

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

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

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

**Case No. 15437 (*de novo*)  
Order No. R-14191**

**PRE-HEARING STATEMENT**

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

**APPEARANCES**

**APPLICANT**

Caza Petroleum, LLC  
Four Greenspoint Place  
Suite 1430  
19945 Northchase Drive  
Houston, Texas 77060

Attention: John E. Brown  
(281) 363-4442

**APPLICANT'S ATTORNEY**

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

**OPPONENT**

Legacy Reserves LP

COG Operating LLC

**OPPONENT'S ATTORNEY**

Gary W. Larson

Ocean Munds-Dry

**STATEMENT OF THE CASE**

**APPLICANT**

Caza Petroleum, Inc. seeks an order approving a non-standard 160-acre spacing and proration unit in the Bone Spring formation comprised of the W/2W/2 of Section 19, Township 20 South, Range 35 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 Igloo 19 State Well No. 7H, to be horizontally drilled from a surface location in the SW/4SW/4, to a standard bottom hole location in the NW/4NW/4, of Section 19. 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 Caza Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling the well.

Section 19 is comprised of two state leases, one covering the NW/4 (owned by Legacy), and one covering the E/2 and SW/4 (owned by Caza and its working interest partners). Due to previous development in the area, if Caza's application is not granted the SW/4 will not be drilled because only 80 acre horizontal Bone Spring wells could be drilled, and they are not economical. If this occurs hundreds of thousands of barrels of reserves in the SW/4 will be wasted.

#### OPPONENT

### **PROPOSED EVIDENCE**

#### APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Jay Brown (landman)	20 min.	Approx. 10
Richard Carroll (geologist)	50 min.	Approx. 20
Tony Sam (operations manager)	25 min.	Approx. 6
Rich Albro (landman - possible witness)	15 min.	
Randy Nickerson (geophysicist - possible witness)	25 min.	

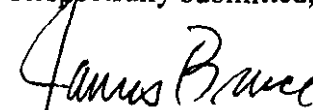
#### OPPONENT

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

### **PROCEDURAL MATTERS**

-None-

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
*jamesbruc@aol.com*

Attorney for Caza Petroleum, Inc.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 2nd day of November, 2016 by e-mail:

Gary W. Larson  
*glarson@hinklelawfirm.com*

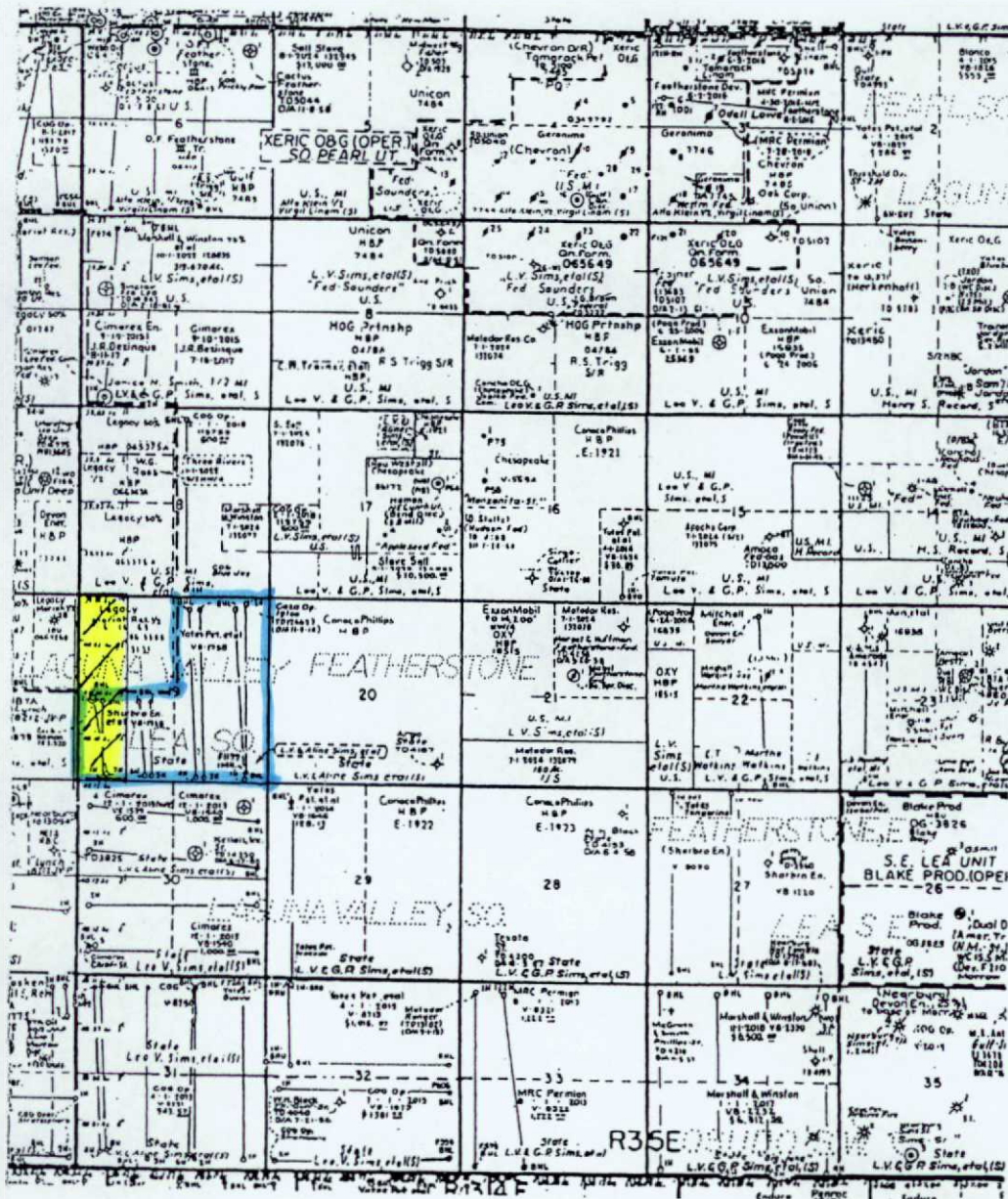
Ocean Munds-Dry  
*omundsdry@concho.com*



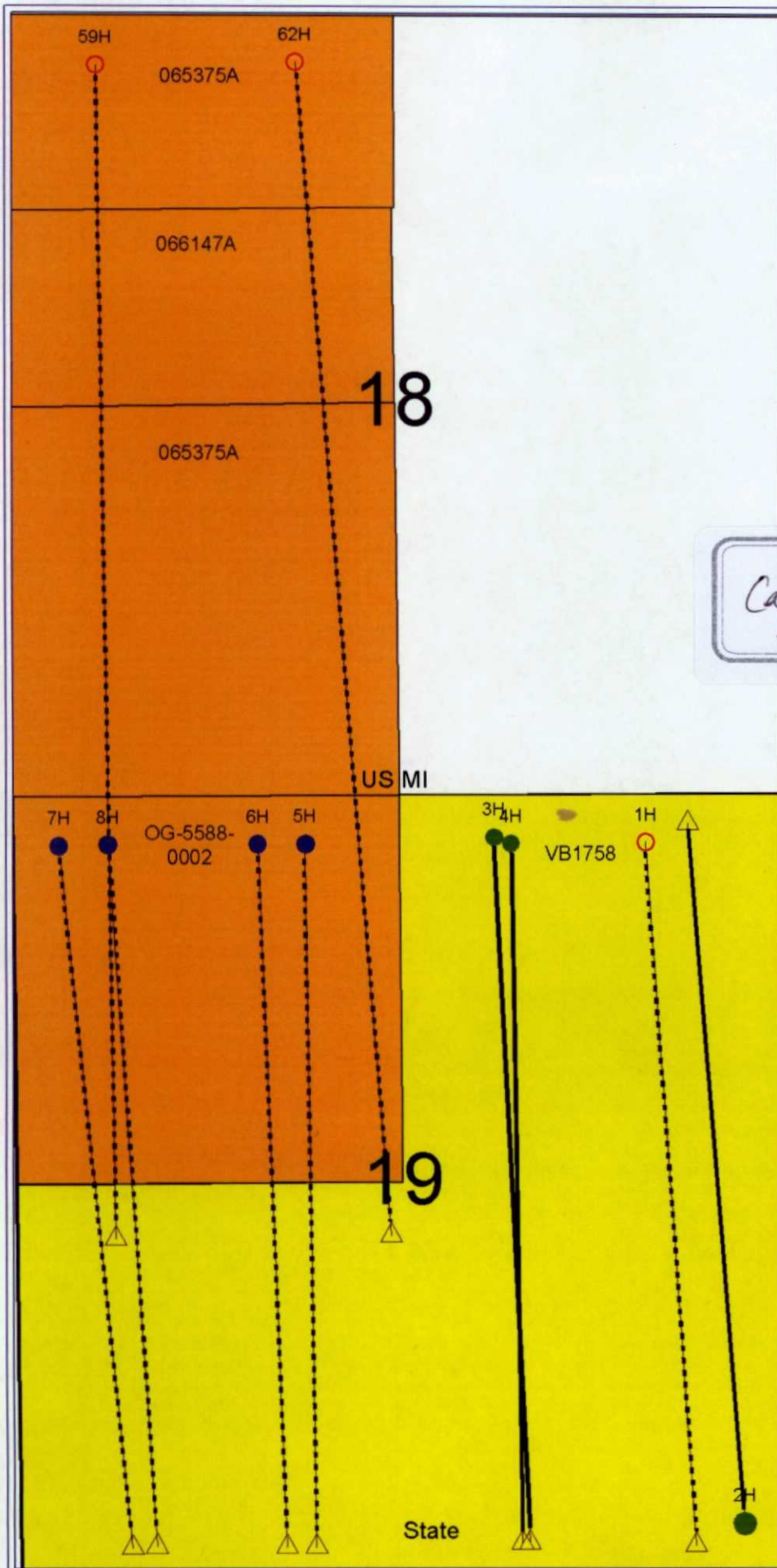
James Bruce

1

Sözün







*Caza* EXHIBIT 2

#### LEGEND

- Caza Igloo 1H: permitted ○
- Caza Igloo 2H: producing ●
- Caza Igloo 3H: producing ●
- Caza Igloo 4H: producing ●
- Caza Igloo 5H: proposed ●
- Caza Igloo 6H: proposed ●
- Caza Igloo 7H: proposed ●
- Caza Igloo 8H: proposed ●
- Legacy Lea Unit 59H: permitted ○
- Legacy Lea Unit 62H: permitted ○
- Caza Leasehold
- Legacy, et al, Leasehold
- Surface location △
- Bottomhole location ○ ● ●



**Caza  
Petroleum**

**Exhibit 2**

East Marathon Road Prospect

Lea County, New Mexico



November 2, 2016

Caza EXHIBIT 3

**IGLOO 19 STATE COM 7H WELL**

	<b>DESCRIPTION</b>	<b>ACREAGE</b>	<b>OWNERSHIP</b>
<b>Caza</b>	<b>E/2 SW/4</b>	<b>80</b>	<b>50%</b>
<b>Legacy, et al</b>	<b>E/2 NW/4</b>	<b>80</b>	<b>50%</b>
<b>totals</b>		<hr/> <b>160</b>	<hr/> <b>100%</b>



VIA CERTIFIED MAIL-RETURN RECEIPT REQUESTED

November 5, 2015

Legacy Reserves, L.P.  
303 W. Wall Street, Suite 1800  
Midland, Texas 79701

Attn: Mr. Shad Frazier

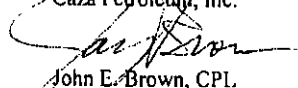
Re: Well Proposal  
Igloo 19 State #7H Well  
Section 19, T20S-R35E  
E. Marathon Road Prospect  
Lea County, New Mexico

Gentlemen:

Caza Petroleum, Inc. is the owner of New Mexico State Lease No. VB 1758 covering the E/2 and SW/4 of Section 19, T20S-R35E, Lea County, New Mexico. Our title information indicates that Legacy Resources, L.P. owns an interest in the BLM lease covering the NW/4 of Section 19. Caza hereby proposes to drill a 10,800' TVD, 15,600' MD, 4,188' lateral horizontal 2nd Bone Spring test from a surface location approximately 200' FSL and 750' FWL to a bottom hole location 330' FNL and 750' FWL in Section 19. Caza proposes the well to be on a 160 acre unit comprised of the W/2 of the W/2 of Section 19. Enclosed is Caza's AFE dated November 2, 2015, estimating the dry hole cost to be \$1,974,879 and the completed well cost to be \$5,019,052. Costs will be shared on a proportionate unit acre basis.

If Legacy wishes to participate for its proportionate working interest in such well, please so indicate by signing in the space below and returning to me one executed copy of this letter and an executed AFE. We appreciate your cooperation in this regard and should you have any questions, please do not hesitate to call me at 832-381-3854.

Very truly yours,  
Caza Petroleum, Inc.

  
John E. Brown, CPL.  
Land Manager

We hereby elect as follows this \_\_\_ day of November, 2015:

\_\_\_ PARTICIPATE in the drilling and completion of the Igloo 19 State #7H well.

\_\_\_ NOT PARTICIPATE in the drilling and completion of the Igloo 19 State #7H well.

Legacy Resources, L.P.

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Caza Petroleum, Inc. is a subsidiary of Caza Energy, Inc. Caza Energy, Inc. is a subsidiary of Caza Energy Holdings, Inc. Caza Energy Holdings, Inc. is a subsidiary of Caza Energy Holdings, Inc.

Caza

EXHIBIT

4

CACA

# AUTHORITY FOR EXPENDITURE

## New Drilling, Recompletion & Re-Entry

AFE Number: 63056

AFE Date: 11/1/15

Well Name: Igloo 19 State # 7H

Lea County, State: LEA, New Mexico

Location: 200' FS1, 750' FWL, Section 19-203-33E Field: Lea-bone Spring South

SHL: 200' FS1 - 750' FWL Horizon: 2nd Bone Spring Sand

GRH: 330' FWL - 350' FWL Projected Depth: 13600' MD/10800' TVD

☒ New Drift  
☐ Recompletion  
☐ Re-Entry

☒ Oil  
☐ Gas  
☐ Injector

☒ Development  
☐ Exploration

Prognosis: Drill, Complete Horizontal 2nd Bone Sprg, 200 FS1 &amp; 750 FWL, Sec 19, T203, R33E

KOP: ± 10,180 ft. GOK: 11120. TVD 10,800 ft. Measured Depth: ± 13,600 ft. Lateral 6185 ft. BML: ± 330 FWL &amp; 350 FWL

	Code	Drilling Intangibles	Code	Completion Intangibles	Total Cost
Permit Well Bays	1-01	7,385	0	0	7,385
Damaged Right of Way	1-02	10,550	0	0	10,550
Locations and Roads	1-03	89,675	0	19,875	109,550
Site and Layout	1-04	0	0	0	0
Drilling Day Work	1-05	407,245	0	41,698	448,944
Completion Work	1-06	0	0	21,100	21,100
Site	1-07	59,600	0	4,220	63,820
Mobilization/Demobilization	1-08	183,325	0	0	183,325
Drill Stem Test	1-09	0	0	0	0
Coring	1-10	0	0	0	0
Mud Logging	1-11	24,917	0	0	24,917
Open Hole Surveys/Logs	1-12	6,850	0	0	6,850
Water	1-13	14,582	0	137,272	151,854
Fluid	1-14	136,230	0	13,949	150,179
Mud & Chemicals	1-15	73,650	0	2,638	76,288
Typical Inspection	1-16	5,375	0	4,220	9,595
Fluid Equipment	1-17	4,220	0	8,440	12,660
Casing Crew	1-18	14,343	0	9,495	23,838
Wellbore	1-19	8,836	0	0	8,836
Cement Surface	1-20	12,091	0	0	12,091
Directional Drilling Pkg. GRAMWOLVO, PDM	1-21	163,782	0	0	163,782
Drilling Supervision (Engineer)	1-22	63,067	0	0	63,067
Geology	1-23	11,605	0	0	11,605
Insurance	1-24	7,800	0	0	7,800
Drilling Consultants	1-25	38,087	0	0	38,087
Completion Consultant	1-26	0	0	26,821	26,821
Miscellaneous	1-27	6,000	0	0	6,000
Plugging and Abandon	1-28	0	0	0	0
Survey and Stake Location	1-29	5,875	0	0	5,875
Cement Intermediate	1-30	19,493	0	0	19,493
Cement Production	1-31	0	0	77,518	77,518
Wireline & Cased Tubing Services	1-32	6,330	0	258,475	264,805
Open Hole Logs	1-33	0	0	0	0
Fishing Services	1-34	0	0	0	0
Perforate	1-35	0	0	0	0
Wellbore	1-36	0	0	0	0
Closed Loop Solids Control Equipment	1-37	0	0	0	0
Nipple Up SBOP Test	1-38	10,550	0	0	10,550
Contract Service and Equipment	1-39	50,183	0	5,136	55,322
Telecom	1-40	11,501	0	3,084	14,585
Simulation	1-41	0	0	1,518,708	1,518,708
Band Log, Perforating	1-42	0	0	0	0
Outside Housing	1-43	26,274	0	0	26,274
Trucking	1-44	51,865	0	32,072	83,937
Closed Loop Heat and Disposal	1-45	94,710	0	30,516	125,226
Rental Subsurface Drilling Equipment	1-46	3,165	0	0	3,165
Other Spec Equip & Services	1-47	0	0	56,179	56,179
Surface Equipment	1-48	0	0	0	0
Wellbore and mud cleaning	1-49	14,451	0	0	14,451
Proppant & Lost Circulation Material, Water	1-50	7,385	0	0	7,385
Tools & Accessories, Drilling This Operation	1-51	0	0	0	0
Contingency 5%	1-52	62,928	0	114,324	177,252
<b>TOTAL INTANGIBLES</b>		<b>1,741,890</b>		<b>2,375,763</b>	<b>4,117,653</b>

	Code	Drilling Tangibles	Code	Tangibles	Total Cost
Wellhead	2-01	8,335	0	4,807	13,142
Conductor	2-02	5,824	0	0	5,824
Casing 13-3/4" 54.5#, J-45, BTC - 1904.10M @25.7M	2-03	51,629	0	0	51,629
5-1/2" 40#, J-45, LTC - 5025M @15.3M	2-04	155,470	0	0	155,470
7" 26#, P-110, BTC - 0M @15.25M		0	0	0	0
5-1/2" 38#, P-110, BTC - 4750M @12.35M		0	0	235,645	235,645
Tubing 2-7/8" 8.5#, L-60, EUE BRD - 10500M @13.35M		0	0	37,810	37,810
Lower Hanger & Horizontal Completion System, Packers		0	0	26,485	26,485
Flowlines, Valves, Flanges		0	0	36,375	36,375
Meters/Controls/Storage Facilities/Industrial Equipment		0	0	122,380	122,380
Separation Equipment		0	0	29,540	29,540
Miscellaneous Tangible Equipment		0	0	23,210	23,210
Pumping Equipment		0	0	94,960	94,960
Compressors/Dehydrators		0	0	29,540	29,540
Contingency 5%	1-53	11,115	0	31,641	42,756
<b>TOTAL TANGIBLES</b>		<b>323,379</b>		<b>664,470</b>	<b>987,849</b>
<b>TOTAL WELL COST</b>		<b>Drilling (Intangible)</b>	<b>Completion</b>	<b>Total</b>	
		<b>1,741,890</b>	<b>3,040,173</b>	<b>6,019,652</b>	

Prepared By: Tony B. Sem

Date: 11/1/2015

Company Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Joint Owner Interest: \_\_\_\_\_

Amount: \_\_\_\_\_

Joint Owner: \_\_\_\_\_

Joint Owner Approval: \_\_\_\_\_

By execution of this AFE, the above signer is agreeing to be covered by the Operator's well control insurance and agreeing to the terms within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to obtain coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to start date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit C of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: \_\_\_\_\_

Date: \_\_\_\_\_



From: Jay Brown <jbrown@cazapetro.com>

To: Clay Roberts <croberts@legacyp.com>; jfitzgerald <jfitzgerald@legacyp.com>

Cc: Randy Nickerson <rnickerson@cazapetro.com>; Rich Albro <ralbro@cazapetro.com>; jamesbruc <jamesbruc@aol.com>

Subject: Igloo 19 7H Well, Section 20, T20S-R35E, Lea Co, NM

Date: Thu, Feb 25, 2016 3:42 pm

Clay,

Reference is made to Caza's well proposal of November 5, 2015, for the drilling of the Igloo 19 State/Fed 7H well in Sec 19, T20S-R35E, Lea Co., NM. After Legacy was in receipt of the well proposal, Rich Albro and I had a phone conference with you, Jim Fitzgerald and Randy Hutton of Legacy in which various options for Legacy's participation in the well were discussed. As you are aware, the force pooling hearing regarding this matter is scheduled for next month. As stated in our previous conversation, Caza would prefer to agree on a mutually beneficial solution ahead of the hearing and would welcome further discussions with Legacy to that end.

Accordingly, Caza would be open to discuss any concerns that Legacy may have in order to reach a mutual understanding and, if possible, avoid the hearing. Please give me a call at 832-381-3854.

Thanks, Jay

*Jay Brown*

Land Manager

Caza Petroleum, Inc.

Direct: 832-381-3854

Main: 281-363-4442 Ext. 1104

Fax: 281-363-4454

*Caza*

EXHIBIT

5

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

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


Case No. 15,437

AFFIDAVIT OF NOTICE

COUNTY OF SANTA FE     )  
  ) ss.  
STATE OF NEW MEXICO    )

James Bruce, being duly sworn upon his oath, deposes and states:

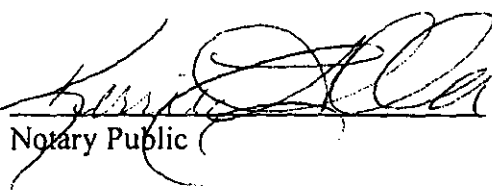
1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Caza Petroleum, Inc.
3. Caza Petroleum, Inc has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the interest owner, at its last known address, by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Rules NMAC 19.15.4.9 and 19.15.4.12.C.

  
James Bruce

SUBSCRIBED AND SWORN TO before me this 1st day of March, 2016 by James Bruce.

My Commission Expires:



  
Notary Public

Caza

EXHIBIT

6

JAMES BRUCE  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

jamesbruce@aol.com

January 8, 2016

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

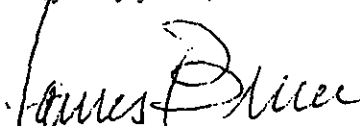
Ladies and gentlemen:

Enclosed is a copy of an application for compulsory pooling, *etc.* filed with the New Mexico Oil Conservation Division by Caza Petroleum, Inc., regarding a Bone Spring well the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 19, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, February 4, 2016, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting the matter at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, January 28, 2016. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,

  
James Bruce

Attorney for Caza Petroleum, Inc.

Attachment

A

Exhibit A

Legacy Reserves, L.P.  
Suite 1800  
303 West Wall Street  
Midland, Texas 79701

**U.S. Postal Service™**  
**CERTIFIED MAIL™ RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

Postage \$  
 Certified Fee  
 Return Receipt Fee (Endorsement Required)  
 Restricted Delivery Fee (Endorsement Required)  
 Total Postage & Fees \$

Postmark Here

Sent To  
 Street, Apt. No. or PO Box No. Legacy Reserves, L.P.  
 Suite 1800  
 City, State, ZIP+4 303 West Wall Street  
 Midland Texas 79701

PS Form 3800, August 2006 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Legacy Reserves, L.P.  
 Suite 1800  
 303 West Wall Street  
 Midland, Texas 79701

2. Article Number (Transfer from service label)  
 9590 9402 1240 5246 2009 63  
 7012 0470 0001 5955 0080

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 Karen Ingle

B. Received by (Printed Name)  
 KAREN INGLE

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
 If YES, enter delivery address below: ☐ No

3. Service Type

<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Mail	
<input type="checkbox"/> Mail Restricted Delivery	

CZ

Domestic Return Receipt

Offset Operators/Working Interest Owners

SW/4 Section 218-20S-35E

Legacy Reserves Operating LP

Jupiter JV LP

E/2NW/4 Section 19-20S-35E

Legacy Reserves Operating LP

E/2SW/4 Section 19-20S-35E

Caza Operating, LLC

Caza Petroleum, Inc.

N/2NW/4 Section 30-20S-35E

Cimarex Energy Co. of Colorado

NE/4NE/4 Section 25-20S-34E

Nearburg Producing Company

E/2SE/4 Section 24-20S-34E

BTA Oil Producers, LLC

E/2NE/4 Section 24-20S-34E

Legacy Reserves Operating LP

S/2SE/4 Section 13-20S-34E

Legacy Reserves Operating LP

*Caza*

EXHIBIT

7



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

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

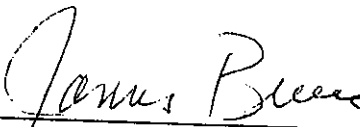
Case 15,437

AFFIDAVIT OF NOTICE

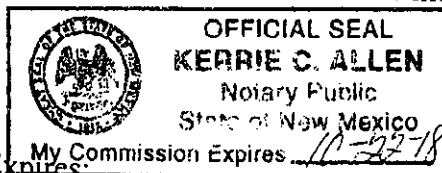
COUNTY OF SANTA FE     )  
                                      ) ss.  
STATE OF NEW MEXICO    )

James Bruce, being duly sworn upon his oath, deposes and states:

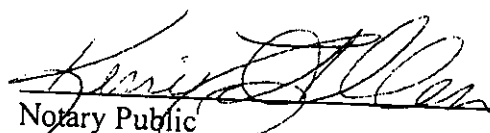
1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Caza Petroleum, Inc.
3. Caza Petroleum, Inc. has conducted a good faith, diligent effort to find the names and correct addresses of the offset operators or working interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the offsets by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Rules NMAC 19.15.4.9 and 19.15.4.12.C.

  
James Bruce

SUBSCRIBED AND SWORN TO before me this 1st day of March, 2016 by James Bruce.



My Commission Expires: \_\_\_\_\_

  
Notary Public

EXHIBIT

8

C39

JAMES BRUCE  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruce@aol.com](mailto:jamesbruce@aol.com)

January 8, 2016

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

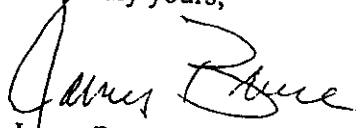
To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application for a non-standard unit, *etc.*, filed with the New Mexico Oil Conservation Division by Caza Petroleum, Inc., regarding a Bone Spring well in the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 19, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This matter is scheduled for hearing at 8:15 a.m. on Thursday, February 4, 2016, at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an offset operator or lessee, you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date.

You are required to notify (in writing) the Division, and the undersigned, by Thursday, January 28, 2016 if you intend to participate in the hearing.

Very truly yours,

  
James Bruce

Attorney for Caza Petroleum, Inc.

Attachment A

EXHIBIT A

Jupiter JV LP  
Suite 3300  
301 Commerce Street  
Fort Worth, Texas 76102

Legacy Reserves Operating LP  
Suite 1800  
303 West Wall Street  
Midland, Texas 79701

Cimarex Energy Co. of Colorado  
Suite 600  
600 North Marienfeld  
Midland, Texas 79701

Nearburg Producing Company  
Building 2, Suite 120  
3300 North "A" Street  
Midland, Texas 79705

BTA Oil Producers, LLC  
104 South Pecos  
Midland, Texas 79701

7012 0470 0001 5955 0066

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p>Legacy Reserves Operating LP Suite 1800 303 West Wall Street Midland, Texas 79701</p> <p>2. Article Number (Transfer from service label) 9590 9402 1240 5246 2009 49 7012 0470 0001 5955 0066</p>		<p>A. Signature <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) KAREN INGLE</p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p>(over \$500)</p>			

PS Form 3811, July 2015 PSN 7530-02-000-9053

C2

Domestic Return Receipt

7012 0470 0001 5955 0040

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<p>Postage \$</p> <p>Certified Fee</p> <p>Return Receipt Fee (Endorsement Required)</p> <p>Restricted Delivery Fee (Endorsement Required)</p> <p>Total Postage &amp; Fees \$</p>	<p>Postmark Here</p> <p>Sent To Nearburg Producing Company Building 2, Suite 120 3300 North "A" Street Midland, Texas 79705</p> <p>Street, Apt. No., or PO Box No.</p> <p>City, State, ZIP+4</p>
PS Form 3800, August 2006 See Reverse for instructions	

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<p>Postage \$</p> <p>Certified Fee</p> <p>Return Receipt Fee (Endorsement Required)</p> <p>Restricted Delivery Fee (Endorsement Required)</p> <p>Total Postage &amp; Fees \$</p>	<p>Postmark Here</p> <p>Sent To Legacy Reserves Operating LP Suite 1800 303 West Wall Street Midland, Texas 79701</p> <p>Street, Apt. No., or PO Box No.</p> <p>City, State, ZIP+4</p>
PS Form 3800, August 2006 See Reverse for instructions	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p>Nearburg Producing Company Building 2, Suite 120 3300 North "A" Street Midland, Texas 79705</p> <p>2. Article Number (Transfer from service label) 9590 9402 1240 5246 2009 25 7012 0470 0001 5955 0042</p>		<p>A. Signature <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)</p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p>(over \$500)</p>			

PS Form 3811, July 2015 PSN 7530-02-000-9053

C2

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## SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Cimarex Energy Co. of Colorado  
Suite 600  
600 North Marienfeld  
Midland, Texas 79701

9590 9402 1240 5246 2009 32

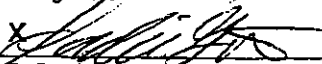
2. Article Number (Transfer from service label)

7012 0470 0001 5955 0059

PS Form 3811, July 2015 PSN 7530-02-000-9053

## COMPLETE THIS SECTION ON DELIVERY

A. Signature



- ☐ Agent  
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature  
☐ Adult Signature Restricted Delivery  
☒ Certified Mail®  
☐ Certified Mail Restricted Delivery  
☐ Collect on Delivery  
☐ Delivery Restricted Delivery  
☐ Priority Mail Express®  
☐ Registered Mail™  
☐ Registered Mail Restricted Delivery  
☐ Return Receipt for Merchandise  
☐ Signature Confirmation™  
☐ Signature Confirmation Restricted Delivery

(over \$500) Restricted Delivery

Domestic Return Receipt

# U.S. Postal Service™

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For delivery information visit our website at [www.usps.com](http://www.usps.com)

Postage \$  
Certified Fee  
Return Receipt Fee  
(Endorsement Required)  
Restricted Delivery Fee  
(Endorsement Required)  
Total Postage & Fees \$

Sent To

Street, Apt. No.,  
or PO Box No.  
City, State, ZIP+4

Jupiter JV LP  
Suite 3300  
301 Commerce Street  
Fort Worth, Texas 76102

PS Form 3800, August 2006

See Reverse for Instructions

# U.S. Postal Service™

## CERTIFIED MAIL™ RECEIPT

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For delivery information visit our website at [www.usps.com](http://www.usps.com)

Postage \$  
Certified Fee  
Return Receipt Fee  
(Endorsement Required)  
Restricted Delivery Fee  
(Endorsement Required)  
Total Postage & Fees \$

Sent To Cimarex Energy Co. of Colorado  
Suite 600  
600 North Marienfeld  
Midland, Texas 79701  
Street, Apt. No.,  
or PO Box No.  
City, State, ZIP+4

PS Form 3800, August 2006

See Reverse for Instructions

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Jupiter JV LP  
Suite 3300  
301 Commerce Street  
Fort Worth, Texas 76102

9590 9402 1240 5246 2009 56

2. Article Number (Transfer from service label)

7012 0470 0001 5955 0073

PS Form 3811, July 2015 PSN 7530-02-000-9053

## COMPLETE THIS SECTION ON DELIVERY

A. Signature



- ☐ Agent  
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature  
☐ Adult Signature Restricted Delivery  
☒ Certified Mail®  
☐ Certified Mail Restricted Delivery  
☐ Collect on Delivery  
☐ Collect on Delivery Restricted Delivery  
☐ Priority Mail Express®  
☐ Registered Mail™  
☐ Registered Mail Restricted Delivery  
☐ Return Receipt for Merchandise  
☐ Signature Confirmation™  
☐ Signature Confirmation Restricted Delivery

Restricted Delivery

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BTA Oil Producers, LLC  
104 South Pecos  
Midland, Texas 79701

2. Article Number (Transfer from service label)

9590 9402 1240 5246 2009 18  
7012 0470 0001 5955 0035

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
*[Signature]*

B. Received by (Printed Name)  
LUIS SOSTA

C. Date of Delivery  
1-12-16

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™
<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery

CE

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**U.S. Postal Service**

**CERTIFIED MAIL® RECEIPT**

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For delivery information visit our website at [www.usps.com](http://www.usps.com)

Postage \$

Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

Sent To BTA Oil Producers, LLC

Street Apt. No. 104 South Pecos

or PO Box No. Midland, Texas 79701

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions



MARTIN YATES, III  
1912-1983

FRANK W. YATES  
1936-1988

S.P. YATES  
1914-2008



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2110

TELEPHONE (505) 748-1471

www.yatespetroleum.com

JOHN A. YATES  
CHAIRMAN EMERITUS

JOHN A. YATES JR.  
CHAIRMAN OF THE BOARD

DOUGLAS E. BROOKS  
PRESIDENT  
CHIEF EXECUTIVE OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

March 2, 2016

David Catanach, Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case 15437  
Application of Caza Petroleum, Inc.

Dear Mr. Catanach:

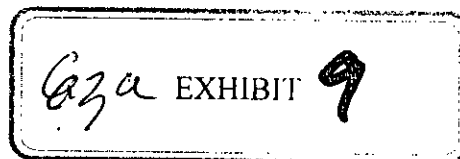
Yates Petroleum Corporation is an interest owner in the SW/4 of Section 19, Township 20 South, Range 35 East, NMPM, and thus owns an interest in the W/2W/2 Sec. 19-20S-35E well proposed by Caza. Yates supports Caza in this case, for the following reasons:

1. Yates' geologists and engineers believe that Second Bone Spring wells in this area should be drilled on a standup basis to recover the maximum amount of reserves.
2. If Caza's application is not granted, the only options are to form and drill a standup 80 acre horizontal well unit, or drill a laydown unit. Either option will lead to a loss of reserves and impair correlative rights.
3. Caza cannot drill a lateral including lands to the south because Second Bone Spring wells have already been drilled in Section 30.
4. The correlative rights of the interest owners in the NW/4 of Section will be protected by a 160 acre standup well unit.

Very truly yours,

**YATES PETROLEUM CORPORATION**

*Kathy H. Porter*  
Kathy H. Porter  
Attorney-in-Fact  
Hr



KATHY H. PORTER  
SECRETARY

JAMES D. SCHAFER  
TREASURER



# ABO PETROLEUM CORPORATION

OIL PRODUCERS

PO BOX 900 • ARTESIA, NM 88211-0900 • PHONE (575) 748-4250

March 2, 2016

David Catanach, Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case 15437  
Application of Caza Petroleum, Inc.

Dear Mr. Catanach:

Yates Petroleum Corporation is an interest owner in the SW/4 of Section 19, Township 20 South, Range 35 East, NMPM, and thus owns an interest in the W/2W/2 Sec. 19-20S-35E well proposed by Caza. Abo supports Caza's efforts in this case, for the following reasons:

1. Abo's management believes that Second Bone Spring wells in this area should be drilled on a standup basis to recover the maximum amount of reserves.
2. If Caza's application is not granted, the only options are to form and drill a standup 80 acre horizontal well unit, or drill a laydown unit. Either option will lead to a loss of reserves and impair correlative rights.
3. Caza cannot drill a lateral including lands to the south because second Bone Spring wells have already been drilled in Section 30.
4. The correlative rights of the interest owners in the NW/4 of Section will be protected by a 160 acre standup well unit.

Very truly yours,

Abo Petroleum Corporation



MYCO INDUSTRIES, INC.  
OIL PRODUCERS  
POST OFFICE BOX 840  
ARTESIA, NEW MEXICO 88211-0840  
Phone (575) 748-4280

March 2, 2016

David Catanach, Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case 15437  
Application of Caza Petroleum, Inc.

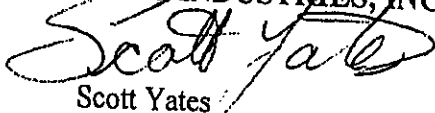
Dear Mr. Catanach:

MYCO Industries, Inc. is an interest owner in the SW/4 of Section 19, Township 20 South, Range 35 East, NMPM, and thus owns an interest in the well proposed by Caza. MYCO supports Caza in this case, for the following reasons:

1. MYCO's geologist and engineer believe that Second Bone Spring wells in this area should be drilled on a standup basis to recover the maximum amount of reserves.
2. If Caza's application is not granted, the only options are to form and drill a standup 80 acre horizontal well unit, or drill a laydown unit. Either option will lead to a loss of reserves and impair correlative rights.
3. Caza cannot drill a lateral including lands to the south because second Bone Spring wells have already been drilled in Section 30.
4. The correlative rights of the interest owners in the NW/4 of Section 19 will be protected by a 160 acre standup well unit.

Very truly yours,

MYCO INDUSTRIES, INC.

  
Scott Yates  
President

# SHARBRO ENERGY, LLC

Post Office Box 840  
Artesia, New Mexico 88211-0840  
(575) 748-4280

March 2, 2016

David Catanach, Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case 15437  
Application of Caza Petroleum, Inc.

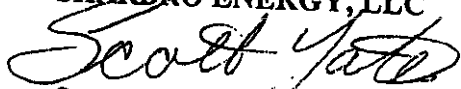
Dear Mr. Catanach:

Sharbro Energy, LLC is an interest owner in the SW/4 of Section 19, Township 20 South, Range 35 East, NMPM, and thus owns an interest in the well proposed by Caza. Sharbro supports Caza in this case, for the following reasons:

1. Sharbro's geologist and engineer believe that Second Bone Spring wells in this area should be drilled on a standup basis to recover the maximum amount of reserves.
2. If Caza's application is not granted, the only options are to form and drill a standup 80 acre horizontal well unit, or drill a laydown unit. Either option will lead to a loss of reserves and impair correlative rights.
3. Caza cannot drill a lateral including lands to the south because second Bone Spring wells have already been drilled in Section 30.
4. The correlative rights of the interest owners in the NW/4 of Section 19 will be protected by a 160 acre standup well unit.

Very truly yours,

SHARBRO ENERGY, LLC



Scott Yates  
Managing Member