

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

RECEIVED CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505
AUG 11 2009
HOBBSOCD

WELL API NO. 30 025 39241
5. Indicate Type of Lease STATE [X] FEE [ ]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Lucky Penny 10 State
8. Well Number # 1
9. OGRID Number 249099
10. Pool name or Wildcat Caprock Upper Penn, East
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4384 GR

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)
1. Type of Well: Oil Well [X] Gas Well [ ] Other [ ]
2. Name of Operator Caza Operating, LLC
3. Address of Operator 200 N. Loraine, Suite 1550, Midland, Texas 79701
4. Well Location Unit Letter P : 660 feet from the South line and 990 feet from the East line
Section 10 Township 12S Range 32E NMPM County LEA
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4384 GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [ ] PLUG AND ABANDON [ ]
TEMPORARILY ABANDON [ ] CHANGE PLANS [ ]
PULL OR ALTER CASING [ ] MULTIPLE COMPL [ ]
DOWNHOLE COMMINGLE [ ]
OTHER: [ ]
SUBSEQUENT REPORT OF:
REMEDIAL WORK [ ] ALTERING CASING [ ]
COMMENCE DRILLING OPNS. [ ] P AND A [ ]
CASING/CEMENT JOB [X]
OTHER: [ ]

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

5/21/09 Drilled out 13 3/8" casing @ 06:30 hrs CDT 5/21/09. Tested formation to 12 ppg MWE. 150 PSI w/ 10 ppg brine water.
5/27/09 TD 12 1/4" hole @ 5015 ft. TD'd @ 01:00 hrs CDT 5/27/09. Ran 41 jts (1694 ft) 9.625" 40# N-80 LTC casing. Ran 83 Jts (3321 ft) 9.625" 36# J-55 LTC. Casing landed 14:30 hrs 5/27/09. Cemented w/ 1150 sks 50/50 "C" Poz Mixed @ 11.8 ppg Tailed w/ 200 sks "C" mixed @ 14.8 ppg. Plug down @ 20:30 hrs CDT 5/27/09. Circulated 68 sks excess to Transport.
5/28/09 Tested BOP's w/ 3rd party to 300 PSI Low & 5000 PSI High. RIH w/ 8.75" bit. Tested 9.625" casing to 2000 psi for 30 minutes. Drill out 5' formation & tested seat to 11 ppg MWE or 600 psi. Okay. Drilling 8.75" hole @ 15:00 hrs CDT 5/28/09.

Spud Date: 5/18/09 Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Operations Manager DATE June 1, 2009

Type or print name Richard L. Wright E-mail address: rwright@cazapetro.com PHONE: 432 682 7424

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE AUG 12 2009
Conditions of Approval (if any):