

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CAZA PETROLEUM, LLC
AND CAZA OPERATING, LLC FOR APPROVAL
OF AN OVERLAPPING SPACING UNIT IN THE
BONE SPRING FORMATION AND TO ALLOW
TWO OPERATORS IN CERTAIN WELL UNITS,
LEA COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Caza Petroleum, LLC and Caza Operating, LLC (collectively “Caza”) seek an order approving (a) an overlapping spacing unit in the Bone Spring formation in the E/2 of Section 27 and the E/2 of Section 34, Township 21 South, Range 34 East, NMPM, and (b) two operators in the Bone Spring formation in the E/2 of Section 34, and in support thereof, states

1. In Case No. 21565 Caza filed an application seeking to force pool all mineral interest owners in the Bone Spring formation, limited to depths from the top of the Bone Spring formation to the base of the First Bone Spring, underlying a horizontal (proximity tract) spacing unit comprised of the E/2 of Section 27 and the E/2 of Section 34, for its proposed (two mile lateral) Caza Gramma 27-34 State Wells. This matter is set for hearing on August 19, 2021.

2. In the E/2 of Section 34 Chisholm Energy Operating, LLC (“Chisholm”) has drilled several of its Gramma Ridge East 34 2BS and 3BS wells. It has also filed APDs for four Gramma Ridge East 34 State Com. 1BS and AVLN wells. They are all one mile laterals.

3. Caza’s proposed two mile overlapping horizontal spacing unit will efficiently and effectively develop the Avalon and First Bone Spring zones in the E/2 of Section 27 and the E/2 of Section 34.

4. Caza has attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of its proposed two mile wells.

5. The pooling of all mineral interests as proposed in Case No. 21565, and approval of this application, 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 an overlapping 640 acre horizontal spacing unit in the Avalon and First Bone Spring zones in the E/2 of Section 27 and the E/2 of Section 34;

B. Approving Caza Operating, LLC as operator of Avalon and First Bone Spring wells in a well unit comprised of the E/2 of Section 27 and the E/2 of Section 34;

C. Setting this matter for the Examiner hearing scheduled for August 5, 2021, but to be continued to and consolidated with Case No. 21565 on the August 19, 2021 docket.

Respectfully submitted,

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