

CASE NO. 22042

**APPLICATION OF CAZA PETROLEUM, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

EXHIBITS

(Part I)

1. Application and Proposed Notice
2. Landman's Affidavit (David Gibson)
3. Geologist's Affidavits (Richard Carroll)
4. Affidavit of Certified Notice
5. Publication Notice
6. Pooling Checklist

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 22042

APPLICATION

Caza Petroleum, LLC applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Section 17 and the E/2SE/4 of Section 8, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E/2E/2 of Section 17 and the E/2SE/4 of Section 8 and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Desert Rose 17-8 Federal Com. Well Nos. 8H and 10H to a depth sufficient to test the Bone Spring, with first take points in the SE/4SE/4 of Section 17 and last take points in the NE/4SE/4 of Section 8.
3. Applicant in good faith has sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in the E/2E/2 of Section 17 and the E/2SE/4 of Section 8 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 Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Section 17 and the E/2SE/4 of Section 8, pursuant to NMSA 1978 §70-2-17.

EXHIBIT 1

5. The pooling of all mineral interests in the Bone Spring formation underlying the described portions of Section 17 and Section 8 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 Bone Spring formation underlying those portions of Section 17 and Section 8 described herein;

B. Designating Caza Operating, LLC as operator of the wells;

C. Considering the cost of drilling, completing, and equipping the wells and allocating the cost thereof among the wells' working interest owners;

D. 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, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

James Bruce

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

Attorney for Caza Petroleum, LLC

Case 22042: Application of Caza Petroleum, LLC for compulsory pooling, Lea County, New Mexico. Caza Petroleum, LLC seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Section 17 and the E/2SE/4 of Section 8, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico. The unit will be dedicated to the Desert Rose 17-8 Fed. Com. Well Nos. 8H and 10H, with first take points in the SE/4SE/4 of Section 17 and last take points in the NE/4SE/4 of Section 8. Also to be considered will be the cost of drilling, completing, and equipping 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, completing, and equipping the wells. The unit is located approximately 13-1/2 miles northwest of Oil Center, New Mexico.

Case 22043: Application of Caza Petroleum, LLC for compulsory pooling, Lea County, New Mexico. Caza Petroleum, LLC seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2E/2 of Section 17 and the E/2SE/4 of Section 8, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico. The unit will be dedicated to the Desert Rose 17-8 Fed. Com. Well No. 16H with first take points in the SE/4SE/4 of Section 17 and last take points in the NE/4SE/4 of Section 8. Also to be considered will be the cost of drilling, completing, and equipping 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, completing, and equipping the wells. The unit is located approximately 13-1/2 miles northwest of Oil Center, New Mexico.

Case 22044: Application of Caza Petroleum, LLC for compulsory pooling, Lea County, New Mexico. Caza Petroleum, LLC seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2E/2 of Section 17 and the W/2SE/4 of Section 8, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico. The unit will be dedicated to the Desert Rose 17-8 Fed. Com. Well Nos. 5H and 7H, with first take points in the SW/4SE/4 of Section 17 and last take points in the NW/4SE/4 of Section 8. Also to be considered will be the cost of drilling, completing, and equipping 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, completing, and equipping the wells. The unit is located approximately 13-1/2 miles northwest of Oil Center, New Mexico.

Case 22045: Application of Caza Petroleum, LLC for compulsory pooling, Lea County, New Mexico. Caza Petroleum, LLC seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2E/2 of Section 17 and the W/2SE/4 of Section 8, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico. The unit will be dedicated to the Desert Rose 17-8 Fed. Com. Well No. 15H with first take points in the SW/4SE/4 of Section 17 and last take points in the NW/4SE/4 of Section 8. Also to be considered will be the cost of drilling, completing, and equipping 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

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

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

EXHIBIT 2

Case No. 22042

SELF-AFFIRMED STATEMENT OF DAVID GIBSON

David Gibson states the following:

1. I am a landman for Caza Petroleum, LLC ("Caza"). I have been qualified by the Division as an expert petroleum landman
2. Pursuant to the Division's Rules, the following information is submitted in support of the compulsory pooling application filed herein:
 - (a) The purpose of this application is to force pool working interest owners into the Bone Spring horizontal spacing unit described below, and in the wells, to be drilled in that unit.
 - (b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells but to date have filed or refused to voluntarily commit their interests to the wells.
 - (c) The following are attached hereto:
 1. Attachment A – Form C-102 for the Desert Rose 17-8 Federal Com #8H.
 2. Attachment B – Form C-102 for the Desert Rose 17-8 Federal Com #10H.

They show the outline of the unit being pooled. Caza seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E2E2 of Section 17 and the E2SE4 of Section 8, T20S, R35E, NMPM, Lea County, New Mexico. The unit will be dedicated to the Desert Rose 17-8 Federal Com #8H with a first take point in the SE/4SE/4 of Section 17, T20S R35E and a final take point in the NE4SE4 of Section 8, T20S R35E, NMPM, Lea County, New Mexico.


- (d) There are no depth severances in the Bone Spring formation in the proposed pooled spacing unit.
- (e) Attachment C shows the parties being pooled and the best estimate of their respective interests at this time pending a final title opinion.
- (f) Attachment D is a copy of the proposal letter sent to the working interest owners for the well. Their current and correct addresses are set forth therein. Caza has searched public records and internet records to determine these addresses. None of the letters sent to the interest owners have been returned as undeliverable. In addition to this letter, I have participated in phone calls and e-mails with the interest owners regarding the proposed wells, and Caza is still negotiating with these owners to obtain final signed documents regarding these interests.

mails with the interest owners regarding the proposed wells, and Caza is still negotiating with these owners to obtain final signed documents regarding these interests.

- (g) Caza has made a good faith effort to locate all interest owners and to obtain the voluntary joinder of the working interest owners in the proposed wells.
- (h) Caza has the right to pool the overriding royalty owners in the well unit.
- (i) Attachment D contains the Authorization for Expenditure for the well. The estimated cost of the well set forth therein is fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in this area of Lea County.
- (j) Caza requests overhead and administrative rates of \$7500/month for a drilling well and \$750/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this portion of Lea County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Caza requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- (k) Caza requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (l) Caza requests that Caza Operating, LLC be designated operator of the wells.
- (m) The attachments to this affidavit were prepared by me or compiled from company business records.
- (n) The granting of this application is in the interests of conservation and the prevention of waste.

I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 2(n) above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 10/15/2021


David Gibson

ATTACHMENT A

New Mexico
Natural Resources Department

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name DESERT ROSE 17-8 FEDERAL	
OGRID No.	Operator Name CAZA OPERATING, LLC	Well Number 8H
Elevation 3702'		

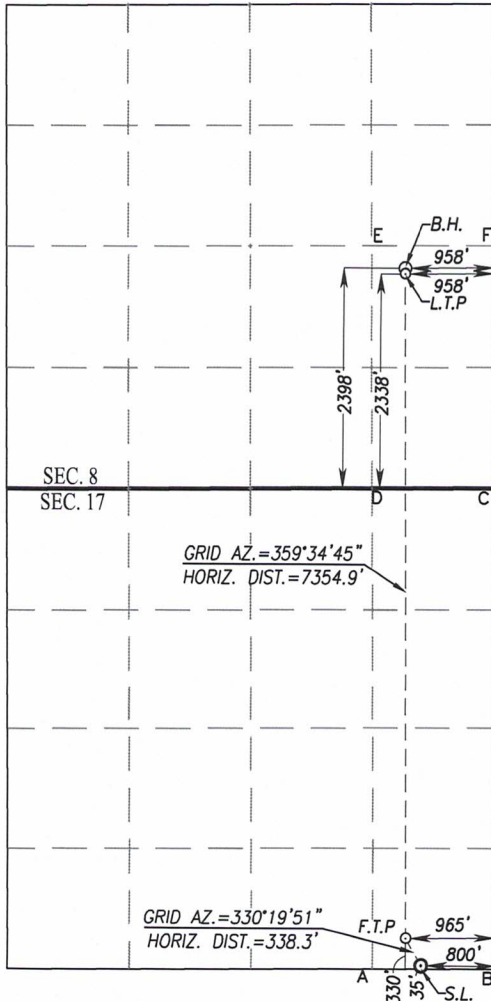
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	17	20-S	35-E		35	SOUTH	800	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	8	20-S	35-E		2398	SOUTH	958	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



SCALE: 1"=2000'

BOTTOM HOLE LOCATION NAD 83 NME Y= 578359.3 N X= 806014.0 E LAT.=32.587025° N LONG.=103.473999° W	BOTTOM HOLE LOCATION NAD 27 NME Y= 578296.5 N X= 764832.8 E LAT.=32.586901° N LONG.=103.473511° W
LAST TAKE POINT NAD 83 NME Y= 578299.3 N X= 806014.5 E LAT.=32.586860° N LONG.=103.473999° W	LAST TAKE POINT NAD 27 NME Y= 578236.5 N X= 764833.3 E LAT.=32.586736° N LONG.=103.473511° W
CORNER COORDINATES TABLE NAD 27 NME	
A - Y= 570611.1 N, X= 764533.6 E	
B - Y= 570620.1 N, X= 765854.1 E	
C - Y= 575906.8 N, X= 765810.9 E	
D - Y= 575896.2 N, X= 764490.0 E	
E - Y= 578537.7 N, X= 764467.9 E	
F - Y= 578548.0 N, X= 765788.5 E	
CORNER COORDINATES TABLE NAD 83 NME	
A - Y= 570673.6 N, X= 805715.0 E	
B - Y= 570682.6 N, X= 807035.5 E	
C - Y= 575969.5 N, X= 806992.2 E	
D - Y= 575958.9 N, X= 805671.3 E	
E - Y= 578600.5 N, X= 805649.1 E	
F - Y= 578610.7 N, X= 806969.7 E	
FIRST TAKE POINT NAD 83 NME Y= 571005.9 N X= 806068.0 E LAT.=32.566813° N LONG.=103.474016° W	FIRST TAKE POINT NAD 27 NME Y= 570943.4 N X= 764886.6 E LAT.=32.566689° N LONG.=103.473529° W
GEODETIC COORDINATES NAD 83 NME SURFACE LOCATION Y= 570712.1 N X= 806235.4 E LAT.=32.566002° N LONG.=103.473481° W	GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y= 570649.6 N X= 765054.0 E LAT.=32.565878° N LONG.=103.472994° W

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from the corners of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

FEBRUARY 3, 2019

Date of Survey _____
Signature _____ Seal of Professional Surveyor

Certificate Number Gary G. Eidson 12641
Ronald J. Eidson 3239

ACK REL. W.O.:18111074 JWSC W.O.: 19.11.0192

ATTACHMENT B

New Mexico
Natural Resources Department

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

District III
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District IIII
1000 Rio Brazos Road, Aztec, NM 87410
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Phone: (505) 476-3460 Fax: (505) 476-3462

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name DESERT ROSE 17-8 FEDERAL	
OGRID No.	Operator Name CAZA OPERATING, LLC	Well Number 10H
		Elevation 3703'

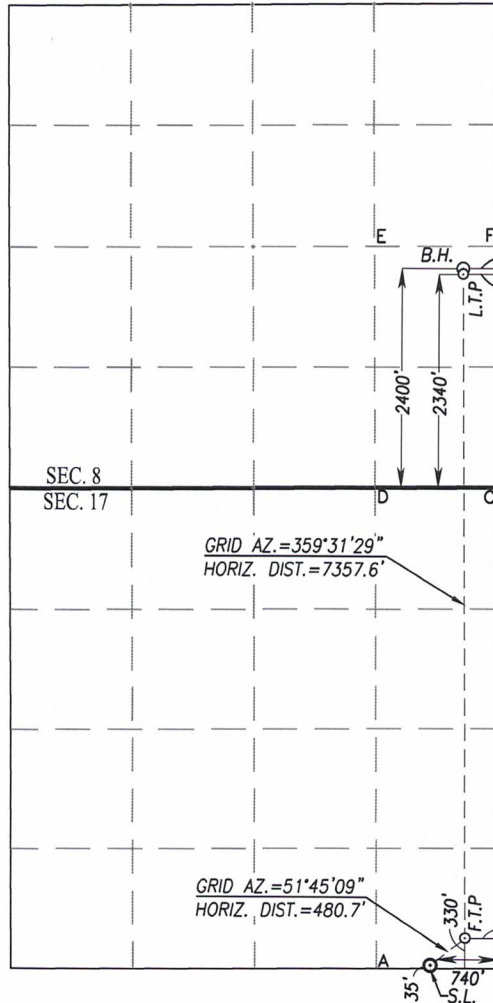
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	17	20-S	35-E		35	SOUTH	740	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	8	20-S	35-E		2400	SOUTH	360	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



SCALE: 1"=2000'

BOTTOM HOLE LOCATION NAD 83 NME Y= 578366.0 N X= 806611.9 E LAT.=32.587030° N LONG.=103.472058° W	BOTTOM HOLE LOCATION NAD 27 NME Y= 578303.3 N X= 765430.7 E LAT.=32.586906° N LONG.=103.471570° W
LAST TAKE POINT NAD 83 NME Y= 578306.1 N X= 806612.4 E LAT.=32.586865° N LONG.=103.472058° W	LAST TAKE POINT NAD 27 NME Y= 578243.3 N X= 765431.2 E LAT.=32.586741° N LONG.=103.471570° W
CORNER COORDINATES TABLE NAD 27 NME	
A - Y= 570611.1 N, X= 764533.6 E	
B - Y= 570620.1 N, X= 765854.1 E	
C - Y= 575906.8 N, X= 765810.9 E	
D - Y= 575896.2 N, X= 764490.0 E	
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D - Y= 575958.9 N, X= 805671.3 E	
E - Y= 578600.5 N, X= 805649.1 E	
F - Y= 578610.7 N, X= 806969.7 E	
FIRST TAKE POINT NAD 83 NME Y= 571010.1 N X= 806672.9 E LAT.=32.566811° N LONG.=103.472053° W	FIRST TAKE POINT NAD 27 NME Y= 570947.6 N X= 765491.5 E LAT.=32.566687° N LONG.=103.471566° W
GEODETIC COORDINATES NAD 83 NME SURFACE LOCATION Y= 570712.6 N X= 806295.5 E LAT.=32.566002° N LONG.=103.473286° W	GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y= 570650.0 N X= 765114.0 E LAT.=32.565878° N LONG.=103.472799° W

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey _____
Signature _____
Seal of Professional Surveyor



Ronald J. Eidson 03/01/2019
Certificate Number Gary G. Eidson 12641
Ronald J. Eidson 3239

ACK REL. W.O.:18111064 JWSC W.O.: 19.11.0194

ATTACHMENT C

**Estimated Division of Interest in
E2E2 Section 17 & E2SE4 Section 8, T20S R35E, Lea County, NM
Desert Rose 17-8 Federal Com #8H
Desert Rose 17-8 Federal Com #10H**

INTEREST OWNER	TYPE	GROSS WI	TOTAL NRI
United States of America	RI		0.10416667
State of New Mexico	RI		0.02083333
McMullen Minerals, LLC	ORRI		0.00111111
Pegasus Resources, LLC	ORRI		0.01277778
Escondido Oil & Gas, LLC	ORRI		0.00347219
BriLi, LLC	ORRI		0.00347219
Devon Energy Production Company, L.P.	ORRI		0.00259675
Lynn Charuk	ORRI		0.00279088
Mayhill Oil Corporation	ORRI		0.00212259
JSTM Properties, Ltd.	ORRI		0.00141510
Dog Tired Investments, LLC	ORRI		0.00070755
Cinco Tierras, LLC	ORRI		0.00070755
Gary Wallace	ORRI		0.00070755
Tiger Creek Capital Partners, LP	ORRI		0.00070755
Sapphire Royaltiess, Inc.	ORRI		0.00353773
James D. Snelson	ORRI		0.00141510
Cat Spring Properties, LLC	ORRI		0.00141510
Austin G. Wallace	ORRI		0.00035378
Kantech Properties, LLC	ORRI		0.00141510
Christensen Holdings, LP	ORRI		0.00070755
Marks Oil, Inc.	ORRI		0.00070755
McCabe Minerals & Royalties, LLC	ORRI		0.00212265
Lynn Charuk	WI	0.00343557	0.00270524
True North Exploration, Inc. (formerly SDX)	WI	0.01209821	0.00955737
JSTM Energy Investments, LLC	WI	0.00645448	0.00507519
O'Brien Oil & Gas Inc.	WI	0.00343557	0.00270524
Cinco Tierras, LLC	WI	0.00364391	0.00287289
Wallco Investments LLC	WI	0.00343557	0.00270524
Tiger Creek Capital Partners, LP	WI	0.00343557	0.00270524
Gary J. Lamb, Inc.	WI	0.01147047	0.00884862
America West Resources, LLC	WI	0.00633233	0.00518049
D&M Snelson Properties, LP	WI	0.00645448	0.00507519
Broughton Petroleum Inc.	WI	0.00670448	0.00527637
Wallace Investment Group, LLC	WI	0.00150945	0.00118497
Kantech Properties, LLC	WI	0.00645448	0.00507519
CHLP Interests, LLC	WI	0.00343557	0.00270524
Marks Oil, Inc.	WI	0.00343557	0.00270524
Marshall B. Miller, Jr.	WI	0.00033333	0.00026824
Glenbrook Partners DE, LTD	WI	0.00187500	0.00150883
Alpar Energy, LP	WI	0.00383333	0.00308472
Hat Creek Exploration	WI	0.00583333	0.00469414
Maverick Oil & Gas Equity, LLC	WI	0.00104167	0.00083824
Eagle Owl LLC	WI	0.00000000	0.00000000
Nance Resources, Inc.	WI	0.00066667	0.00053647
Chevron	WI	0.60166363	0.51648735
Caza Petroleum, LLC	WI	0.30301733	0.23894092
TOTAL PARTICIPATION		1.00000000	1.00000000

ATTACHMENT D



May 21, 2021

Chevron U.S.A. Inc.
Attn: Scott Sabrsula
1400 Smith Street
Houston, TX 77002
Email: scottsabrsula@chevron.com
Email: nojvmcbu@chevron.com; afenojvmcbu@chevron.com

Re: Nine Well Proposals
1.5-mile laterals - Laguna North Prospect
Desert Rose 17-8 Federal Com Wells
Section 17 and S/2 Section 8
Township 20 South; Range 35 East
Lea County, New Mexico

Ladies and Gentlemen:

Caza Petroleum, LLC ("Caza") hereby proposes to drill the referenced nine wells from three well pads located as follows:

Pad #1: SE/4SW/4 of Section 17; Desert Rose 17-8 Federal Com #11H (3rd Bone Spring), #13H (2nd Bone Spring), and #14H (Wolfcamp Z)

Pad #2: SW/4SE/4 of Section 17; Desert Rose 17-8 Federal Com #5H (2nd Bone Spring), #7H (3rd Bone Spring), and #15H (Wolfcamp Z)

Pad #3: SE/4SE/4 of Section 17; Desert Rose 17-8 Federal Com #8H (3rd Bone Spring), #10H (2nd Bone Spring), and #16H (Wolfcamp Z)

The surface locations, bottom hole locations, total vertical depths, total measured depths, and formation targets are shown in the attached Authorities for Expenditures for each well. The drill spacing units will be 240 acres for the Bone Spring wells and 480 acres for the Wolfcamp wells, which is consistent with the current field rules in this area of Lea County, New Mexico. Chevron's estimated working interest in each proposed well, which is subject to change through a final division order title opinion, is shown beside the well names on pages 2 and 3. Upon Chevron's final election to participate in these wells Caza will provide an Operating Agreement substantially identical to those previously agreed to by Chevron and Caza in other Lea County prospects operated by Caza.

Please indicate your participation election in this well by signing in the appropriate spaces provided below and returning executed copies of 1) this letter and 2) the AFE to Jeannie Roberts at jroberts@cazapetro.com. Should you have questions, please do not hesitate to contact me at 832-381-3854 or dgibson@cazapetro.com. Operational questions should be directed to Tony Sam at 432-556-6708 or tsam@cazapetro.com.

Sincerely yours,

CAZA PETROLEUM, LLC

Handwritten signature of David Gibson

David Gibson
Land Manager

Multi-Well Proposal to
Chevron U.S.A. Inc.
May 21, 2021
Page 2

We hereby elect as follows, this _____ day of _____, 2021:

Desert Rose 17-8 Federal Com #5H – 3rd Bone Spring (CUSA WI 54.10%)

_____ Elect to PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #5H

_____ Elect NOT TO PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #5H

Desert Rose 17-8 Federal Com #7H – 2nd Bone Spring (CUSA WI 54.10%)

_____ Elect to PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #7H

_____ Elect NOT TO PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #7H

Desert Rose 17-8 Federal Com #8H – 3rd Bone Spring (CUSA WI 60.16%)

_____ Elect to PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #8H

_____ Elect NOT TO PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #8H

Desert Rose 17-8 Federal Com #10H – 2nd Bone Spring (CUSA WI 60.16%)

_____ Elect to PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #10H

_____ Elect NOT TO PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #10H

Desert Rose 17-8 Federal Com #11H – 3rd Bone Spring (CUSA WI 65.16%)

_____ Elect to PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #11H

_____ Elect NOT TO PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #11H

Desert Rose 17-8 Federal Com #13H – 2nd Bone Spring (CUSA WI 65.16%)

_____ Elect to PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #13H

_____ Elect NOT TO PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #13H

Multi-Well Proposal to
Chevron U.S.A. Inc.
May 21, 2021
Page 3

Desert Rose 17-8 Federal Com #14H – Wolfcamp Z (CUSA WI 40.57%)

_____ Elect to PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #14H

_____ Elect NOT TO PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #14H

Desert Rose 17-8 Federal Com #15H – Wolfcamp Z (CUSA WI 60.16%)

_____ Elect to PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #15H

_____ Elect NOT TO PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #15H

Desert Rose 17-8 Federal Com #16H – Wolfcamp Z (CUSA WI 60.16%)

_____ Elect to PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #16H

_____ Elect NOT TO PARTICIPATE in the drilling of the Desert Rose 17-8 Fed Com #16H

Chevron U.S.A. Inc.

By: _____


Printed Name: _____

Title: _____

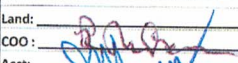


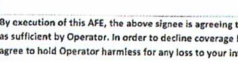
Date: _____

Caza Petroleum		AUTHORITY FOR EXPENDITURE New Drilling, Recompletion & Re-Entry		AFE Number:	52101
				AFE Date:	04/13/2021
Well Name:	Desert Rose 17-8 Fed #8H	County, State:	Lea, NM	New Drill	X Oil X
Location:	Sec. 17/8 T205 R35E	Field:	Featherstone; Bone	Recompletion	Gas
SHL:	Sec.17, 100'FSL 800'FEL	Horizon	3rd Bone Spring	Re-Entry	Injector
BHL:	Sec.8, 2,398' FSL 958'FEL	Projected Depth:	19,230'MD/11,534'TVD	Development	X Exploratory
Intangibles Description	Code	Drilling Intangibles	Code	Completion Intangible	Total Cost
Permits and Signs	1-01	\$19,035			\$19,035
Damages/ Right of Way	1-02	\$52,875	3-02	\$17,449	\$70,324
Conductor Service and Pipe	1-03	\$21,150			\$21,150
Dirt Work Locations/ Roads	1-04	\$84,600	3-75	\$6,874	\$91,474
Pits and Liner	1-05				
Spill Clean up and Restoration	1-06		3-51	\$26,438	\$26,438
Drilling Turnkey	1-07				
Drilling Footage	1-08				
Drilling Daywork	1-09	\$625,434			\$625,434
Bits	1-10	\$74,025	3-80	\$10,575	\$84,600
Transport Rig In and Out	1-11	\$52,875			\$52,875
Coring	1-13				
Mud Logging	1-14	\$41,435			\$41,435
Open Hole Surveys	1-15		3-63		
Water	1-16	\$37,326	3-72	\$814,952	\$852,278
Fuel	1-17	\$92,533	3-46	\$261,255	\$353,789
Drilling Fluids and Chemicals	1-18	\$359,550	3-62	\$237,938	\$597,488
Pipe Inspection and Tests	1-19	\$26,072	3-59	\$7,868	\$33,940
Surface Rental Equipment	1-20	\$85,164	3-03	\$56,153	\$141,317
Casing Crew	1-21	\$39,128	3-73		\$39,128
Welding	1-22	\$5,288	3-77	\$26,438	\$31,725
Cementing Services	1-23	\$176,603			\$176,603
Directional Drilling	1-24	\$452,709			\$452,709
Drilling Supervision	1-25	\$100,069			\$100,069
Geological Supervisors	1-26				
Insurance	1-27	\$12,201	3-67		\$12,201
Drilling Consultants/ Completion / Engineer	1-28	\$43,780	3-52	\$100,463	\$144,243
Miscellaneous	1-29	\$6,345	3-90	\$26,438	\$32,783
Equipment Repairs	1-30	\$7,403			\$7,403
Plugging	1-31		3-95		
Survey and Stake Location	1-32	\$2,961			\$2,961
Special Services	1-34	\$4,230	3-58	\$37,013	\$41,243
Wireline Services	1-36	\$8,989	3-43	\$330,152	\$339,140
Contingency 10%	1-37	\$316,131	3-30	\$468,036	\$784,167
Fishing Service and Equipment	1-38				
Man Lift / Fork Lift	1-39	\$7,974	3-66	\$14,541	\$22,515
Cement Stage Tool	1-40	\$17,978			\$17,978
Whipstock Service	1-43				
Fishing Equipment	1-44	\$5,499	3-05		\$5,499
OCD Hearings	1-51				
Cement Squeeze	1-53		3-16		
Perforating	1-54				
BOPE Testing	1-55	\$19,458	3-85	\$3,701	\$23,159
Contract Service and Equipment	1-56	\$94,334	3-70	\$124,256	\$218,590
Repairs - Labor and Material	1-58		3-20	\$15,863	\$15,863
Roustabout Service	1-60	\$9,835	3-76	\$47,376	\$57,211
Water Disposal	1-61	\$6,643			\$6,643
Safety Equipment Rental	1-62		3-88		
Onsite Housing	1-63	\$38,464	3-88	\$15,196	\$53,660
Water Line Rental / Transfer	1-64		3-12	\$132,188	\$132,188
Mud Disposal	1-65	\$221,009	3-65	\$92,531	\$313,540
Down Hole Rental Equipment	1-66	\$43,358	3-96	\$30,033	\$73,391
Mud Cleaning Equipment (Centrifuge, Floc)	1-68	\$75,052			\$75,052
Transportation/ Trucking	1-70	\$55,202	3-53	\$20,928	\$76,129
PU/LD Machine	1-80		3-88		
Pumping Service	1-81		3-88		
Electric Logs	1-90				
Float Equipment	1-91	\$52,346			\$52,346
Legal and Professional Service	1-92		3-92	\$21,150	\$21,150
Overhead Engineering	1-93		3-04		
Swab/Snubbing Unit			3-01	\$79,313	\$79,313
Reverse Unit			3-17	\$37,013	\$37,013
Tubing Rental			3-18	\$29,610	\$29,610
Pressure Control			3-19	\$132,188	\$132,188
Completion Unit			3-38	\$79,313	\$79,313
Well Testing Equipment/ Flowback			3-40	\$69,584	\$69,584
Acidizing			3-44	\$26,438	\$26,438
Fracturing			3-45	\$1,787,175	\$1,787,175
Chemicals and Treating			3-61	\$105,750	\$105,750
Gravel Pack			3-64		
Frac Ponds			3-74		
Crane or Mast Truck			3-79	\$63,450	\$63,450
Supplies			3-81	\$5,288	\$5,288
Electric Highline			3-84		
Coiled Tubing Unit			3-85	\$169,200	\$169,200
Hydrostatic Testing			3-86		
Mud/Chems			3-71	\$222,075	\$222,075
Total Intangibles		\$3,395,061		\$5,752,194	\$9,147,256

ATTACHMENT E

		AUTHORITY FOR EXPENDITURE New Drilling, Recompletion & Re-Entry		AFE Number: 52101 AFE Date: 04/13/2021	
Well Name:	Desert Rose 17-8 Fed #8H	County, State:	Lea, NM	New Drill:	X
Location:	Sec. 17/8 T205 R35E	Field:	Featherstone; Bone	Recompletion:	
SHL:	Sec.17, 100'FSL 800'FEL	Horizon:	3rd Bone Spring	Re-Entry:	
BHL:	Sec.8, 2,398' FSL 958'FEL FWL	Projected Depth:	19,230'MD/11,534'TVD	Development:	X
				Oil:	X
				Gas:	
				Injector:	
				Exploratory:	

Tangibles Description	Code	Drilling Tangibles	Code	Completion Tangibles	Total Cost
Production Casing	2-31	\$504,326			\$504,326
Surface Casing	2-33	\$85,261			\$85,261
Intermediate Casing	2-34	\$200,164			\$200,164
Casing Head / Wellhead and Equipment	2-36	\$39,656	4-63	\$13,748	\$53,404
Other Tangible Equipment	2-37	\$9,729			\$9,729
Liner	2-40		4-80		
Tubing			4-58	\$59,696	\$59,696
Packers/ Bridge Plugs	2-43		4-55	\$63,344	\$63,344
Whipstock	2-87				
Turnkey Battery Installation			4-01		
Sleeves			4-37		
Meters and Controls			4-38	\$5,816	\$5,816
Tank Containment			4-39	\$15,863	\$15,863
Gas Production Unit			4-40		
in Line Heater			4-41	\$11,633	\$11,633
Gas Measurement Equipment			4-43		
Dehydrator			4-45		
SWD System			4-52	\$26,438	\$26,438
Automation Equipment			4-57	\$26,438	\$26,438
Downhole Equipment			4-59	\$5,816	\$5,816
Treater			4-60	\$21,150	\$21,150
Surface Lift Equipment			4-61		
Rods			4-62		
Electric Sub Pump			4-63		
Flowline and Fittings			4-64	\$42,300	\$42,300
Tankage			4-65	\$52,875	\$52,875
Separator			4-68	\$52,875	\$52,875
Compressors			4-67	\$14,805	\$14,805
Miscellaneous			4-68	\$10,575	\$10,575
Valves, Fittings			4-69	\$37,013	\$37,013
Pending			4-71	\$5,288	\$5,288
Liner Hanger			4-81		
Gas Pipeline			4-82	\$7,931	\$7,931
Flare System			4-83	\$10,575	\$10,575
Transfer Pump			4-85	\$10,575	\$10,575
Gas Lift Valves and Equipment			4-86	\$14,805	\$14,805
Total Drilling Tangibles		\$839,136		\$509,556	\$1,348,692
		\$4,234,197		\$6,261,751	\$10,495,948

Prepared By:	Tony B. Sam & Tony Cook	Date:	4/13/2021
Company Approval:		Date:	
Land:			
COO:			
Acct:			
Pres.:			
Vice Pres.:			
Joint Owner:		Joint Owner Approval:	

By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud 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 D of the Joint Operating Agreement.

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

By: _____ Date: _____

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

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

EXHIBIT 3

Case No. 22042

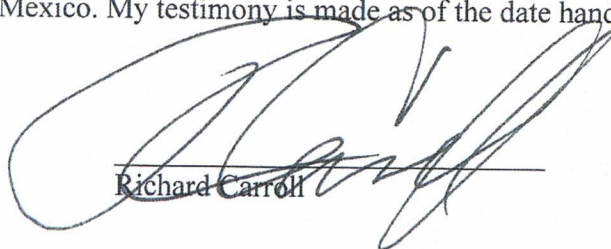
SELF-AFFIRMED STATEMENT OF RICHARD CARROLL

Richard Carroll states the following:

1. I am a geologist for Caza Petroleum, LLC ("Caza). I have been qualified by the Division as an expert petroleum geologist.
2. The following documents are attached hereto and submitted in support of the compulsory pooling application filed herein:
 - (a) Attachments A-1, A-2, and A-3 are locator and structure maps of the Bone Spring sands showing Caza's acreage in this area and the locations of the proposed wells targeting the Bone Spring sands. It shows the structure dips gently up to the north. It also shows a line of cross-section.
 - (b) Attachments B-1, B-2, and B-3 are isopachs of the Bone Spring Sands targeted by Caza's wells, which shows consistent thickness across the well units.
 - (c) Attachments C-1, C-2, and C-3 are north-to-south structural cross sections of the Bone Spring Sands. The well logs on the cross-section give a representative sample of the Bone Spring formations in this area.
3. I conclude from these documents that:
 - (a) The horizontal spacing units are justified from a geologic standpoint.
 - (b) The targeted Bone Spring zones are continuous across the well units.
 - (c) Each quarter section in the units will contribute more or less equally to production from the wells.
 - (d) There is no faulting or other geologic impediment which will affect the drilling of the subject wells.
4. Other Bone Spring wells drilled in this area are drilled with both standup and laydown units. Caza sees no difference in production whether wells are standup or laydown.
5. Attachment D is the horizontal well plan for the Desert Rose 17-8 Federal Com #10H. The producing interval of each well will be orthodox.

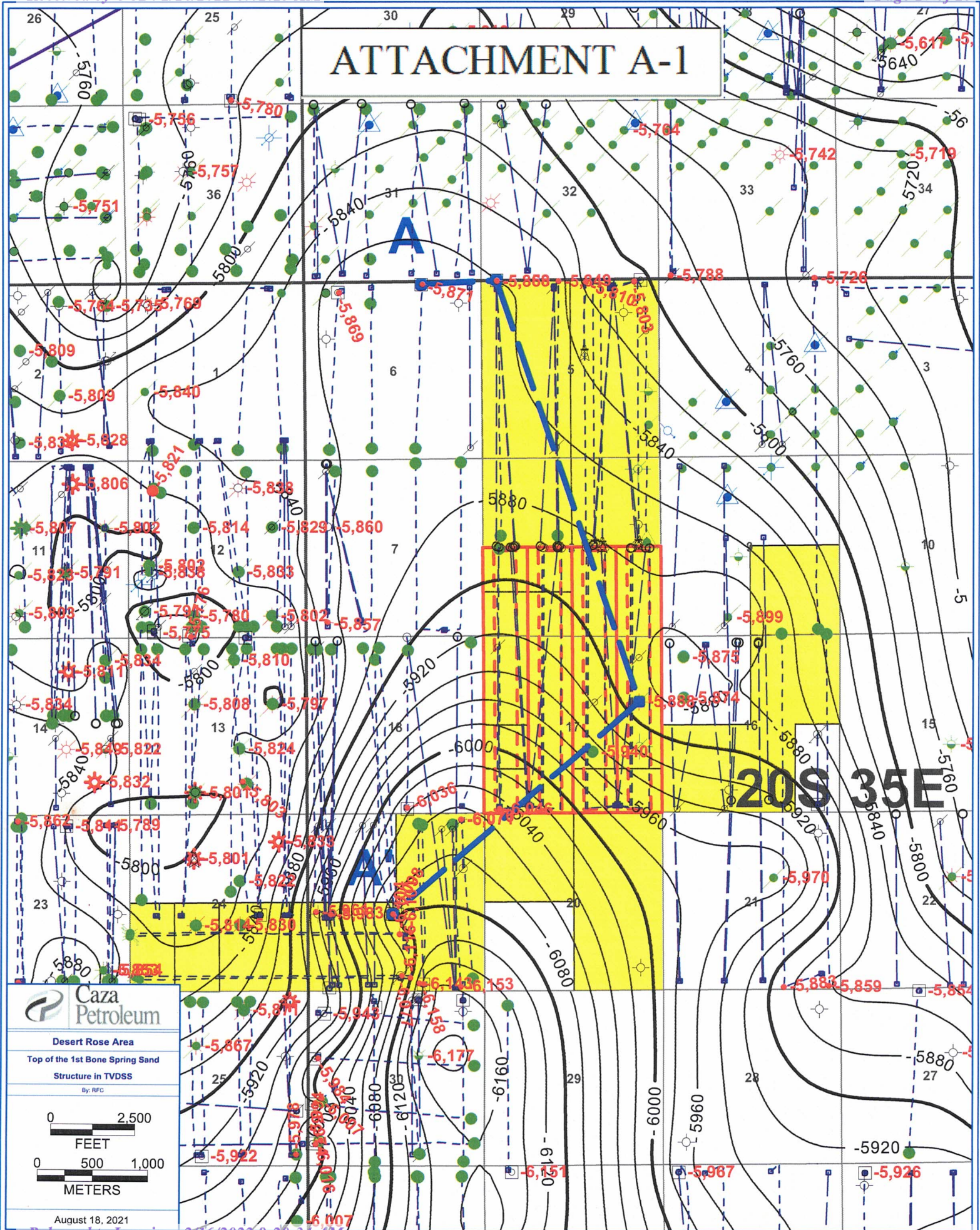
I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 10/15/2021

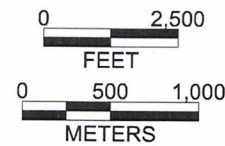


Richard Carroll

ATTACHMENT A-1

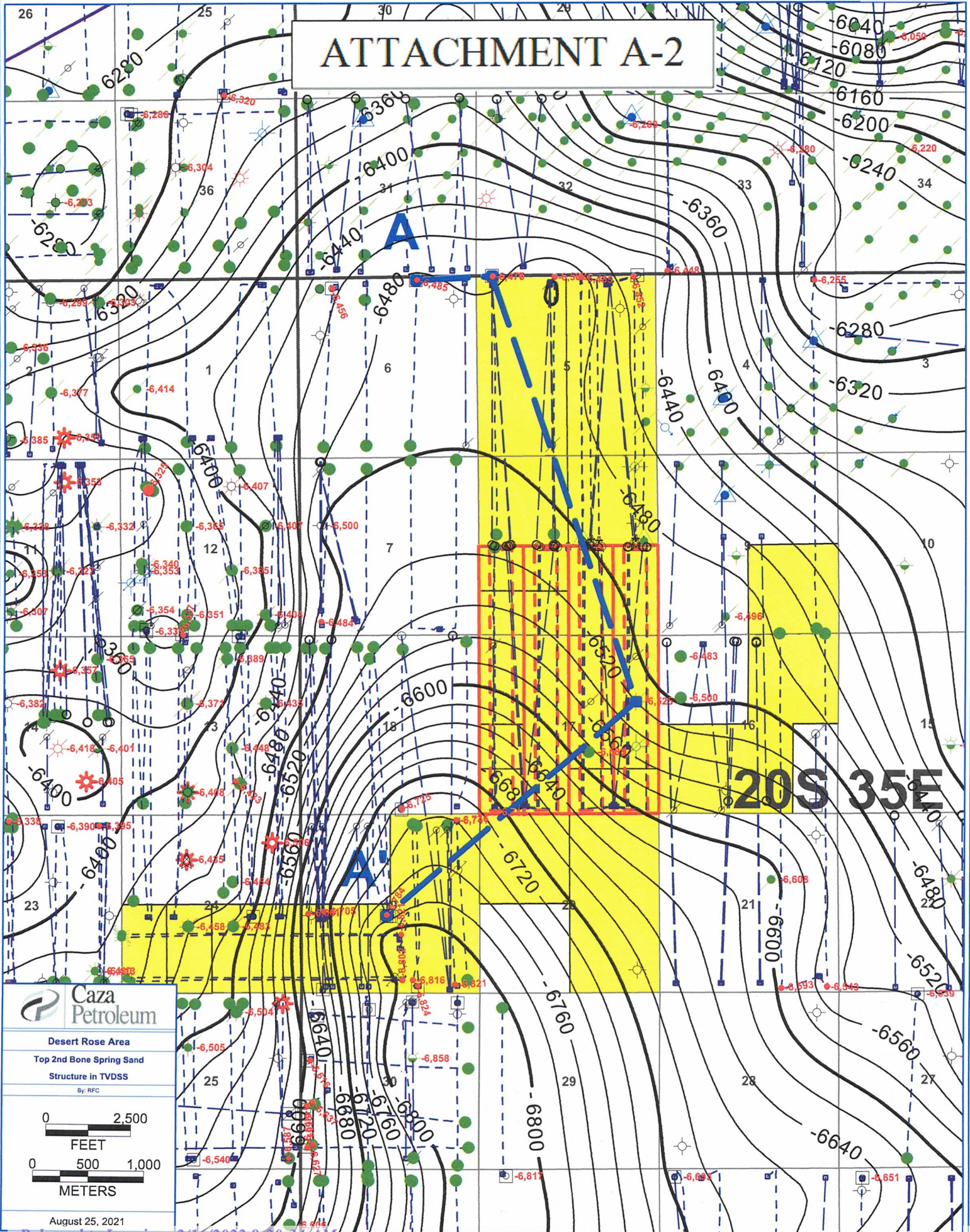


Desert Rose Area
 Top of the 1st Bone Spring Sand
 Structure in TVDSS
 By: RFC



August 18, 2021

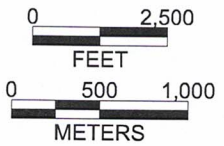
ATTACHMENT A-2



20S 35E

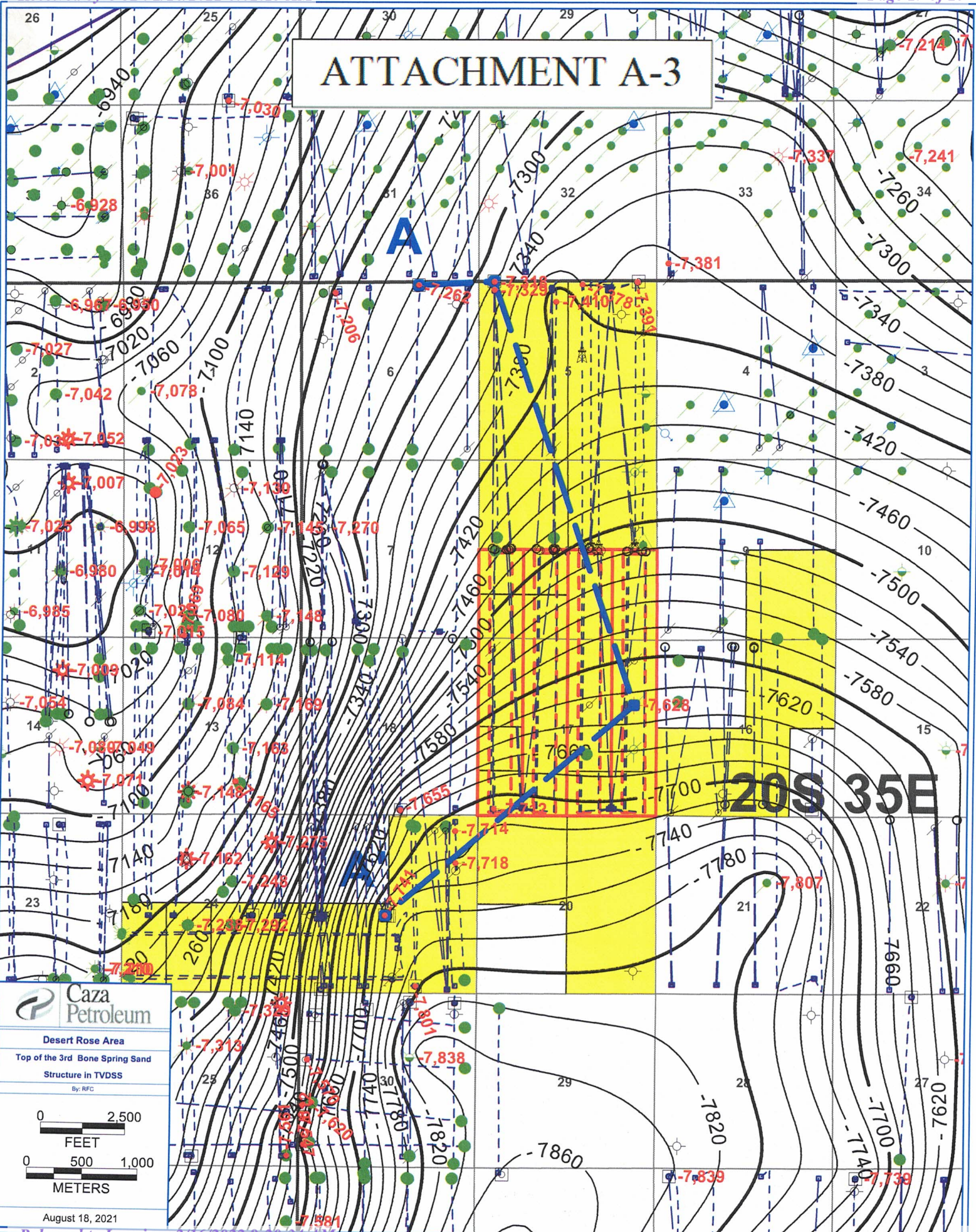


Desert Rose Area
 Top 2nd Bone Spring Sand
 Structure in TVDSS
 By: RFC



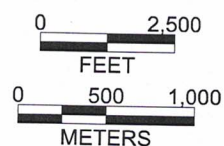
August 25, 2021

ATTACHMENT A-3



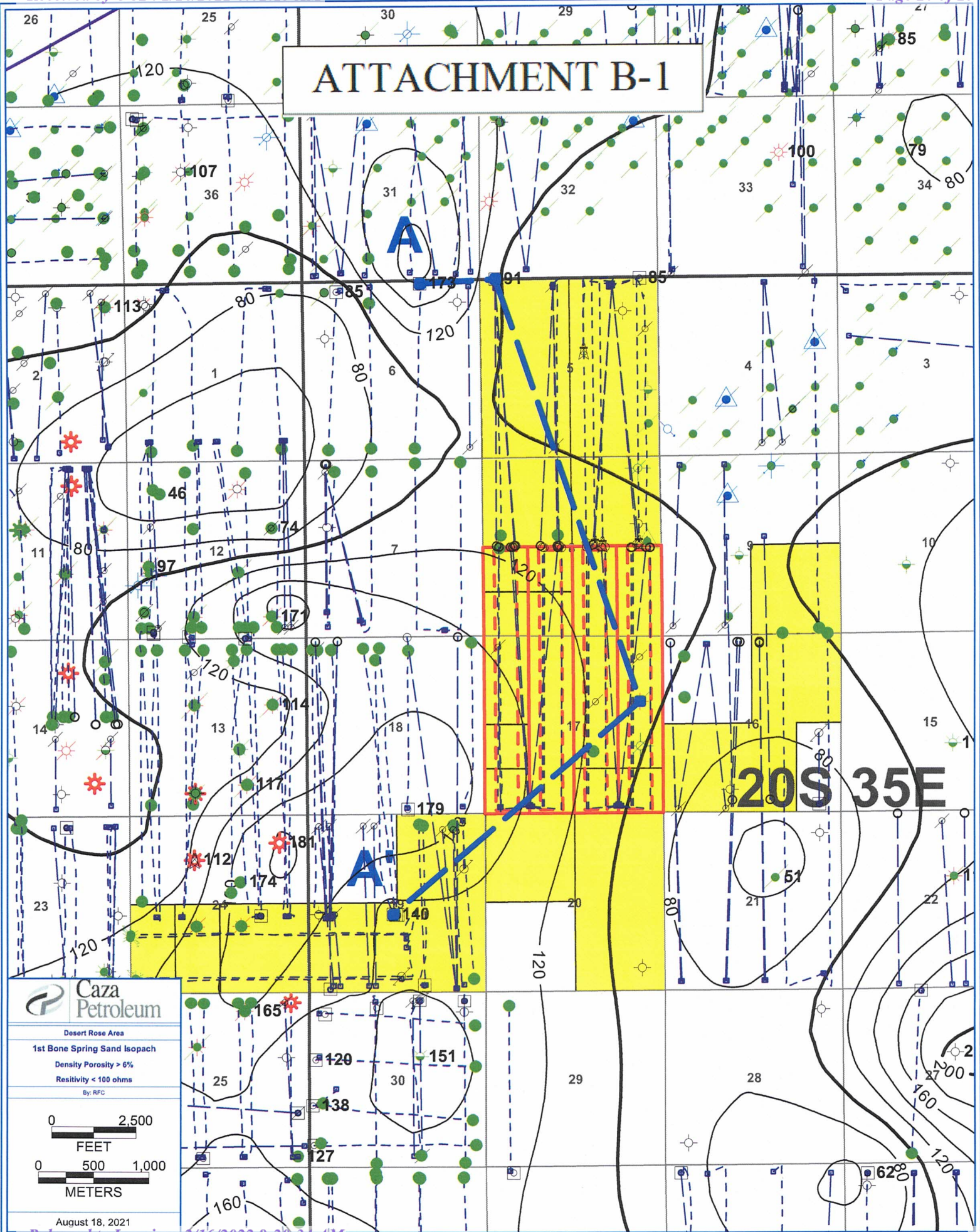
Caza Petroleum

Desert Rose Area
Top of the 3rd Bone Spring Sand
Structure in TVDSS
By: RFC



August 18, 2021

ATTACHMENT B-1



Caza Petroleum

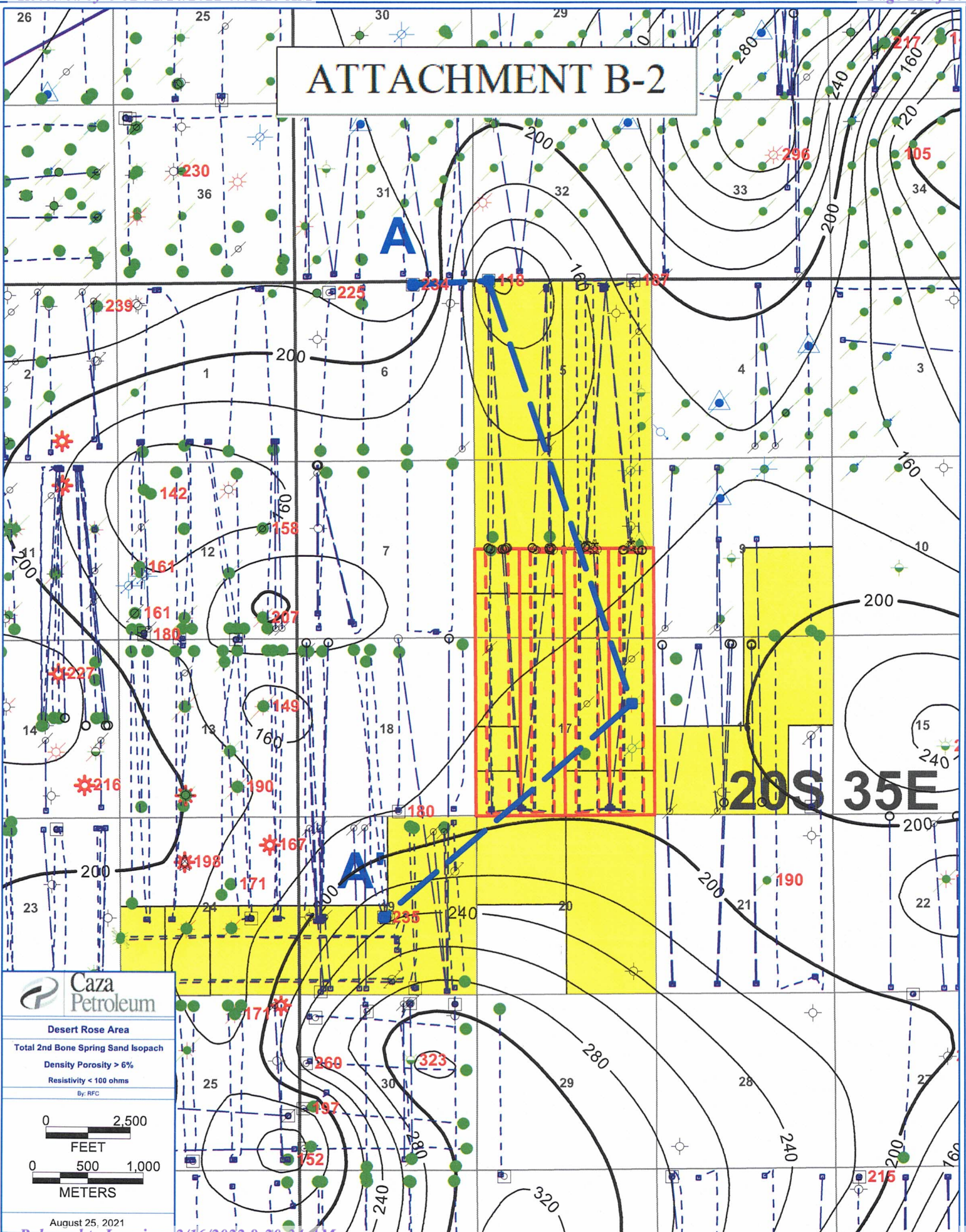
Desert Rose Area
 1st Bone Spring Sand Isopach
 Density Porosity > 6%
 Resistivity < 100 ohms
 By: RFC

0 2,500
 FEET

0 500 1,000
 METERS

August 18, 2021

ATTACHMENT B-2



Desert Rose Area

Total 2nd Bone Spring Sand Isopach

Density Porosity > 6%

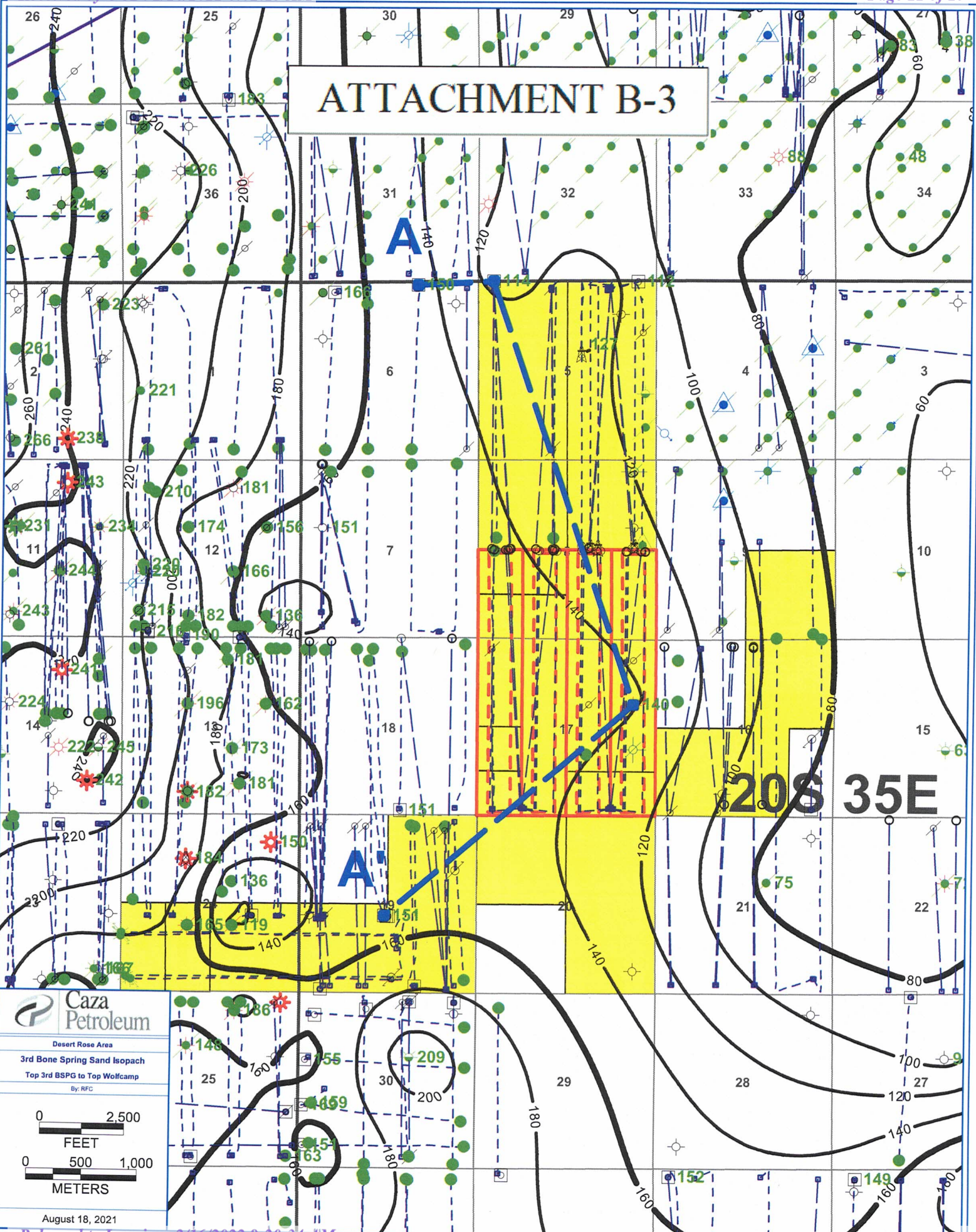
Resistivity < 100 ohms

By: RFC



August 25, 2021

ATTACHMENT B-3



Caza Petroleum

Desert Rose Area
3rd Bone Spring Sand Isopach
Top 3rd BSPG to Top Wolfcamp
By: RFC

0 2,500
FEET

0 500 1,000
METERS

August 18, 2021

208 35E

A

A

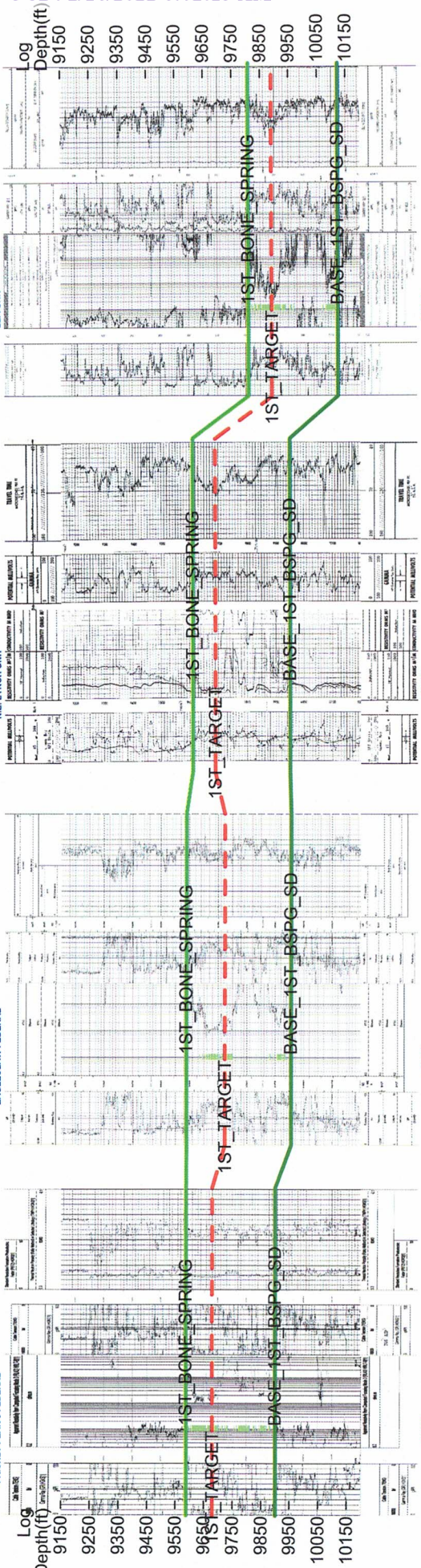
A'

30025432470000
LEGACY RESERVES OPER
LEA UNIT

30025203770000
MANZANITO CORP
N.E. LYNCH UNIT

30025429880000
CASA OPERATING LLC
EAGLECLAW FEDERAL

30025415720000
COG OPERATING LLC
PRICKLY PEAR & FEDERAL



Field Name : LEA, BONE SPRING, SOUTH

Field Name : L LYNCH

Field Name : UNNAMED

Field Name : WILD CAT

Caza Petroleum

Desert Rose Area

N to S Structural Cross-Section

1st Bone Spring Sand Section

Horizontal Scale = 632.1

Vertical Scale = 100.0

Vertical Exaggeration = 6.3x

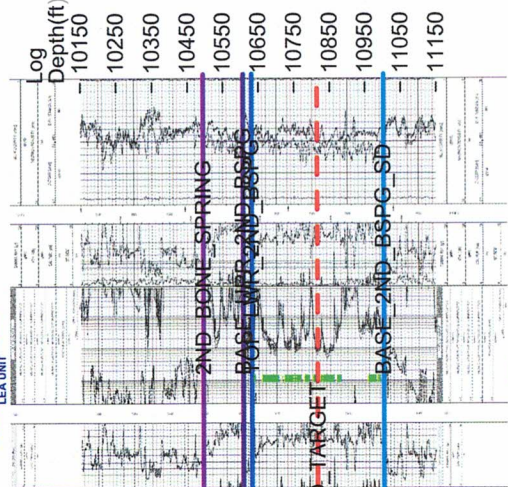
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ATTACHMENT C-1

A'

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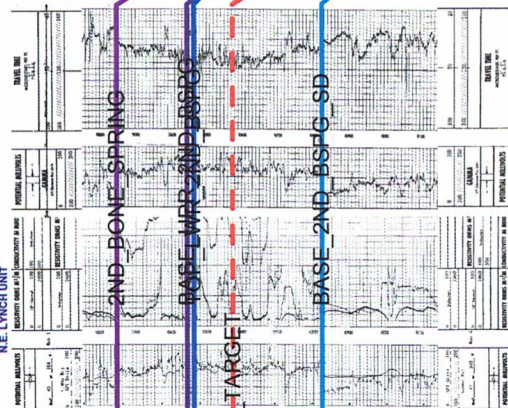
LEGACY RESERVES OPER
LEA UNIT



Field Name : LEA; BONE SPRING, SOUTH

30025203770000

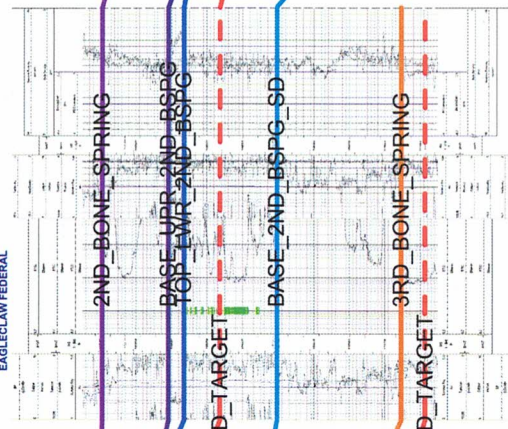
MANZANO OIL CORP
LEA UNIT



Field Name : LYNCH

30025429880000

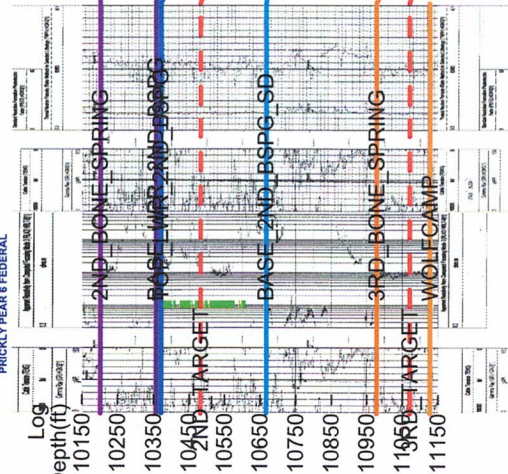
CAZA OPERATING LLC
ENGLICLAW FEDERAL



Field Name : UNNAMED

30025415720000

COG OPERATING LLC
PRAIRIE PEAK FEDERAL



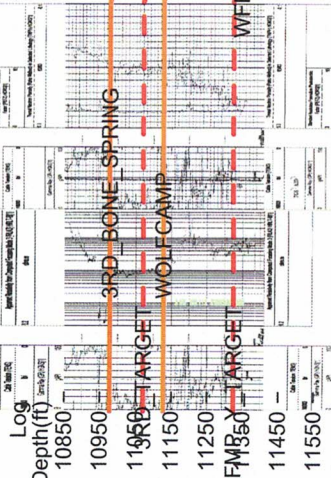
Field Name : WLDGAT

ATTACHMENT C-2

Desert Rose Area
N to S Structural Cross-Section
2nd Bone Spring Sand Section
Horizontal Scale = 632.1
Vertical Scale = 100.0
Vertical Exaggeration = 6.3x
August 18, 2021 10:33 AM

A 30025415720000

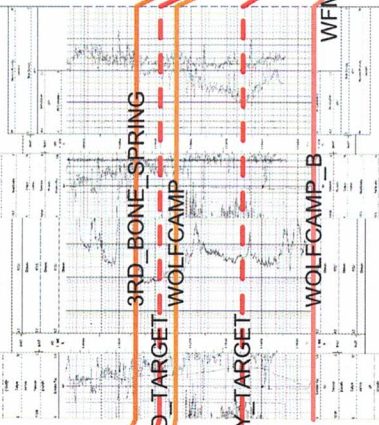
COG OPERATING LLC
PRICKLY PEAR & FEDERAL



11,400
Field Name : WILD CAT

30025429880000

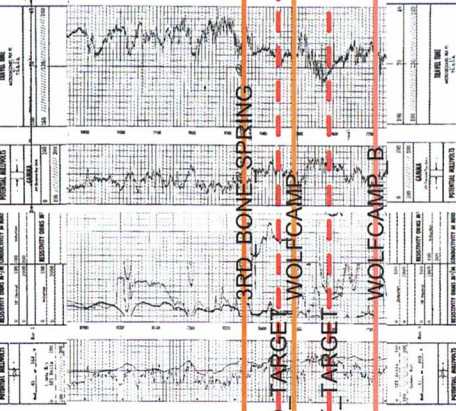
CAZA OPERATING LLC
EAGLECLAW FEDERAL



11,543
Field Name : UNNAMED

30025203770000

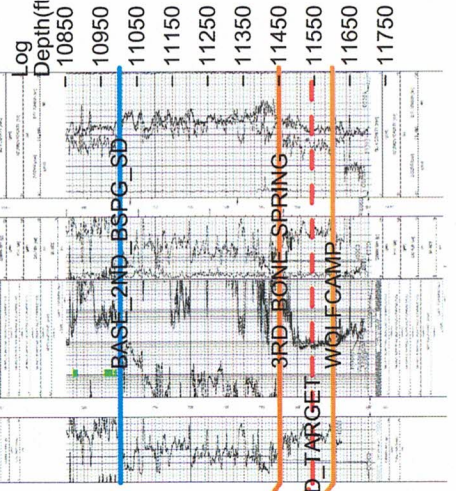
MANZANO OIL CORP
N.E. LYNCH UNIT



15,040
Field Name : LYNCH
377,925
397,369

30025432470000

LEGACY RESERVES OPER
LEA UNIT



11,700
Field Name : LEA; BONE SPRING, SOUTH



Desert Rose Area

N to S Structural Cross-Section

3rd Bone Spring Sand Section

Horizontal Scale = 632.1

Vertical Scale = 100.0

Vertical Exaggeration = 6.3x

August 18, 2021 10:36 AM

ATTACHMENT C-3