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June 11, 2013

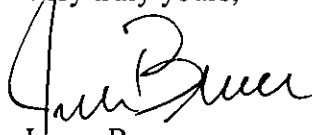
Case 15021

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, Inc., are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the July 13, 2013 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Caza Petroleum, Inc.

PERSONS BEING NOTIFIED

Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, Oklahoma 73102

Chevron U.S.A. Inc.
1400 Smith Street
Houston, Texas 77002

First Roswell Company
P.O. Box 1797
Roswell, New Mexico 88202

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CAZA PETROLEUM, INC.
FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

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Case No. 15021

APPLICATION

Caza Petroleum, Inc. ("Caza") applies for an order creating a non-standard 160-acre spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2W/2 of Section 29, Township 23 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Caza is a working interest owner in the E/2W/2 of Section 29 and has the right to drill a well thereon.
2. Caza proposes to dedicate the E/2W/2 of Section 29 to its proposed West Copperline 29 Fed. Well No. 1H, to be horizontally drilled from a surface location in the NE/4NW/4, to a standard bottomhole location in the SE/4SW/4, of Section 29.
3. Caza has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 29 for the purposes set forth herein.
4. Although Caza attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, Caza seeks an order pooling all mineral interest owners in the E/2W/2 of Section 29, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the E/2W/2 of Section 29 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Approving a non-standard spacing and proration unit in the Bone Spring formation comprised of the E/2W/2 of Section 29, Township 23 South, Range 34 East, N.M.P.M.;
- B. Pooling all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit;
- C. Designating Caza as operator of the subject well;
- D. Considering the cost of drilling and completing the well, and allocating its cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Caza Petroleum, Inc.

Proposed Advertisement

Case 15021:

Application of Caza Petroleum, Inc. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Caza Petroleum, Inc. seeks an order approving a non-standard 160-acre spacing and proration unit in the Bone Spring formation comprised of the E/2W/2 of Section 29, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The non-standard unit is to be dedicated to applicant's West Copperline 29 Fed. Well No. 1H, to be horizontally drilled from a surface location in the NE/4NW/4, to a standard bottom hole location in the SE/4SW/4, of Section 29. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for risk involved in drilling the well. The unit is located approximately 20 miles southwest of Oil Center, New Mexico.

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