

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 |
| Property Code 37458 | Property Name MOORE COWBELL "23" STATE | Well No. 1 |
| Proposed Pool 1 Caprock Upper MOORE-PENN East (47310) (9120) | | Proposed Pool 2 |

| Surface Location | | | | | | | | | |
|------------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| M | 23 | 12S | 32E | | 330' | SOUTH | 330' | WEST | 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 |

| | | | | |
|---------------------|---------------------------|------------------------|--------------------------------|--------------------------------|
| Work Type Code N | Well Type Code O | Cable/Rotary ROTARY | Lease Type Code S | Ground Level Elevation 4335 |
| Multiple NO | Proposed Depth 10,000' | 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# | 10,000' | 1450 Sx | 5000' From Sur. |

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. | | OIL CONSERVATION DIVISION | |
| Signature: Joe T. Janica | | Approved by: [Signature] | |
| Printed name: Joe T. Janica | | Title: PETROLEUM ENGINEER | |
| Title: Permit Eng. | | Approval Date: NOV 07 2008 | Expiration Date: |
| E-mail Address: joejanica@valornet.com | | | |
| Date: 10/28/08 | Phone: 575-391-8503 | Conditions of Approval Attached <input type="checkbox"/> | |

1. Moore Cowbell 23 State # 1

330' FSL & 330' FWL Section 23, T12S, R32, Lea County, NEW MEXICO. TD 10,000 ft. "Penn". 40 acre proration unit oil well.

SURFACE CASING:

17 1/2" 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 1/4 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 1/2 inch hole to 10,000 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 1/2" 17# N-80 LTC casing to 10,000 ft. Cmt casing with 1450 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 1/2" hole vs the 5 1/2 inch casing is .229 cu ft/ft. Cement volume was calculated using 50% wash out or 1.5 times the gauge hole volume.

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DISTRICT IV

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 30-025-39242 | Pool Code 47510 9120 | Pool Name Caprock Upper MOORE PERMO-PENN East |
| Property Code 37458 | Property Name MOORE COWBELL "23" STATE | Well Number 1 |
| OGRID No. 249099 | Operator Name CAZA OPERATING, LLC | Elevation 4335' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M | 23 | 12-S | 32-E | | 330 | SOUTH | 330 | WEST | 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=821887.0 N X=694981.7 E</p> <p>LAT.=33.257760° N LONG=103.695495° 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>OCTOBER 22, 2008</p> <p>Date Surveyed Signature & Seal of Professional Surveyor DONALD J. EIDSON 3239 10/27/08 08.11.1835 Certified by GARY A. EIDSON 12641 DONALD J. EIDSON 3239</p> |

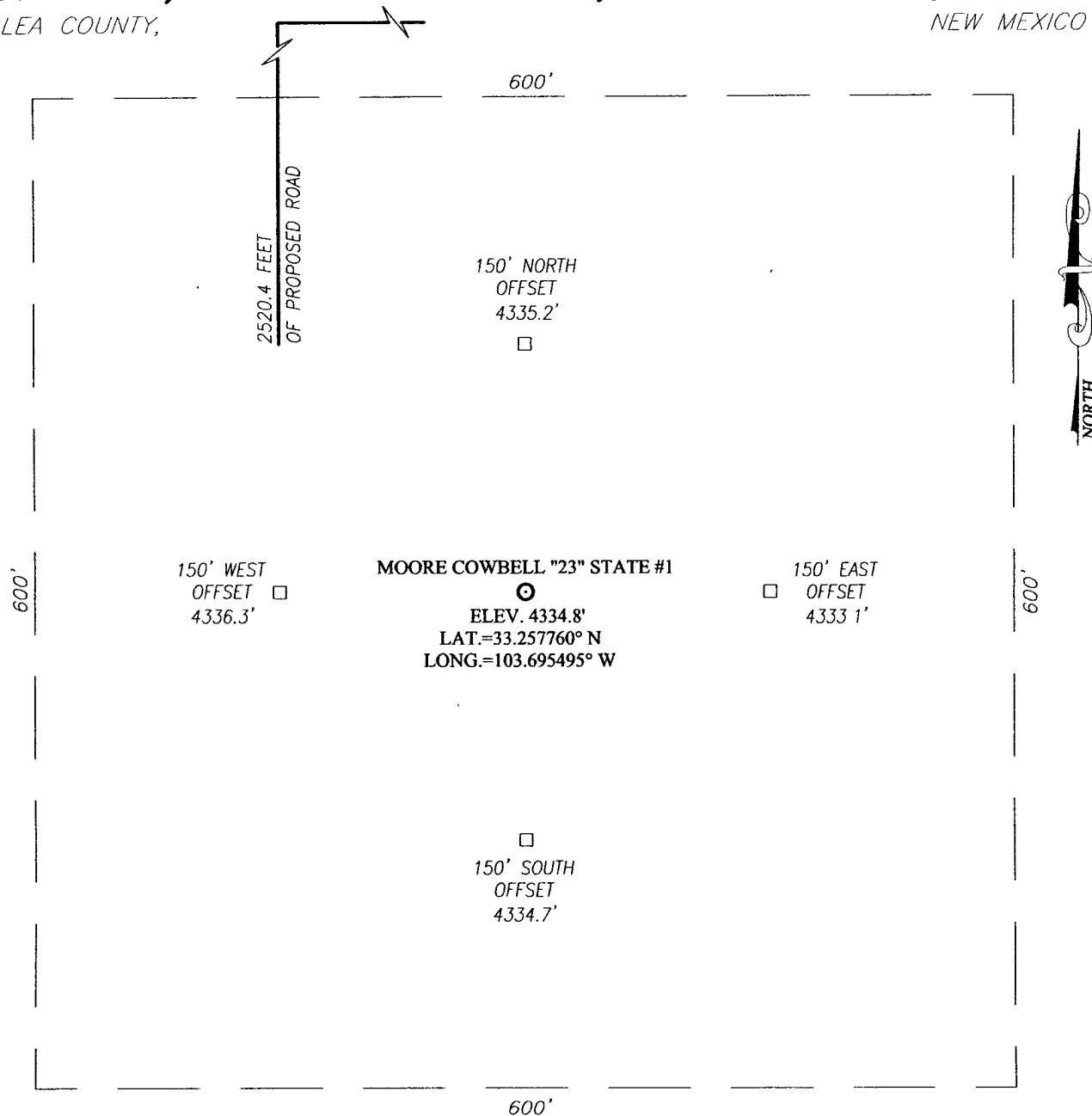
E-3499

330'
330'

SECTION 23, TOWNSHIP 12 SOUTH, RANGE 32 EAST, N.M.P.M.,

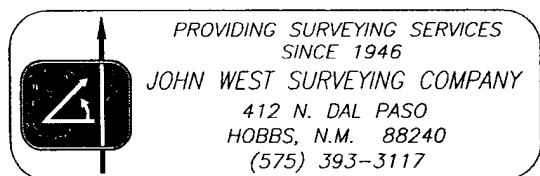
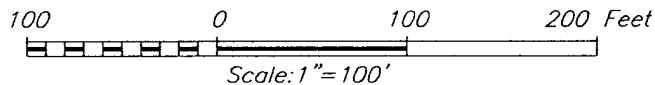
LEA COUNTY,

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 LEFT AND GO SOUTH APPROX. 0.7 MILES TO PROPOSED ROAD SURVEY. TURN RIGHT AND FOLLOW SURVEY WEST APPROX. 0.2 MILES. TURN LEFT AND FOLLOW ROAD SURVEY SOUTH APPROX. 0.3 MILES TO THIS LOCATION.

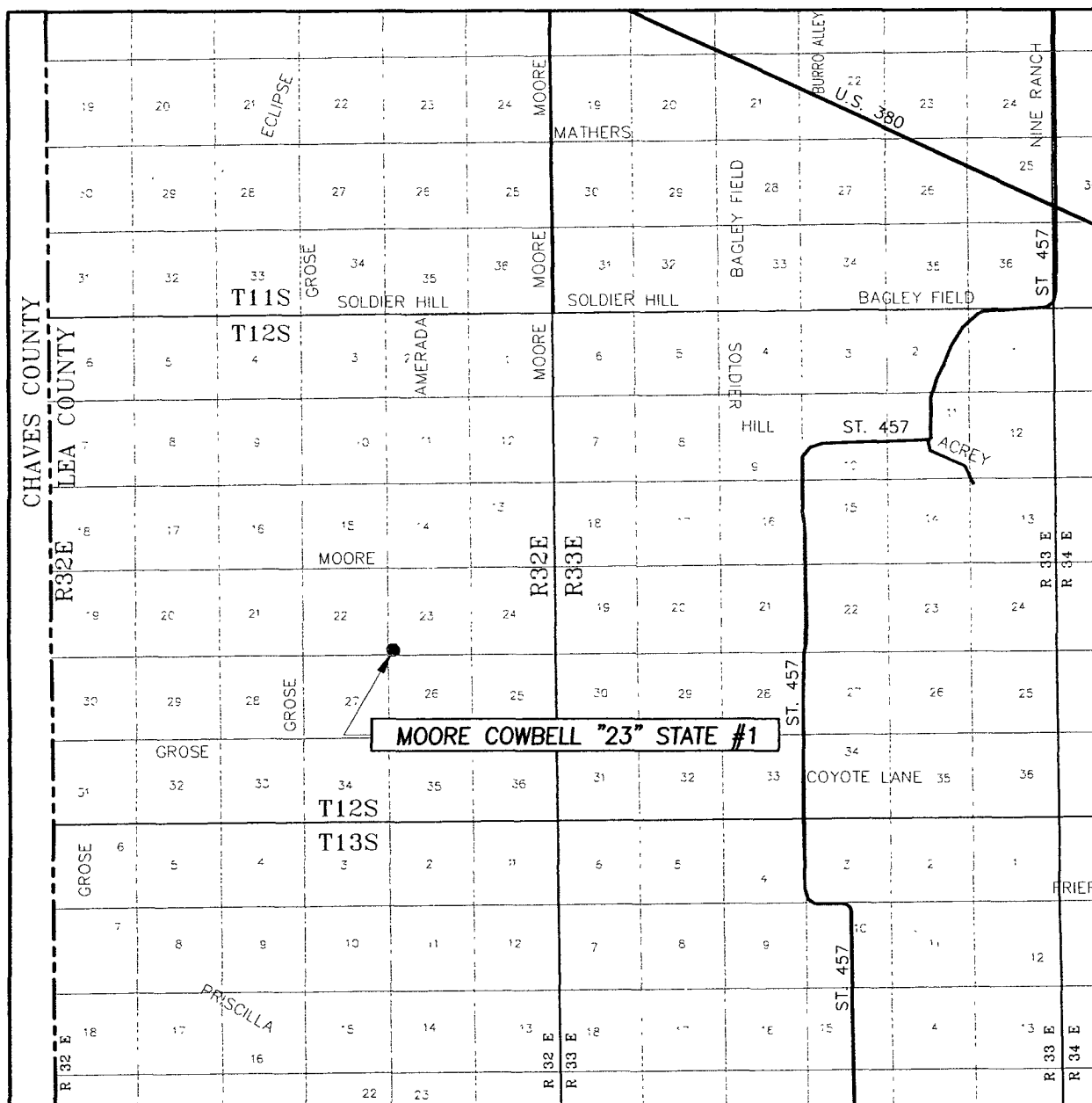


CAZA OPERATING, LLC

MOORE COWBELL "23" STATE #1 WELL
LOCATED 330 FEET FROM THE SOUTH LINE
AND 330 FEET FROM THE WEST LINE OF SECTION 23,
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: 08.11.1835 | Dr By: DSS |
| Date: 10/27/08 | 08111835 |
| | Scale: 1"=100' |

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 23 TWP. 12-S RGE. 32-E

SURVEY N.M.P.M.

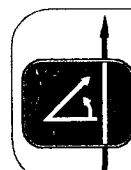
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 330' FSL & 330' FWL

ELEVATION 4335'

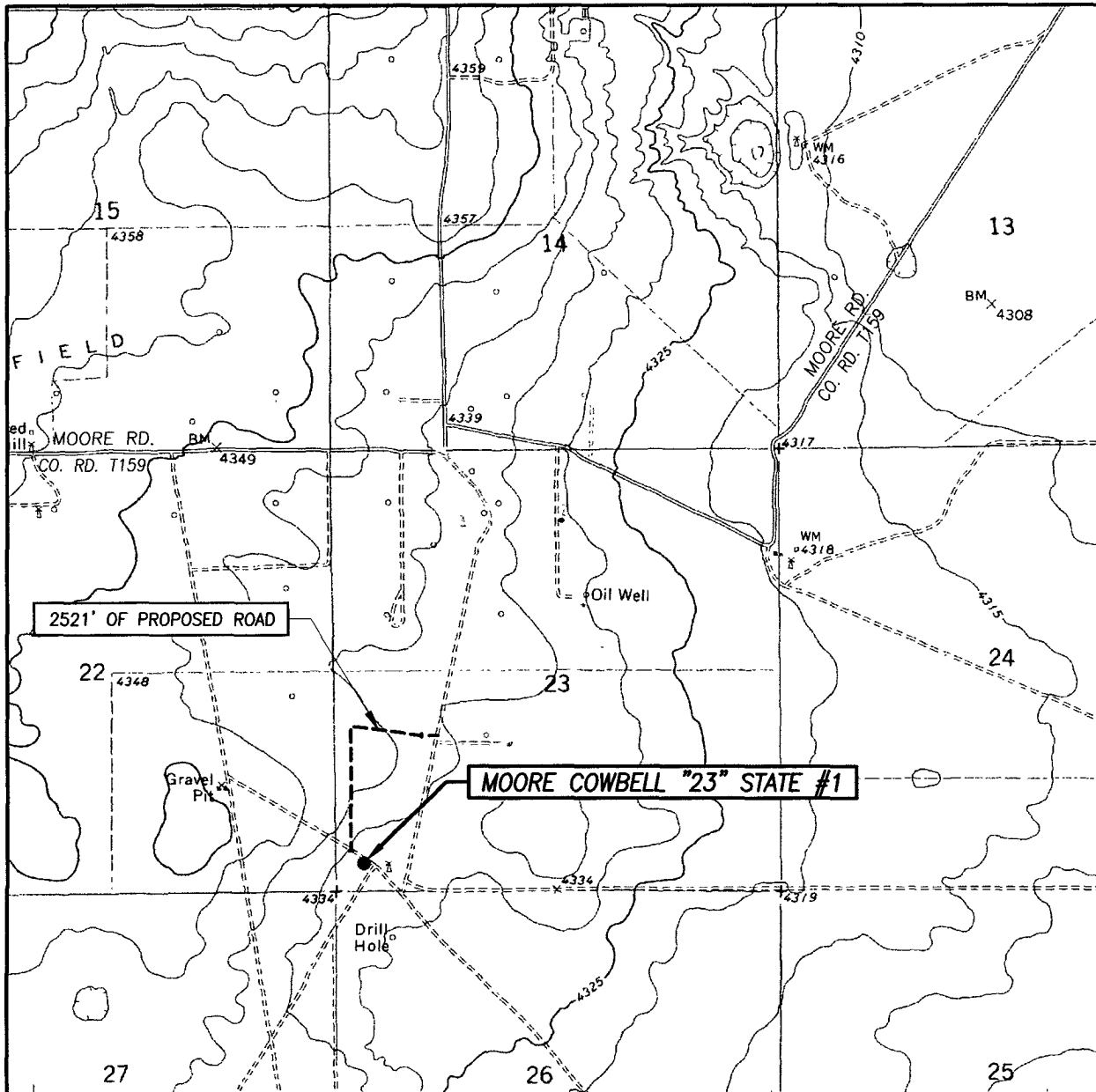
OPERATOR CAZA OPERATING, LLC

LEASE MOORE COWBELL "23" 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. 23 TWP. 12-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

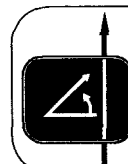
DESCRIPTION 330' FSL & 330' FWL

ELEVATION 4335'

OPERATOR CAZA OPERATING, LLC

LEASE MOORE COWBELL "23" STATE

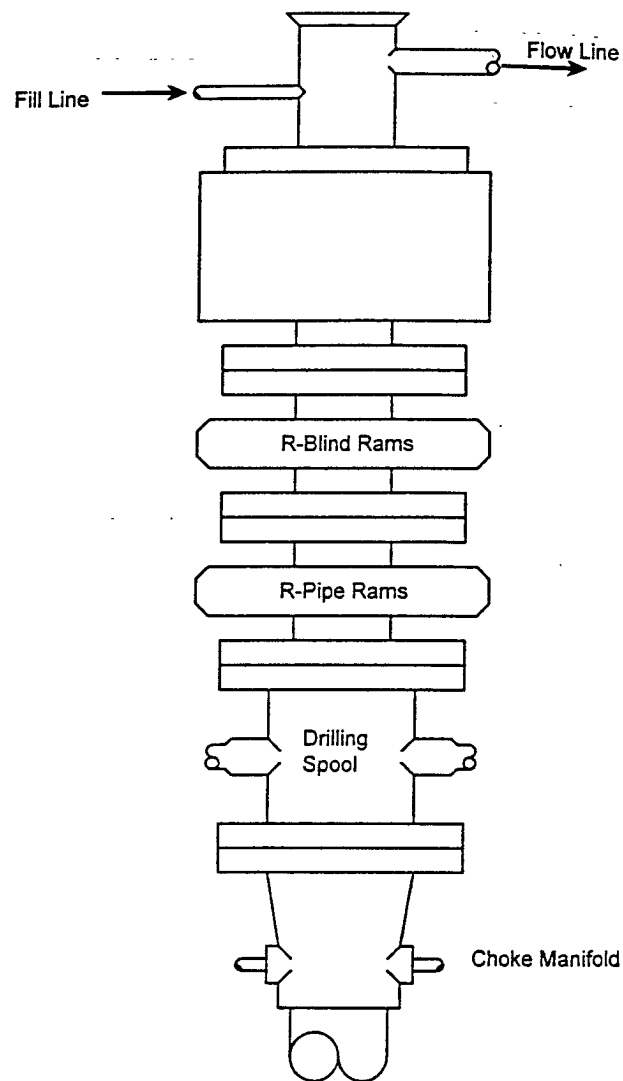
U.S.G.S. TOPOGRAPHIC MAP
SOLDIER HILL, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
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BLOWOUT PREVENTER SYSTEM

5000 PSI



Type 1500 SERIES
5000 psi WP

Choke Manifold Assembly for 5M WP System

