

CASE NO. 22043

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. 22043

APPLICATION

Caza Petroleum, LLC applies for an order pooling all mineral interests 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, 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 No. 16H to a depth sufficient to test the Wolfcamp, 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 Wolfcamp 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 Wolfcamp 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 }

5. The pooling of all mineral interests in the Wolfcamp 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 Wolfcamp 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. 22043

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 Wolfcamp 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 #16H. It shows the outline of the unit being pooled. Caza seeks an order pooling all mineral interests in the Wolfcamp 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 #16H 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 is a depth severance in the Wolfcamp formation in the proposed pooled spacing unit. It is defined in the Farmout Agreement dated March 1, 2016 between SDX Resources, Inc. and HOG Partnership LP as those depths from the surface to the top of the Wolfcamp Carbonate formation at 11,620' or the stratigraphic equivalent as shown on that specific log of the Jake L Hamon NE Lynch Unit-Federal 1 Well (API #30-025-20377), now known as the Appleseed Federal Com #1.
 - (e) Attachment B shows the parties being pooled and the best estimate of their respective interests at this time pending a final title opinion.
 - (f) Attachment C 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.

- (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
David Gibson

ATTACHMENT A

v Mexico

Phone: (575) 393-6161 Fax: (575) 393-0720
 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

Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------------|--|---|
| ¹ API Number | ² Pool Code 96989 | ³ Pool Name KLEIN RANCH; WOLFCAMP |
| ⁴ Property Code | ⁵ Property Name DESERT ROSE 17-8 FEDERAL | |
| ⁷ OGRID No. 249099 | ⁸ Operator Name CAZA OPERATING, LLC | ⁶ Well Number 16H |
| | | ⁹ Elevation 3702' |

¹⁰ Surface Location

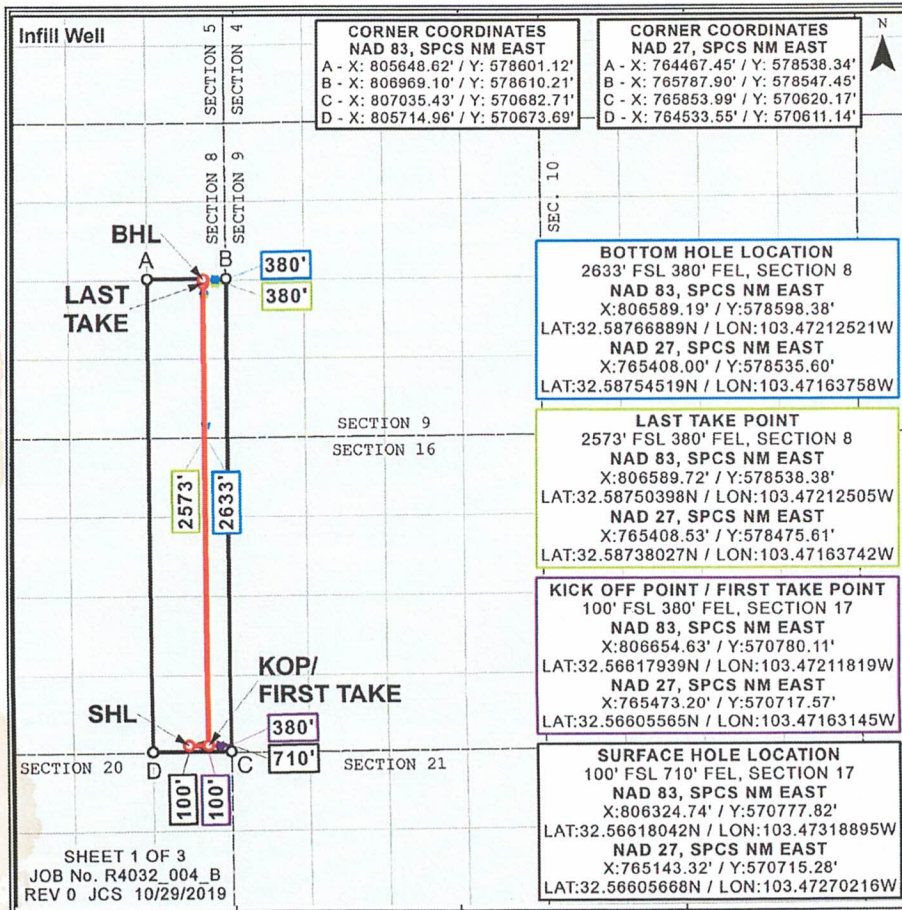
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 17 | 20S | 35E | | 100 | SOUTH | 710 | EAST | LEA |

¹¹ 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 | 20S | 35E | | 2633 | SOUTH | 380 | EAST | LEA |

| | | | |
|--|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 240.0 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ 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.



¹⁷ OPERATOR CERTIFICATION
 I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

11/11/2019
 Date

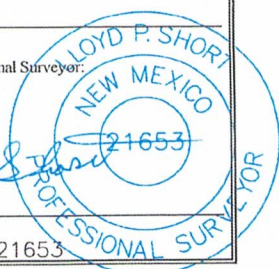
Signature: *Steve Morris*
 Printed Name: **Steve Morris**
 E-mail Address: steve.morris@morcorengineering.com

¹⁸ 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.

NOVEMBER 5, 2019
 Date of Survey

Signature and Seal of Professional Surveyor: *Lloyd P. Short*

Certificate Number: LLOYD P. SHORT 21653



Distances/areas relative to NAD 83 Combined Scale Factor: 0.99981205 Convergence: 00°26'57.22001"

ATTACHMENT B

Estimated Division of Interest in E2E2 Section 17 & E2SE4 Section 8, T20S R35E, Lea County, NM

Desert Rose 17-8 Federal Com #16H

| INTEREST OWNER | Type | WI | NRI |
|---|------|------------|------------|
| United States of America | R | | 0.12500000 |
| McMullen Minerals, LLC | ORRI | | 0.00097222 |
| Pegasus Resources, LLC | ORRI | | 0.01118056 |
| Escondido Oil & Gas, LLC | ORRI | | 0.00303816 |
| BriLi, LLC | ORRI | | 0.00303816 |
| Devon Energy Production Company, L.P. | ORRI | | 0.00227215 |
| Lynn Charuk | WI | 0.00343557 | 0.00279311 |
| True North Exploration, Inc. (formerly SDX) | WI | 0.01209821 | 0.00994689 |
| JSTM Energy Investments, LLC | WI | 0.00645448 | 0.00522163 |
| O'Brien Oil & Gas Inc. | WI | 0.00343557 | 0.00279311 |
| Cinco Tierras, LLC | WI | 0.00364391 | 0.00297540 |
| Wallco Investments LLC | WI | 0.00343557 | 0.00279311 |
| Tiger Creek Capital Partners, LP | WI | 0.00343557 | 0.00279311 |
| Gary J. Lamb, Inc. | WI | 0.01147047 | 0.00902405 |
| America West Resources, LLC | WI | 0.00633233 | 0.00548831 |
| D&M Snelson Properties, LP | WI | 0.00645448 | 0.00522163 |
| Broughton Petroleum Inc. | WI | 0.00670448 | 0.00544038 |
| Wallace Investment Group, LLC | WI | 0.00150945 | 0.00121426 |
| Kantech Properties, LLC | WI | 0.00645448 | 0.00522163 |
| CHLP Interests, LLC | WI | 0.00343557 | 0.00279311 |
| Marks Oil, Inc. | WI | 0.00343557 | 0.00279311 |
| Marshall B. Miller, Jr. | WI | 0.00033333 | 0.00029167 |
| Glenbrook Partners DE, LTD | WI | 0.00187500 | 0.00164063 |
| Alpar Energy, LP | WI | 0.00383333 | 0.00335417 |
| Hat Creek Exploration | WI | 0.00583333 | 0.00510417 |
| Maverick Oil & Gas Equity, LLC | WI | 0.00104167 | 0.00091146 |
| Nance Resources, Inc. | WI | 0.00066667 | 0.00058333 |
| Chevron | WI | 0.60166363 | 0.52820236 |
| Caza Petroleum, LLC | WI | 0.30301733 | 0.24789816 |
| TOTAL PARTICIPATION | | 1.00000000 | 1.00000000 |

ATTACHMENT C



VIA EMAIL AND FEDEX

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

David Gibson (handwritten signature)

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: S2142 AFE Date: 04/13/2021 | |
|---|---------------------------|--|------------------------------|---|--------------------|
| Well Name: | Desert Rose 17-8 Fed #16H | County, State: | Lea, NM | New Drill | X |
| Location: | Sec. 17/8 T205 R35E | Field: | WC-025 G-08 S208517M; Upr WC | Recompletion | Gas |
| SHL: | Sec.17, 100'FSL 710'FEL | Horizon: | Wolfcamp "Z" | Re-Entry | Injector |
| BHL: | Sec.8, 2,633' FSL 380'FEL | Projected Depth: | 19,530'MD/11,692'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 | \$629,840 | | | \$629,840 |
| 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 | \$41,727 | | | \$41,727 |
| Open Hole Surveys | 1-15 | | 3-63 | | |
| Water | 1-16 | \$37,661 | 3-72 | \$814,952 | \$852,613 |
| Fuel | 1-17 | \$93,195 | 3-46 | \$261,255 | \$354,450 |
| Drilling Fluids and Chemicals | 1-18 | \$359,550 | 3-62 | \$237,938 | \$597,488 |
| Pipe Inspection and Tests | 1-19 | \$26,195 | 3-89 | \$7,868 | \$34,062 |
| Surface Rental Equipment | 1-20 | \$85,669 | 3-03 | \$56,153 | \$141,822 |
| 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 | \$456,344 | | | \$456,344 |
| Drilling Supervision | 1-25 | \$100,774 | | | \$100,774 |
| Geological Supervisors | 1-26 | | | | |
| Insurance | 1-27 | \$12,392 | 3-87 | | \$12,392 |
| Drilling Consultants/ Completion / Engineer | 1-28 | \$44,089 | 3-82 | \$100,463 | \$144,551 |
| 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 | 3-66 | \$37,013 | \$41,243 |
| Wireline Services | 1-36 | \$8,989 | 3-43 | \$330,152 | \$339,140 |
| Contingency 10% | 1-37 | \$317,582 | 3-30 | \$468,036 | \$785,618 |
| Fishing Service and Equipment | 1-38 | | | | |
| Man Lift / Fork Lift | 1-39 | \$8,030 | 3-66 | \$14,541 | \$22,571 |
| 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 | 3-55 | \$3,701 | \$23,159 |
| Contract Service and Equipment | 1-56 | \$94,681 | 3-70 | \$124,256 | \$218,937 |
| Repairs - Labor and Material | 1-58 | | 3-20 | \$15,863 | \$15,863 |
| Roostabout Service | 1-60 | \$9,835 | 3-78 | \$47,376 | \$57,211 |
| Water Disposal | 1-61 | \$6,643 | | | \$6,643 |
| Safety Equipment Rental | 1-62 | | 3-88 | | |
| Onsite Housing | 1-63 | \$38,735 | 3-68 | \$15,196 | \$53,931 |
| Water Line Rental / Transfer | 1-64 | | 3-12 | \$132,188 | \$132,188 |
| Mud Disposal | 1-65 | \$222,992 | 3-65 | \$92,531 | \$315,523 |
| Down Hole Rental Equipment | 1-66 | \$43,358 | 3-96 | \$30,033 | \$73,391 |
| Mud Cleaning Equipment (Centrifuge, Floc) | 1-68 | \$75,581 | | | \$75,581 |
| Transportation/ Trucking | 1-70 | \$55,202 | 3-53 | \$20,928 | \$76,129 |
| PU/LD Machine | 1-80 | | 3-88 | | |
| Pumping Service | 1-81 | | 3-69 | | |
| 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 | | \$3,410,859 | | \$5,752,194 | \$9,163,053 |

ATTACHMENT D

| | | | | | | | |
|---|-------------------------------|----------------------|------------------------------|---------------|---|--------------|---|
| AUTHORITY FOR EXPENDITURE New Drilling, Recompletion & Re-Entry | | AFE Number: 52142 | | | | | |
| | | AFE Date: 04/13/2021 | | | | | |
| Well Name: | Desert Rose 17-8 Fed #16H | County, State: | Lea, NM | New Drill: | X | Oil: | X |
| Location: | Sec. 17/8 T20S R35E | Field: | WC-025 G-08 S203517M, Upr WC | Recompletion: | | Gas: | |
| SHL: | Sec.17, 100'FSL 710'FEL | Horizon: | Wolfcamp | Re-Entry: | | Injector: | |
| BHL: | Sec.8, 2,633' FSL 380'FEL FWL | Projected Depth: | 19,530'MD/11,692'TVD | Development: | X | Exploratory: | |

| Tangibles Description | Code | Drilling Tangibles | Code | Completion Tangibles | Total Cost |
|--------------------------------------|------|--------------------|------|----------------------|---------------------|
| Production Casing | 2-31 | \$512,194 | | | \$512,194 |
| 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 | 4-83 | \$13,748 | \$53,404 |
| Other Tangible Equipment | 2-37 | \$9,729 | | | \$9,729 |
| Liner | 2-40 | | 4-80 | | |
| Tubing | | | 4-88 | \$59,696 | \$59,696 |
| Packers/ Bridge Plugs | 2-43 | | 4-85 | \$63,344 | \$63,344 |
| Whipstock | 2-57 | | | | |
| 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 | | | 4-82 | | |
| Electric Sub Pump | | | 4-83 | | |
| Flowline and Fittings | | | 4-84 | \$42,300 | \$42,300 |
| Tankage | | | 4-85 | \$52,875 | \$52,875 |
| Separator | | | 4-86 | \$52,875 | \$52,875 |
| Compressors | | | 4-87 | \$14,805 | \$14,805 |
| Miscellaneous | | | 4-88 | \$10,575 | \$10,575 |
| Valves, Fittings | | | 4-89 | \$37,013 | \$37,013 |
| Fencing | | | 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 | | \$847,004 | | \$509,556 | \$1,356,560 |
| | | \$4,257,862 | | \$6,261,751 | \$10,519,613 |

| | | | |
|-------------------|-------------------------|-----------------------|-----------|
| 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 *B*

Case No. 22043

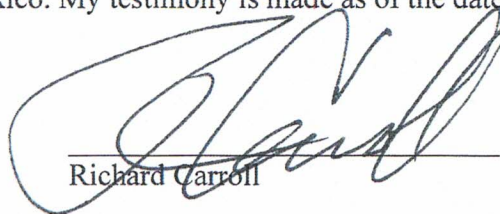
SELF-AFFIRMED STATEMENT OF RICHARD CARROLL

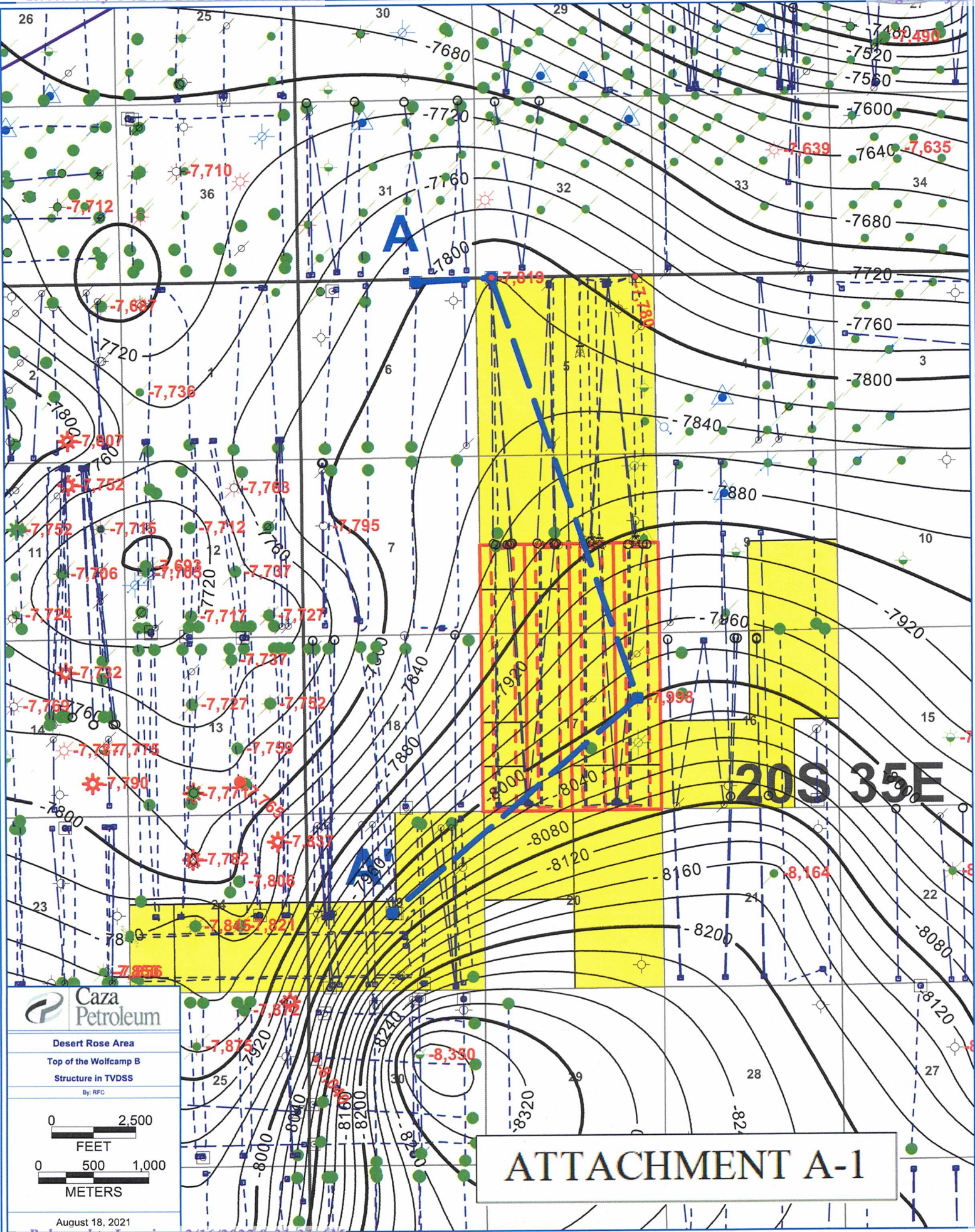
Richard Carroll states the following:

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 is a locator and structure map of the Wolfcamp sand showing Caza's acreage in this area and the locations of the proposed well targeting the Wolfcamp sand. It shows the structure dips gently up to the north. It also shows a line of cross-section.
 - (b) Attachments B-1 is an isopach of the Wolfcamp Sand targeted by Caza's well, which shows the Wolfcamp thickens across the well units.
 - (c) Attachments C-1 is a north-to-south structural cross section of the Wolfcamp sand. The well logs on the cross-section give a representative sample of the Wolfcamp formation in this area.
3. I conclude from these documents that:
 - (a) The horizontal spacing units are justified from a geologic standpoint.
 - (b) The targeted Wolfcamp zone is continuous across the well unit.
 - (c) Each quarter section in the unit will contribute more or less equally to production from the well.
 - (d) There is no faulting or other geologic impediment which will affect the drilling of the subject well.
4. Other Wolfcamp 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 #16H. The producing interval of the 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.

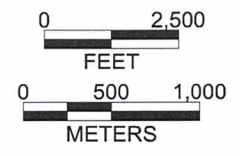
Date: 10/15/2021


Richard Carroll



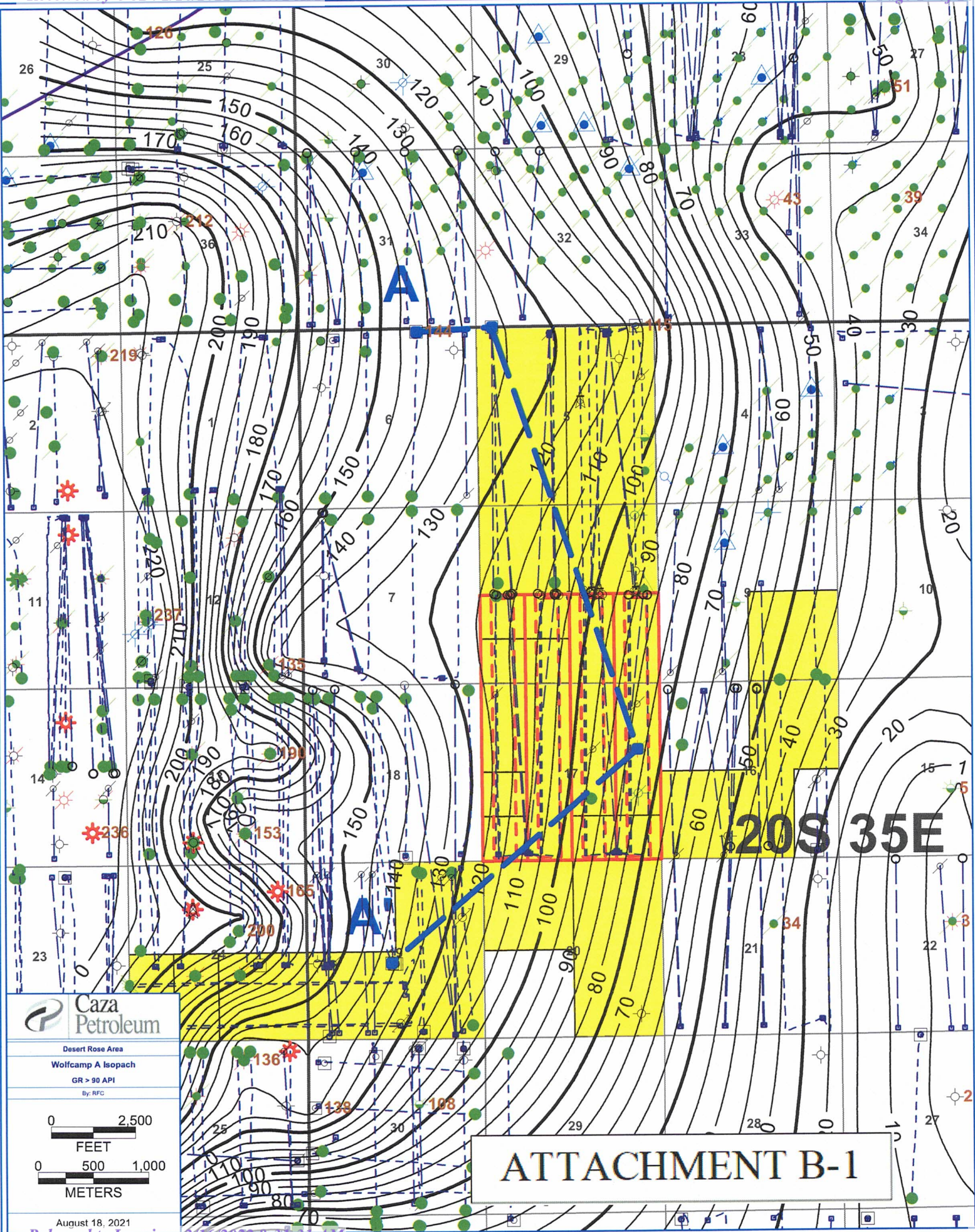
Caza Petroleum

Desert Rose Area
 Top of the Wolfcamp B
 Structure in TVDSS
 By: RFC



August 18, 2021

ATTACHMENT A-1



A

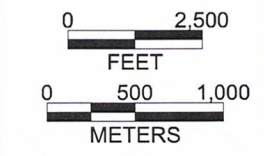
A

20S 35E

ATTACHMENT B-1

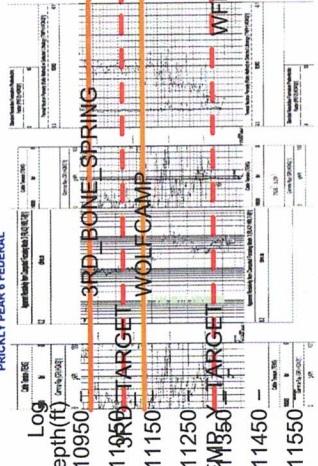


Desert Rose Area
 Wolfcamp A Isopach
 GR > 90 API
 By: RFC



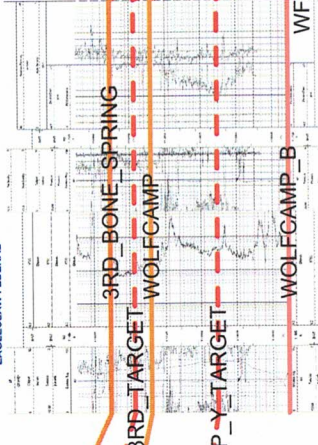
August 18, 2021

A 30025415720000
COG OPERATING LLC
PRICHTY PEAK FEDERAL



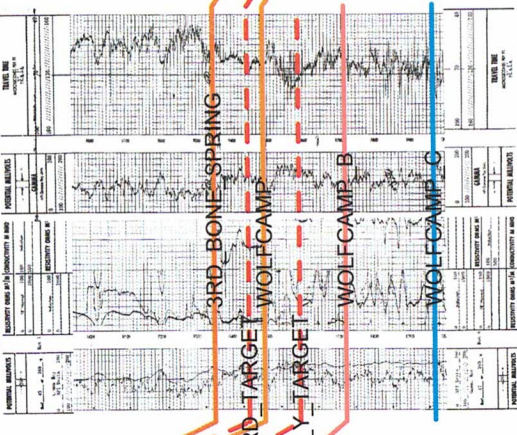
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Field Name: WILD CAT

30025429880000
CSZA OIL & GAS, LLC
EAGLECLAW FEDERAL



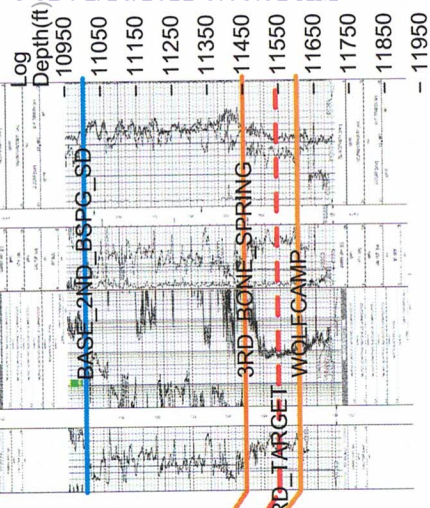
11,543
Field Name: UNNAMED

30025203770000
MANZANO OIL CORP
N.E. LYNCH UNIT



15,043
Field Name: LYNCH
37,925
397,589

30025432470000
LEGACY RESERVES OPER
LEA UNIT



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



Desert Rose Area

N to S Structural Cross-Section

Wolfcamp A Section

Horizontal Scale = 632.1

Vertical Scale = 100.0

Vertical Exaggeration = 6.3x

August 18, 2021 10:38 AM

ATTACHMENT C-1