OCD-HOBBS

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

HOBBS OCD

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

MAR 21 2016

RECEIVED

5. Lease Serial No.
NMNM99048

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
~~☒ Oil Well~~ ☑ Gas Well ☐ Other

8. Well Name and No.
MUD SLIDE SLIM 15 FEDERAL 01 ✓

2. Name of Operator
CAZA OPERATING LLC ✓
Contact: TONY SAM
E-Mail: tsam@cazapetro.com

9. API Well No.
30-025-38469-00-S1 ✓

3a. Address
200 NORTH LORRAINE SUITE 1550
MIDLAND, TX 79701

3b. Phone No. (include area code)
Ph: 432-682-7424 Ext: 1006
Fx: 432-682-7425

10. Field and Pool, or Exploratory
LAGUNA VALLEY
LEA

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 15 T20S R34E SENW 1980FNL 1980FWL ✓
32.574818 N Lat, 103.549746 W Lon

11. County or Parish, and State
LEA COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Caza Operating Respectfully request to retract our original request to Commingle the existing Delaware Perfs in the Lea, NE Delaware field (8291-8306) with the Temporarily Abandoned Bone Springs in the Lea, Bone Springs Field (10,910-25), (9836-54) & (9488-9536). The commingle was approved in early January 2015 by the NMOCD but the actual work has never been done. Since then Mewbourne Oil & Gas has drilled the Marathon Road NC 15 Fed # 1H and as agreed in a meeting between Caza Operating and BLM the Bone Springs interval in the subject well would be plugged. Caza Operating will Remove the RBP located at 8456' and attempt to plug the Bone Springs interval using a coil tubing unit to get into the tubing stub located at 9710 ft. Caza will attempt to establish an injection rate at which point we will braden head squeeze the 3rd Bone Springs perfs 10,910-25. Assuming we can get into the tubing stub @ 9710', We will pull up above the tubing stub spotting cement inside the 2-7/8" tubing stub to insure the 3rd bone is properly sealed. Once the Coil has been removed Caza Operating will set a cement retainer via 2-7/8" tubing above the top set of Bone

SUBJECT TO LIKE APPROVAL BY STATE

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #314092 verified by the BLM Well Information System
For CAZA OPERATING LLC, sent to the Hobbs
Committed to AFMSS for processing by JENNIFER SANCHEZ on 11/16/2015 (16JAS0109SE)

Name *(Printed/Typed)* TONY SAM — Title V.P. OPERATIONS

Signature (Electronic Submission) — Date 08/26/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
MAR 9 2016
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Approved By _____ Title _____ Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

MAR 22 2016

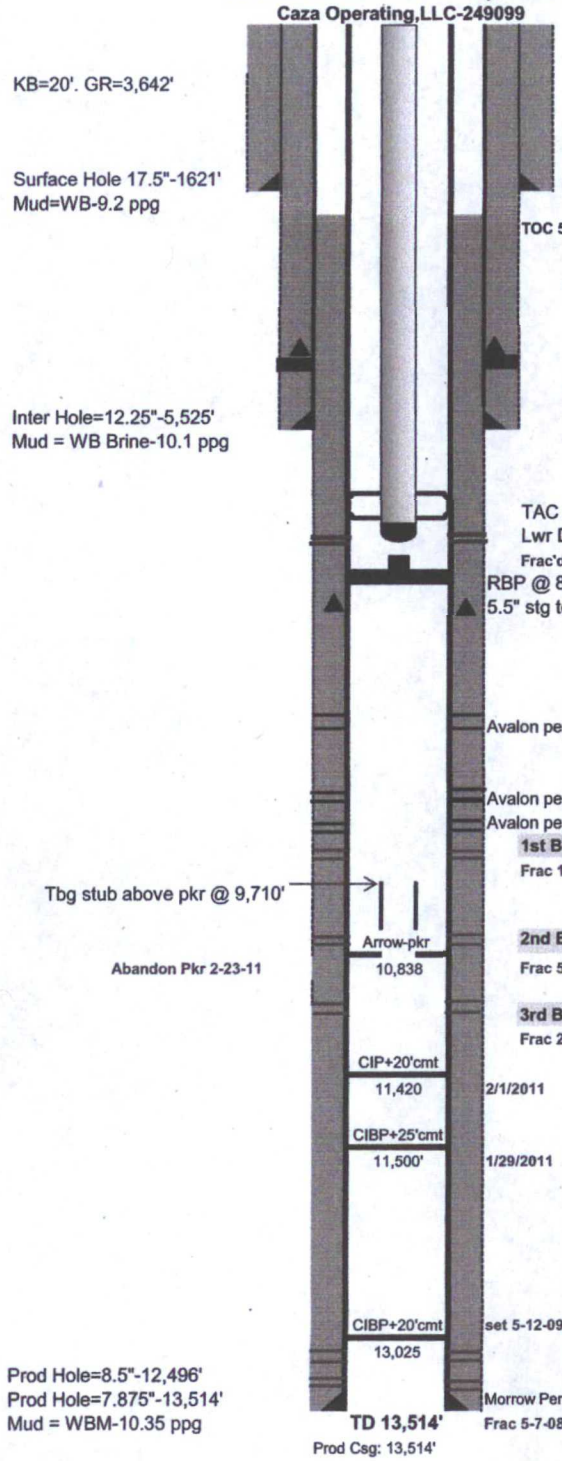
Additional data for EC transaction #314092 that would not fit on the form

32. Additional remarks, continued

spring perfs @ 9450' and attempt to squeeze the collapse casing interval located ? 10,838 and the upper perfs 9488-9536 w/ 125 sks Class "H" cement. If an injection rate is not established Caza Operating will spot 200' (25 sks) cement above the Cement retainer. The Well will either be returned to production with the Delaware only or the plugging operation will continue after receiving BLM permission. BLM will be notified prior to plugging coil tubing unit start up.

Current Delaware Producer.

Mud Slide Slim 15 Fed # 1-Well Bore Schematic 8-2015
API # 30 025 38469-Lea County, New Mexico
Caza Operating,LLC-249099



KB=20'. GR=3,642'

Surface Hole 17.5"-1621'
Mud=WB-9.2 ppg

Surface Csg: 1,621'
Cement Data:
13-3/8" 54.5 J-55
Lead: 1050 Sks 35:65:6 Poz-C + additives
Tail:1200 sks "C" + 2% Cacl2
Circulated 383 sks.

TOC 5-1/2" csg @ 2,955' CBL

Inter Hole=12.25"-5,525'
Mud = WB Brine-10.1 ppg

Intermediate Csg:5,525'
Cement Data:
Stg tool 3546'-CP@3,591'
9-5/8: 40.0# N-80 & P-110
1st stg: Lead-330 "C" 35:65:6+
Tail w/ 200 sks "C" +1% cacl2
2nd stg: Lead-1245 sks "C" 35:65:6
Tail w/ 100 sks "C" + 1% cacl2
Circulate 75 sks to surface

TAC 8094' EOT 8260
Lwr Delaware 8291-8306 **11-29-13**
Frac'd 12-16-13
RBP @ 8456'. **11-27-13**
5.5" stg tool @ 8,512'

Avalon perfs 8,802'-8,964' -Squeezed 4-18-12

Avalon perfs 9,164'-9,037' Squeezed 4-18-12
Avalon perfs 9,302'-9,242' Squeezed 4-18-12
1st Bone perf 9,488'-9,536' TA 10-7-11
Frac 10-14-11

Tbg stub above pkr @ 9,710'

Arrow-pkr
10,838
Abandon Pkr 2-23-11

2nd Bone perf 9,836-9,854 TA "Csg Collapse" 5-12-09
Frac 5-20-09

3rd Bone perf 10,910-10,925 TA
Frac 2-11-11

CIP+20'cmt
11,420
2/1/2011

CIBP+25'cmt
11,500'
1/29/2011

CIBP+20'cmt
13,025
set 5-12-09

Prod Hole=8.5"-12,496'
Prod Hole=7.875"-13,514'
Mud = WBM-10.35 ppg

TD 13,514'
Prod Csg: 13,514'

Cement Data: **Stg tool @ 8512'**
Morrow Perfs:13,395-13,047' **(5-6-08)**
Frac 5-7-08

5-1/2" 20#L &17#P
1st stg: 1600 sks "H" 15.7ppg+ additives. **Circ 248 sks**
2nd stg: 1200 sks "C" 14.1ppg+ 8 pps Gilsonite
TOC 2,955' CBL

Conditions of Approval

Caza Operating LLC
Mud Slide Slim - 01, API 3002539469
T20S-R34E, Sec 15, 1980FNL & 1980FWL
March 09, 2016

1. **Operator is required to have the BLM approved NOI procedure with applicable conditions of approval on location for this workover operation.**
2. Before casing or a liner is added, replaced, or repaired prior BLM approval of the design is required. Use notice of intent Form 3160-5.
3. Subject to like approval by the New Mexico Oil Conservation Division.
4. Notify BLM 575-393-3612 Lea Co as work begins. Some procedures are to be witnessed. If there is no response, call 575-361-2822, leave a voice mail with the API#, workover purpose, and a call back phone number.
5. Surface disturbance beyond the existing pad must have prior approval.
6. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
7. Functional H_2S monitoring equipment shall be on location.
8. 5000 (5M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Ram(s) for the work string(s) used is required equipment. Manual BOP closure system including a blind ram and pipe ram(s) designed to close on all (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
9. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
10. The BLM PET witness is to run tbg tally and agree to cement volumes and placement. Sample each plug for cement curing time and tag and/or pressure test as requested by BLM PET witness.
11. **This procedure is subject to the next three numbered paragraphs.**
12. Mix cement plugs to cover a minimum of 100ft plus 10ft for every 1,000ft from the bottom of the plug, rounding the number of necessary sacks up to the nearest 5 sacks. Never use less than 25sx. Examples: A cement plug set at 8000 in 7" casing would require a min of 35sx. A 25sx plug in 5 ½" casing should cover 250ft, which may exceed 100ft plus 10ft per 1000ft.

13. Class H > 7500ft & C < 7500ft) cement plugs(s) will be necessary. For any plug that requires a tag or pressure test a minimum WOC time of 4 hours(C) & 8 hours(H) is recommended. Formation isolation plugs of Class "C" to be mixed 14.8#/gal, 1.32 ft^3/sx, 6.3gal/sx water and "H" to be mixed 16.4#/gal, 1.06ft^3/sx, 4.3gal/sx water.
14. Minimum requirement for mud placed between plugs is 25 sacks of salt water gel per 100 barrels in 9 lb/gal brine.
15. **The morning report of 02/12/2011 recorded surface csg pressure of 220 to 14000psig after fracking perfs at 10910-25 on 02/11/2011. The 5 ½" csg may have been collapsed from the Pkr at 10835 to the tbg freepoint at 9758. The 2 7/8" tbg was cut and retrieved from 9713. Fishing efforts failed. A RBP was set at 8456 and on 11/27/2013 (Delaware?) perf'd (8291-306) and produced.**
16. **Carefully remove the RBP at 8456, take precautions for a possible kick from the open Bone Spring perfs below. They have been capped for over 2 years. Also the squeezed perfs (8802-9268) were reported to produce H^2S.**
17. **Run a camera and examine the tbg stub at ±9710. The pictures may indicate that adjustments to the workover procedure can be considered.**
18. **If coiled tbg or a reduced OD tbg are to be ran inside the tbg, set a cmt plug from 11150 covering the Wolfcamp top (11035) to 10950 or above. Tag the plug.**
19. **Use a Packer at 9450, find the maximum injection rate at ±500psig, to determine that the BS perfs and collapsed csg interval may be sqz'd. The pump rate obtained will give an indication of the cmt vol that may be pumped. Tag the plug with tbg.**
20. **Set a balanced cement plug across the DV Tool at 8512 from 8600 to 8350 or above. Tag the plug with tbg.**
21. **Set a RBP just above the (8291-306) perfs and at least 24 hrs prior schedule with BLM 575-393-3612 Lea Co a charted MIT of 500psig minimum. Document the pressure test on a one hour full rotation calibrated (within 6 months) recorder chart registering within 35 to 75 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Verify all annular casing vents are plumbed to surface and those valves open to the surface during this pressure test. Pressure leakoff will be evaluated site specifically and may restrict continued operation approval. Include a copy of the chart in the subsequent sundry for this workover.**
22. Submit a subsequent Sundry Form 3160-5 relating the dated daily wellbore operations and include the MIT chart document.
23. **Return the well to "beneficial use".**
24. **The Morrow, Atoka, and Strawn formation tops will not be isolated by this procedure and bring this wellbore into BLM compliance. Its condition may restrict field development.**
25. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

26. An inactive/shut-in well bore is a non-producing completion that is capable of "beneficial use" i.e. production in **paying quantities** or of service use. Should "beneficial use" not be achieved submit for BLM approval a plan for plug and abandonment.