STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF CAZA PETROLEUM, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

Case No. 20464

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Caza Petroleum, LLC Four Greenspoint Place Suite 1430

16945 Northchase Drive Houston, Texas 77060

Attention:

John E. Brown (281) 363-4442

OPPONENT

APPLICANT'S ATTORNEY

James Bruce P.O. Box 1056

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(505) 982-2043 jamesbruc@aol.com

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Caza Petroleum, LLC seeks an order and pooling all mineral interests in the Wolfcamp formation underlying a 320 acre horizontal spacing unit comprised of the S/2 of Section 15, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to (i) the Alisa Ogden Well No. 1H, and (ii) the Alisa Ogden Well No. 4H, horizontal wells drilled from surface locations in the SE/4SE/4 of Section 15. The last take point for Well No. 1H is in the NW/4SW/4 of Section 15, and the last take point for Well No. 4H is in the SW/4SW/4 of Section 15. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for

supervision, designation of Caza Operating, LLC as operator of the wells, and a 200% charge for risk involved in drilling the wells.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES EST. TIME EXHIBITS

Jay Brown 10 min. Approx. 6 (landman)

Richard Carroll 10 min. Approx. 4 (geologist)

OPPONENT

<u>WITNESSES</u> <u>EST. TIME</u> <u>EXHIBITS</u>

PROCEDURAL MATTERS

If this matter is uncontested, it may be presented by affidavit.

Respectfully submitted,

James Bruce

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Attorney for Caza Petroleum, LLC