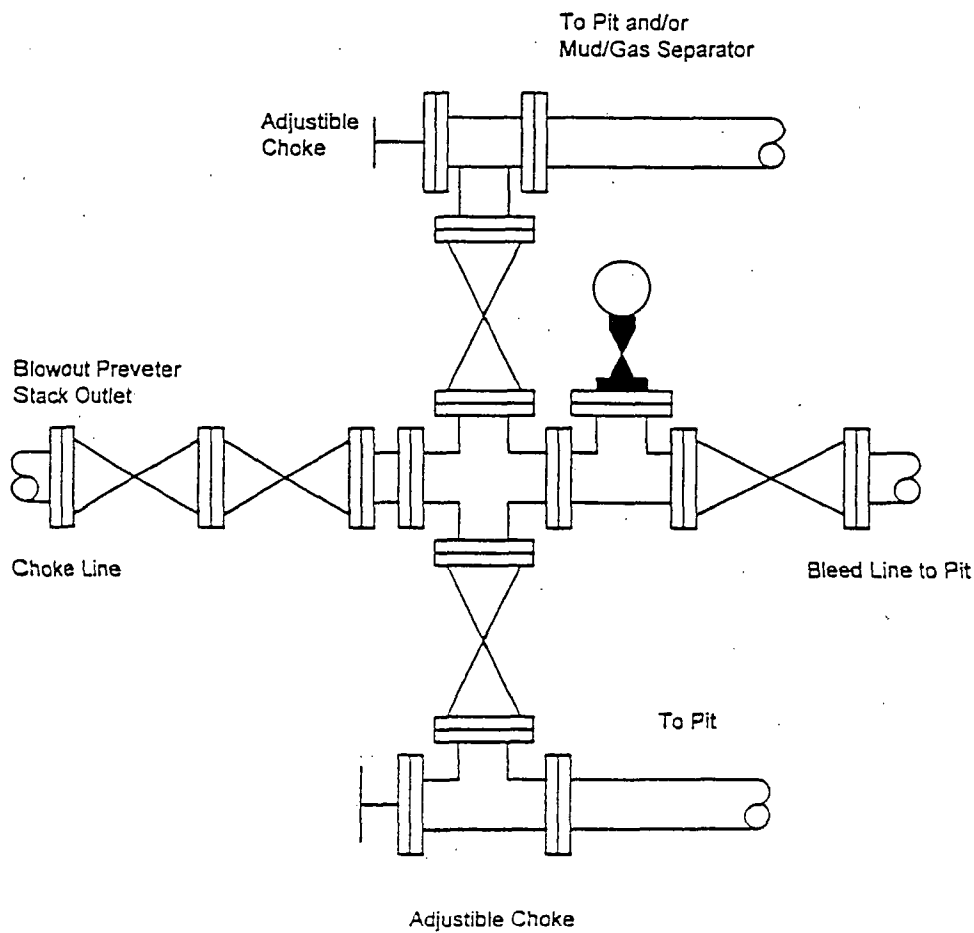
BLOWOUT PREVENTER SYSTEM

3000 PSI



Type 900 SERIES
3000 PSI WP

Choke Manifold Assembly for 5M WP System





Forehand 27 State #4 Closed Loop Drilling System

Operations and Maintenance Plan

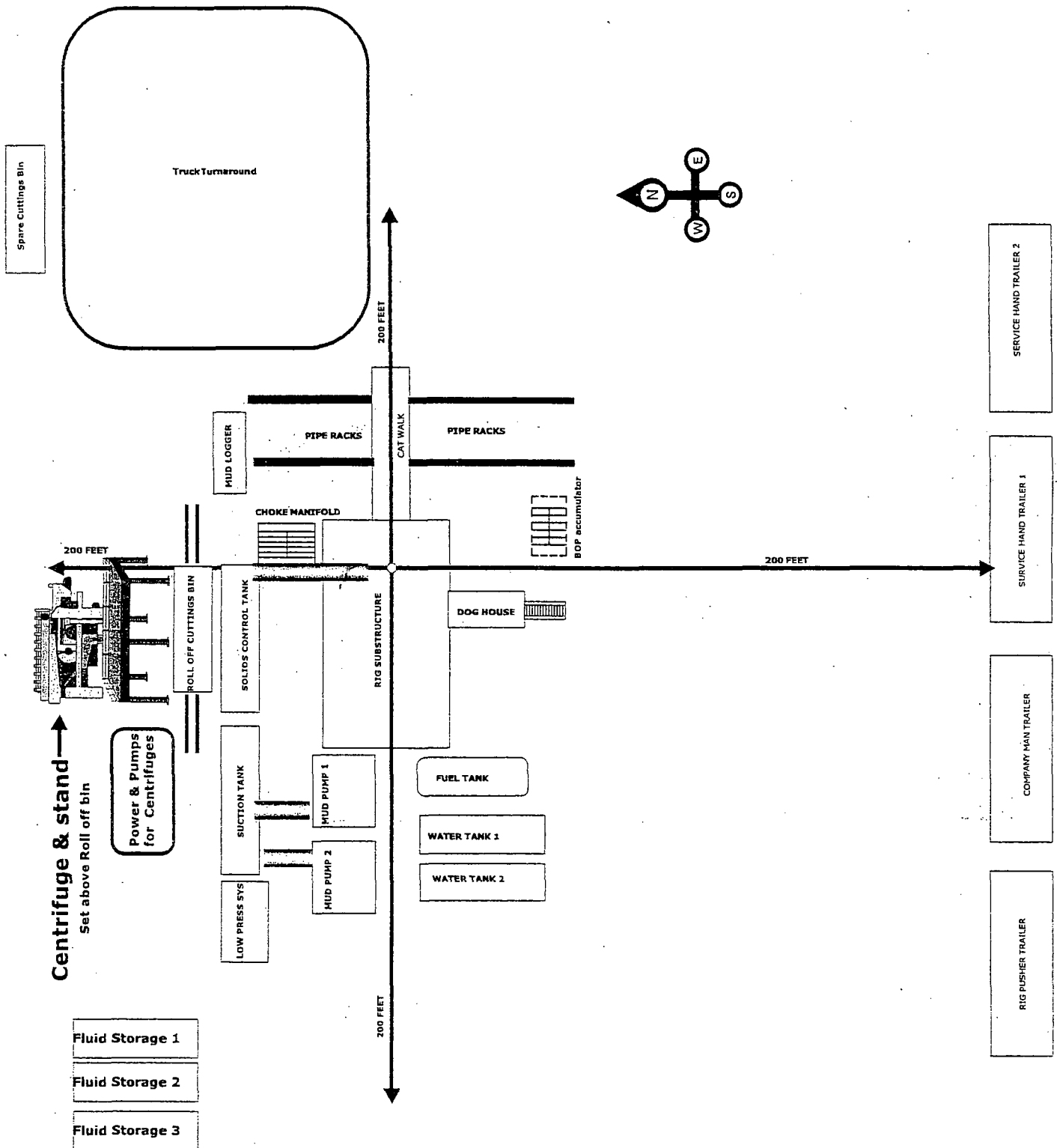
Closed Loop equipment will be inspected and monitored closely on a daily basis by each drilling rig Tour and by those hired specifically to operate the equipment. Any leak or release detected will be repaired immediately and the proper NMOCD official will be notified within the 48 hr requirement. A large 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 "27" STATE #4



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