

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
June 16, 2008

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

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

Operator Name and Address CAZA OPERATING, LLC. 200 NORTH LORAIN SUITE 1550 MIDLAND, TEXAS 79701	OGRID Number 249099 API Number 30-025-39241
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Property Code 37457	Property Name LUCKY PENNY "10" STATE	Well No. 1
Caprock Upper MOORE-PERMI Proposed Pool 1 East (47310) <9120>	Proposed Pool 2	

Surface Location									
UL or lot no. P	Section 10	Township 12S	Range 32E	Lot Idn	Feet from the 660'	North/South line SOUTH	Feet from the 990'	East/West line EAST	County LEA

Proposed Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information				
Work Type Code N	Well Type Code O	Cable/Rotary ROTARY	Lease Type Code S	Ground Level Elevation 4384
Multiple NO	Proposed Depth 10,900'	Formation PENN	Contractor PERMIAN DRILLING	Spud Date WHEN APPROVED

Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
26"	20"	Conductor	40'	Redi-mix	Surface
17 1/2"	13 3/8"	48#	400'	500 Sx	Surface
12 1/4"	9 5/8"	40 & 36#	5000'	1575 Sx.	Surface
8 1/2"	5 1/2"	17#	10,900'	1500 Sx.	Est 5000' FS

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

SEE ATTACHED SHEET FOR DETAIL

Permit Expires 2 Years From Approval
Date Unless Drilling Underway

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: Joe T. Janica		OIL CONSERVATION DIVISION	
Printed name: Joe T. Janica		Approved by: [Signature]	
Title: Permit Eng.		Title: PETROLEUM ENGINEER	
E-mail Address: joejanica@valornet.com		Approval Date: NOV 07 2008	
Date: 10/28/08		Expiration Date:	
Phone: 575-391-8503		Conditions of Approval Attached <input type="checkbox"/>	

1. Lucky Penny 10 State # 1

660' FSL & 990' FEL Section 10, T12S, R32, Lea County, NEW MEXICO. TD 10,900 ft. "Penn". 40 acre proration unit oil well.

SURFACE CASING:

17 ½" hole drilled w/ fresh water & viscous sweeps. Set 13 3/8" 48# H-40 casing @ 400 ft. Cement Casing w/ 300 sks Caza Slurry # 1 followed by 200 sks Caza Slurry # 2. Cement should be circulated to surface. Hydraulic diameter of annulus is .695 cu ft/ ft. Volume figured @ 200% excess or 3 times the hydraulic volume. Top job may be needed if cement fails to circulate.

INTERMEDIATE CASING:

Nipple up 5K BOP equipment. Test same with rig pump to 2000 PSI. R/U H2S safety equipment with remote monitoring stations for safety only. Drill 12 ¼ inch hole with Brine & viscous sweeps to **5000 ft.** Run Fluid caliper. Set 9 5/8" 36# J-55 & 40# N-80 casing @ **5000 ft.** No stage tool planned unless we encounter chronic lost returns. Cement 9 5/8" casing w/ 1375 sks Caza slurry 3 followed by 200 sks Caza Slurry # 4. Cement should circulate. True hole hydraulic volume is .313 cu ft/ft. Cement volume was figured on 100% wash out or 2 times the hydraulic volume. Slurry lead will be adjusted after running fluid caliper.

PRODUCTION CASING:

Nipple up 5K BOPE. Test same with 3rd party to 5K specifications. Drill 8 ½ inch hole to **10,900 ft.** Mud consist of FW & viscous sweeps to 7200 ft. At top of Abo formation mud up w/ salt gel & caustic using sweeps to clean hole. At the top of the Penn Shale mud up with Starch & Desco w/ fluid loss < 10 cc's per quart. Run Gyro. POH & Log per Keith Williams Geo Prognosis. Run 5 ½" 17# N-80 LTC casing to **10,900 ft.** Cmt casing with 1500 sks Caza Slurry # 5. TOC estimated @ 5000 ft from surface. Top of slurry will be adjusted according to drilling problems and log characteristics. Stage tools may be necessary to obtain pipe protection in the open hole. Hydraulic diameter of the 8 ½" hole vs the 5 ½ inch casing is .229 cu ft/ft. Cement volume was calculated using 50% wash out or 1.5 times the gauge hole volume.

9/22/2008

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1330 S ST FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1330 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39241	Pool Code 9120	Pool Name Caprock Upper Penn East
Property Code 37457	Property Name LUCKY PENNY "10" STATE	Well Number 1
OGRID No. 249099	Operator Name CAZA OPERATING, LLC	Elevation 4384'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	10	12-S	32-E		660	SOUTH	990	EAST	LEA

Bottom Hole Location If Different From Surface

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

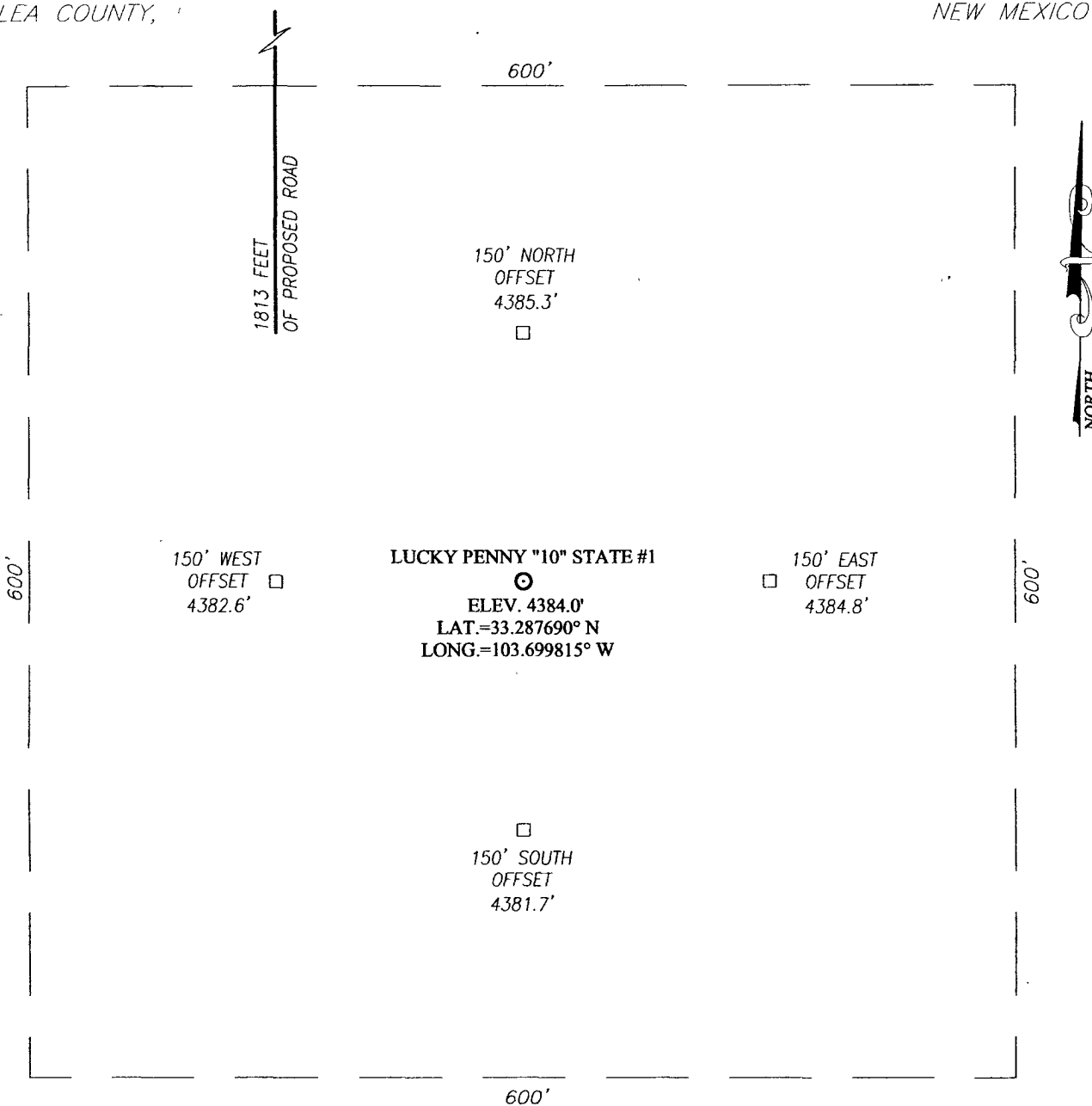
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION</p> <p>Y=832768.7 N X=693595.1 E</p> <p>LAT.=33.287690° N LONG.=103.699815° W</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><i>Joe T. Janica</i> Signature Date Joe T. Janica 10/28/08 Printed Name</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>2008 Date Surveyed Signature & Seal of Professional Surveyor Ronald J. Eidson 10/27/08 2289 08.11.08 Certified Professional Surveyor Ronald J. Eidson 12641 Ronald J. Eidson 3239</p>

SECTION 10, TOWNSHIP 12 SOUTH, RANGE 32 EAST, N.M.P.M.,

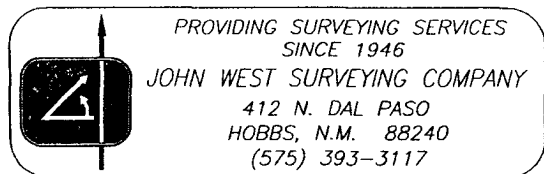
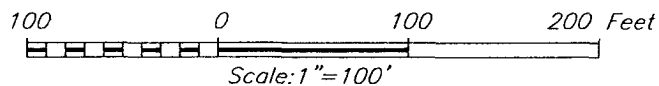
LEA COUNTY, NEW MEXICO

NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. 380 AND MOORE RD., GO SOUTH ON MOORE RD. APPROX. 5.7 MILES. VEER RIGHT AND GO SOUTHWEST APPROX. 1.8 MILES. VEER LEFT AND GO SOUTH APPROX. 0.2 MILES. TURN RIGHT AND GO NORTHWEST APPROX. 0.8 MILES. TURN RIGHT AND GO NORTH APPROX. 0.4 MILES TO GATE. GO THROUGH GATE AND CONTINUE NORTH APPROX. 1.0 MILES. TURN LEFT AND GO WEST APPROX. 0.5 MILES TO A PROPOSED ROAD SURVEY. TURN LEFT AND FOLLOW ROAD SURVEY SOUTH APPROX. 0.3 MILES TO THIS LOCATION.

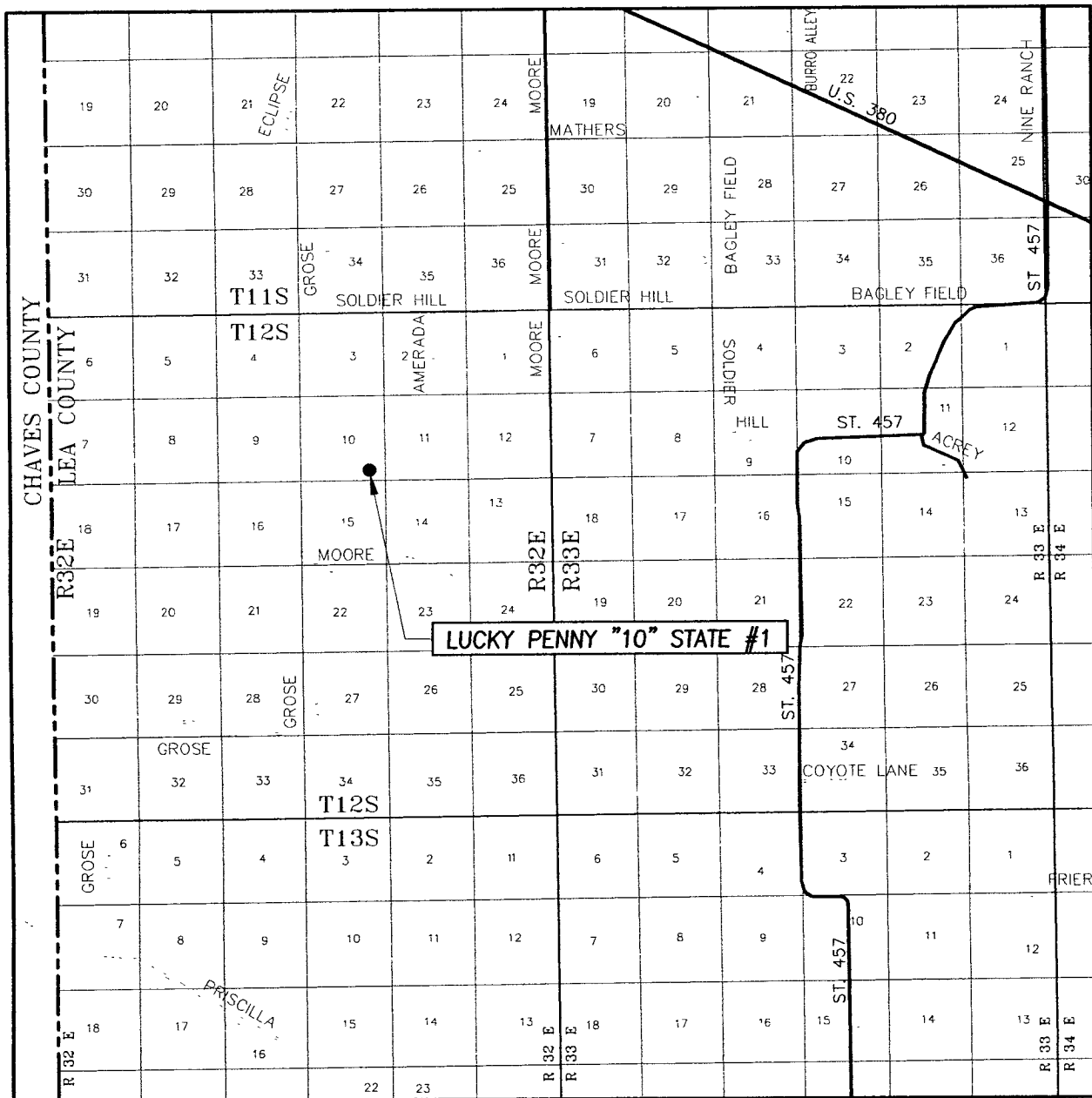


CAZA OPERATING, LLC

LUCKY PENNY "10" STATE #1 WELL
LOCATED 660 FEET FROM THE SOUTH LINE
AND 990 FEET FROM THE WEST LINE OF SECTION 10,
TOWNSHIP 12 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 10/22/08	Sheet 1 of 1 Sheets
W.O. Number: 08.11.1836	Dr By: DSS
Date: 10/27/08	08111836
	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 10 TWP. 12-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 660' FSL & 990' FEL

ELEVATION 4384'

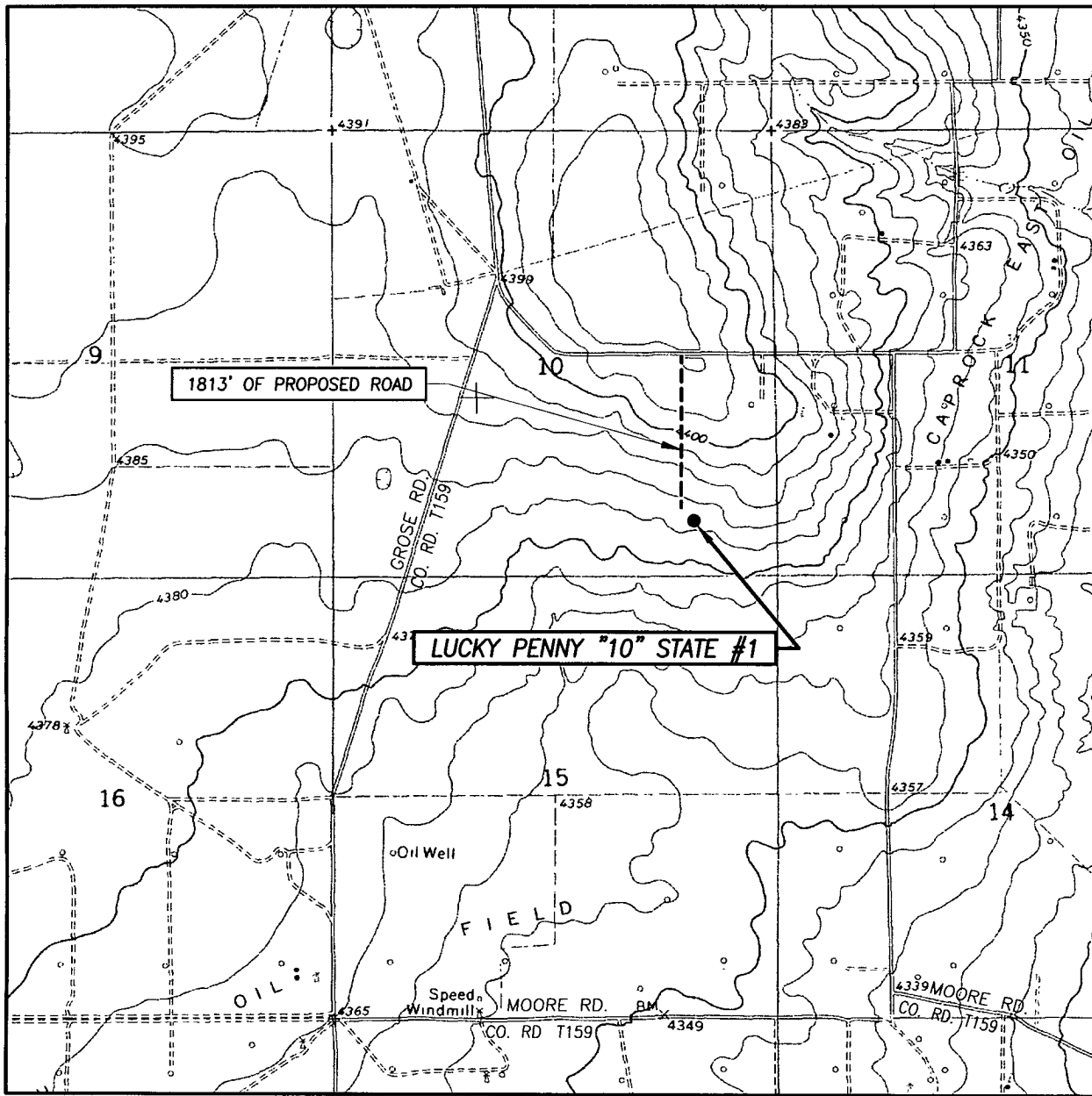
OPERATOR CAZA OPERATING, LLC

LEASE LUCKY PENNY "10" STATE



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
SOLDIER HILL, N.M. - 5'

SEC. 10 TWP. 12-S RGE. 32-E

SURVEY _____ N.M.P.M.

COUNTY LEA STATE NEW MEXICO

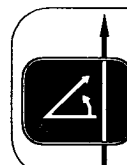
DESCRIPTION 660' FSL & 990' FEL

ELEVATION 4384'

OPERATOR CAZA OPERATING, LLC

LEASE LUCKY PENNY "10" STATE

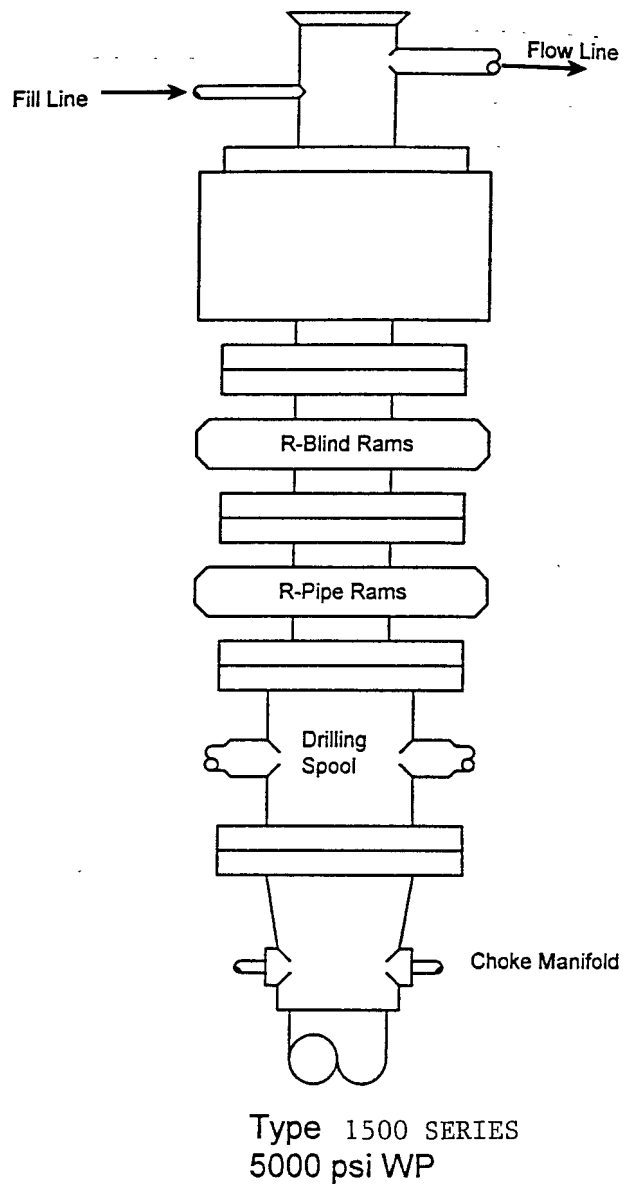
U.S.G.S. TOPOGRAPHIC MAP
SOLDIER HILL, N.M.



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BLOWOUT PREVENTER SYSTEM

5000 PSI



Choke Manifold Assembly for 5M WP System

