Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED
OM B No. 1004-0137
Expires: March 31, 2007

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

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

2. Name of Operator **CAZA OPERATING LLC**

3a. Address **200 N. Loraine, STE 1550, Midland, Texas 79701**

3b. Phone No. *(include area code)* **432 682 7424**

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
1980 FNL & 1980 FWL, Unit Letter "F", Sec 15, T20S, R34E, Lea County, New Mexico

5. Lease Serial No.
NM 99048

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Mud Slide Slim 15 Fed #1

9. API Well No.
30-025-38469

10. Field and Pool, or Exploratory Area
Laguna Valley, Morrow

11. County or Parish, State
Lea County, New Mexico

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 LLC respectfully request changes to the approved APD for the subject well. The revised casing program was designed using offset well information and the anticipated mud weight in the production portion of the hole along with known frac gradients taken from reports from offsets in the same section. A .65 psi/ft frac gradient was seen in the Laurie "D" Fed # 1 in Bone Spring formation ± 9500 ft. This well is located in the same section as the planned well. For your convenience I've attached designs on all three strings for the proposed well. Thanks for your consideration.

RECEIVED

JAN 17 2008

HOBBS OCD

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* **Richard L. Wright** Title **Operations Manager**

Signature Richard L. Wright Date **12/27/2007**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

Approved by OC DISTRICT SUPERVISOR/GENERAL MANAGER Title Date JAN 14 2008

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 MAR 14 2008

WESLEY W. INGRAM
PETROLEUM ENGINEER

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.

(Instructions on page 2)

Well name:	**Mud Slide Slim 15 Fd # 1**
Operator:	**CAZA Operating LLC**
String type:	Surface
Location:	New Mexico Lynch Prospect

Design parameters:

Collapse

Mud weight: 9.500 ppg

Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 813 psi

Internal gradient: 0.120 psi/ft

Calculated BHP 1,008 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.10

Tension:

8 Round STC:	1.80 (J)
8 Round LTC:	1.80 (J)
Buttress:	1.60 (J)
Premium:	1.50 (J)
Body yield:	1.50 (B)

Tension is based on buoyed weight.

Neutral point: 1,397 ft

Environment:

H2S considered?	No
Surface temperature:	75 °F
Bottom hole temperature:	85 °F
Temperature gradient:	0.60 °F/100ft
Minimum section length:	1,500 ft
Minimum Drift:	2.250 in
Cement top:	Surface

Non-directional string.

Re subsequent strings:

Next setting depth:	5,500 ft
Next mud weight:	10.000 ppg
Next setting BHP:	2,857 psi
Fracture mud wt:	11.000 ppg
Fracture depth:	1,800 ft
Injection pressure	1,029 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	1625	13.375	54.50	J-55	ST&C	1625	1625	12.49	1410.4

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	802	1130	1.409	1008	2730	2.71	76	514	6.75 J

Prepared by: Richard Wright Pillips

Phone: 432 682 7424 ext 1006

FAX: 432 682 7425

Date: December 21,2007

Midland, Texas

Remarks:

Collapse is based on a vertical depth of 1625 ft, a mud weight of 9.5 ppg The casing is considered to be evacuated for collapse purposes.

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	**Mud Slide Slim 15 Fd #1**
Operator.	**CAZA OPERATING LLC**
String type:	Intermediate
Location:	Laguna Valley Morrow

Design parameters:

Collapse

Mud weight: 10.000 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 2,769 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 3,428 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.10

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1 60 (J)
Premium· 1 50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 4,682 ft

Environment:

H2S considered? No
Surface temperature 75 °F
Bottom hole temperature: 111 °F
Temperature gradient: 0.65 °F/100ft
Minimum section length: 1,500 ft
Minimum Drift: 8.500 in
Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 13,500 ft
Next mud weight: 11.000 ppg
Next setting BHP: 7,714 psi
Fracture mud wt: 12.000 ppg
Fracture depth: 5,500 ft
Injection pressure 3,429 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
2	3900	9.625	40.00	L-80	LT&C	3900	3900	8.75	1660 4
1	1600	9.625	40 00	HCP-110	LT&C	5500	5500	8.75	681.1

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
2	2026	3061	1.511	3237	5750	1.78	187	727	3.88 J
1	2857	4230	1.481	3428	7900	2 30	31	988	31.60 J

Prepared by: Richard Wright
Pillips
Phone: 432 682 7424
FAX: 432 682 7425
Date: December 14,2007
Midland, Texas

Remarks:
Collapse is based on a vertical depth of 5500 ft, a mud weight of 10 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension

Burst strength is not adjusted for tension.

Well name:	**Mud Slide Slim 15 Fd # 1**
Operator:	**Caza Operating LLC**
String type:	Production
Location:	Laguna Valley Morrow

Design parameters:

Collapse

Mud weight: 11.000 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 6,094 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 7,714 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC:	1.80 (J)
8 Round LTC:	1.80 (J)
Buttress:	1.60 (J)
Premium:	1.50 (J)
Body yield:	1.50 (B)

Tension is based on buoyed weight.
Neutral point: 11,509 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature. 163 °F
Temperature gradient: 0.65 °F/100ft
Minimum section length: 1,500 ft

Cement top: 4,500 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
2	10400	5.5	17.00	P-110	LT&C	10400	10400	4.767	1357.5
1	3100	5.5	20.00	L-80	LT&C	13500	13500	4.653	386

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
2	5943	7216	1.214	7342	10640	1.45	199	445	2 24 J
1	7714	8830	1.145	7714	9190	1.19	22	416	18.76 J

Prepared by. Richard Wright Pillips
Phone: 432 682 7424
FAX: 432 682 7425
Date: December 12,2007
Midland, Texas

Remarks.
Collapse is based on a vertical depth of 13500 ft, a mud weight of 11 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.