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December 10, 2018

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Caza Petroleum, LLC, are an application for compulsory pooling, together with a proposed advertisement. Please set the application for the January 10, 2019 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Caza Petroleum, LLC

Persons Being Pooled

Chevron USA Inc.
Attn: Kristin Hunter
MCBU Land Dept.
6301 Deauville Blvd.
Midland, Texas 79706

MRC Explorers Resources, LLC
MRC Spiral Resources, LLC
MRC Delaware Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240

Yates Energy Corporation
400 N. Pennsylvania Ave., Suite 550
Roswell, New Mexico 88201

D. Van Matthew, MSU
c/o Keller Energy LLC
20714 Sunrise Point Ct.
Spring, Texas 77379

Harold Hees, MSU
102 Bay Court
Aransas Pass, Texas 78336

Howard Lorch, MSU
2203 Chilton Road
Houston, Texas 77019

Tim Hogan, MSU
3753 N. Pine Grove Ave., Unit 2
Chicago, Illinois 60613

Haycor, Inc.
507 W. Forest Drive
Houston, Texas 77079-6913

Marathon Oil Permian, LLC
Attn: Matt Brown
5555 San Felipe
Room 3720
Houston, Texas 77056

Roadrunner Oil & Gas, LLC
Attn: Cathy Green
3724 Hulen Street
Fort Worth, Texas 76107

Poco Oil Company
13103 Holston Hills Drive
Houston, Texas 77069

Shyla Corporation
3101 Richmond Avenue, Suite 210
Houston, Texas 77098

Frederick W. Zimmerman
d/b/a Island Resources
6760 Portwest Drive
Houston, Texas 77024

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CAZA PETROLEUM, LLC
TO RE-OPEN CASE NO. 16360 FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 16360 (Re-opened)

APPLICATION

Caza Petroleum, LLC applies for an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 22 and the N/2 of Section 21, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N/2 of Section 22 and the N/2 of Section 21, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to a depth sufficient to test the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool):

- (a) The Forehand Ranch 22-21 State Well No. 2H; and
- (b) The Forehand Ranch 22-21 State Well No. 4H.

The wells are horizontal wells with surface locations in the SE/4NE/4 of Section 22 and last take points in the SW/4NW/4 of Section 21. Applicant seeks to dedicate the wells to the N/2 of Section 22 and the N/2 of Section 21 to form a 640 acre horizontal spacing unit in the Wolfcamp formation.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N/2 of Section 22 and the N/2 of Section 21 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests.

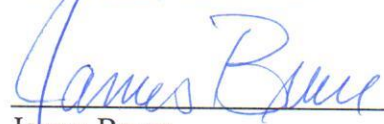
Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the N/2 of Section 22 and the N/2 of Section 21 pursuant to NMSA 1978 §70-2-17.

5. Pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 22 and the N/2 of Section 21 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 22 and the N/2 of Section 21;
- B. Designating Caza Operating, LLC as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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Attorney for Caza Petroleum, LLC