

4FNWE-191113-C-107B 181

DATE IN 11/13/19	SUSPENSE	ENGINEER DM	LOGGED IN	TYPE OLM	APP NO pDM1933729604
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal] [IPI-injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
- [D] Other: Specify \_\_\_\_\_
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

A.B. Sam  
 Print or Type Name

*A.B. Sam*  
 Signature

V.P Operations  
 Title

10/25/19  
 Date

tsam@cazapetro.com  
 e-mail Address

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Caza Operating LLC  
OPERATOR ADDRESS: 200 N Lorraine St #1550, Midland, TX 79701  
APPLICATION TYPE:

Pool Commingling  Lease Commingling  Pool and Lease Commingling  Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE:  Fee  State  Federal

Is this an Amendment to existing Order?  Yes  No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
 Yes  No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Featherstone; Bone Spring 24250	41.6	41.6	587	1272 <i>Acres</i>	
Rock Lake; Bone Spring 52766	41.6		685		

(2) Are any wells producing at top allowables?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No.  
(4) Measurement type:  Metering  Other (Specify)  
(5) Will commingling decrease the value of production?  Yes  No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Pool Name and Code.  
(2) Is all production from same source of supply?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No  
(4) Measurement type:  Metering  Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

(1) Is all production from same source of supply?  Yes  No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: A.B. Sam TITLE: V.P. Operations DATE: 10/25/19  
TYPE OR PRINT NAME: A.B. Sam TELEPHONE NO.: 432-682-7424  
E-MAIL ADDRESS: tsam@cazapetro.com EXT: 1007



October 25<sup>th</sup>, 2019

Certified Mail – Return Receipt

Requested

See attached Exhibit  
Partners Address

Re: Application for Administrative Approval  
Off Lease Measurement

Dear Interest Owner:

This letter will serve as notice that Caza Operating LLC has requested administrative approval from the Oil and Gas Division in Santa Fe, NM for Central Tank Battery and Off-lease Measurement for the following well located in Section 34 – T22S – R34E.

Lennox 34 State # 1H  
API # 30-025-45289  
Rock Lake; Bone Spring  
SHL : 240' FSL – 990' FWL  
Lea County, NM

The Lennox 34 State lease consist of the one well listed above. The well has a different ownership than the wells currently producing (Lennox 32 State # 9H and Lennox 32 State # 10H) into the Central Tank Battery located in Section 32-T22S-R34E. All fluids are being piped from the Lennox 34 State # 1H well directly to the Central Tank Battery (see attached plat) and then metered through a dedicated 3-phase separator for allocation and sales.

Should you or your company have an objection to this method of oil and gas measurement, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the Off-lease Measurement if no objection has been made twenty (20) days after the application is received.

Sincerely,

A handwritten signature in black ink that reads 'A.B. Sam'.

A.B. Sam  
V.P. Operations  
Caza Operating LLC

enclosures

**Lennox 32 State #9H & #10H**  
**Working Interest Owners**

**Caza Petroleum, LLC**

Attn: Richard R. Albro  
16945 Northchase Drive, Suite 1430  
Houston, TX 77060  
Office: 281-363-4442  
Fax: 281-363-4454  
Email: [RALbro@CazaPetro.com](mailto:RALbro@CazaPetro.com)

**The Allar Company**

**Allar Development LLC**

Attn: Jack Graham  
735 Elm Street, Box 1567  
Graham, TX 76450  
Office: 940-549-0077  
Fax: 940-549-0742  
Email: [Renne@allarcompany.com](mailto:Renne@allarcompany.com)

**Strategic Energy Income Fund IV, LP**

Attn: Greg G. Brown  
1521 North Cooper Street, Suite 400  
Arlington, Texas 76011  
Office: 682-305-2868, ext. 365  
Fax: 817-635-0199  
Email: [land@usedc.com](mailto:land@usedc.com)

**Highland (Texas) Energy Company**

Attn: Gary D. Richardson, II  
7557 Rambler Rd., Suite 918  
Dallas, TX 75231  
Cell: 817-676-5934  
Office: 214-369-2020, ext. 8  
Fax: 214-369-2058  
Email: [gary@highlandtxenergy.com](mailto:gary@highlandtxenergy.com)

**Lennox 34 State #1H**  
**Working Interest Owners**

**Caza Petroleum, LLC**

Attn: Richard R. Albro  
16945 Northchase Drive, Suite 1430  
Houston, TX 77060  
Office: 281-363-4442  
Fax: 281-363-4454  
Email: [RALbro@CazaPetro.com](mailto:RALbro@CazaPetro.com)

**The Allar Company**

**Allar Development LLC**

Attn: Jack Graham  
735 Elm Street, Box 1567  
Graham, TX 76450  
Office: 940-549-0077  
Fax: 940-549-0742  
Email: [Renne@allarcompany.com](mailto:Renne@allarcompany.com)

**Strategic Energy Income Fund IV, LP**

Attn: Greg G. Brown  
1521 North Cooper Street, Suite 400  
Arlington, Texas 76011  
Office: 682-305-2868, ext. 365  
Fax: 817-635-0199  
Email: [land@usedc.com](mailto:land@usedc.com)

**Highland (Texas) Energy Company**

Attn: Gary D. Richardson, II  
7557 Rambler Rd., Suite 918  
Dallas, TX 75231  
Cell: 817-676-5934  
Office: 214-369-2020, ext. 8  
Fax: 214-369-2058  
Email: [gary@highlandtxenergy.com](mailto:gary@highlandtxenergy.com)

Production Summary Report

API: 30-025-45307

LENNOX 32 STATE #009H

Printed On: Friday, October 25 2019

Year	Pool	Month	Production					Injection				
			Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I	Water(BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure	
2019	[52766] ROCK LAKE;BONE SPRING	May	27447	29452	83892	31	0	0	0	0		
2019	[52766] ROCK LAKE;BONE SPRING	Jun	23327	31794	45753	26	0	0	0	0		
2019	[52766] ROCK LAKE;BONE SPRING	Jul	25505	46158	28437	31	0	0	0	0		
2019	[52766] ROCK LAKE;BONE SPRING	Aug	17340	53707	19241	31	0	0	0	0		

Production Summary Report

API: 30-025-45308

LENNOX 32 STATE #010H

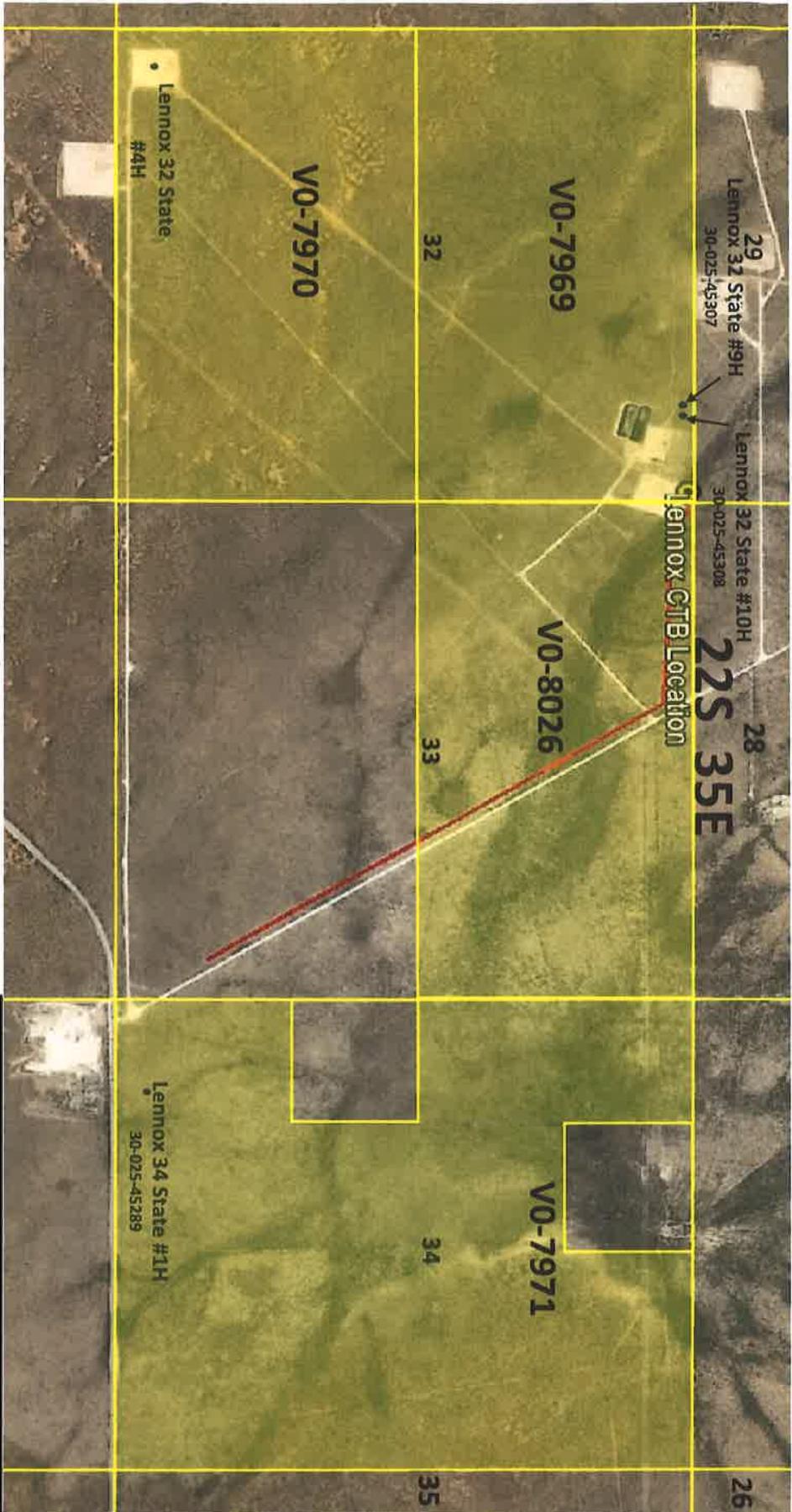
Printed On: Friday, October 25 2019

Year	Pool	Month	Production					Injection				
			Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I	Water(BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure	
2019	[52766] ROCK LAKE;BONE SPRING	Jun	20603	10637	58837	26	0	0	0	0		
2019	[52766] ROCK LAKE;BONE SPRING	Jul	16540	20104	23399	31	0	0	0	0		
2019	[52766] ROCK LAKE;BONE SPRING	Aug	12723	22571	15437	31	0	0	0	0		

**Caza Lennox 34 State # 1H Daily Gauge Report**

DATE	BO	MCF	BW	Oil %	CP	TP	Comments	TOTAL FLUID	LOAD RECOVERY
10/11/2019	-	12	1,542	0.0%	1425	0	14/64 chk, flow up csg, Chl = 14,222 ppm, med sand	1,542	0.72%
10/12/2019	-	26	2,095	0.0%	1375		15/64 chk, flow up csg, Chl = 17,778 ppm, med sand	2,095	1.70%
10/13/2019	-	27	1,952	0.0%	1225		16/64 chk, flow up csg, Chl = 18,936 ppm, hvy sand	1,952	2.61%
10/14/2019	-	23	1,952	0.0%	1250		20/64 chk, flow up csg, Chl = 22,515 ppm, med sand	1,952	3.53%
10/15/2019	-	39	2,049	0.0%	1150		22/64 chk, flow up csg, Chl = 28,474 ppm, med sand	2,049	4.48%
10/16/2019	-	58	2,033	0.0%	1025		24/64 chk, flow up csg, Chl = 26,074 ppm, lite sand	2,033	5.44%
10/17/2019	14	75	3,242	0.4%	725	0	26/64 chk, flow up csg, Chl = 26,074 ppm, lite sand	3,256	6.95%
10/18/2019	86	120	3,000	2.8%	606	0	30/64 chk, flow up csg, Chl = 26,074 ppm, lite sand	3,086	8.35%
10/19/2019	119	162	2,788	4.1%	526	0	32/64 chk, flow up csg, Chl = 26,074 ppm, lite sand	2,907	9.66%
10/20/2019	146	207	2,506	5.5%	501	0	34/64 chk, flow up csg, Chl = 26,074 ppm, lite sand	2,652	10.83%
10/21/2019	132	189	2,604	4.8%	493	0	36/64 chk, flow up csg, Chl = 26,074 ppm, lite sand	2,736	12.05%
10/22/2019	249	200	2,638	8.6%	500	0	38/64 chk, flow up csg, Chl = 26,074 ppm, lite sand	2,887	13.28%
10/23/2019	445	414	2,918	13.2%	500	0	40/64 chk, flow up csg, Chl = 26,074 ppm, lite sand	3,363	14.65%
10/24/2019	439	976	2,899	13.2%	550	0	42/64 chk, flow up csg, Chl = 26,074 ppm, lite sand	3,338	16.00%
10/25/2019	682	1,080	3,384	16.8%	600	0	42/64 chk, flow up csg, Chl = 26,074 ppm, lite sand	4,066	17.58%

### Lennox 34 State #1H Central Tank Battery and Well Locations with Leasehold Boundaries



**Legend**

- Central Tank Battery Location
- Lennox Flow Line



**DISTRICT I**  
1625 N. French Dr. Hobbs, NM 88240  
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

State of New Mexico  
**Energy, Minerals & Natural Resources Department**  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

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

□ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code	Pool Name
Property Code	Property Name <b>LENNOX 32 STATE</b>	
OGRID No.	Operator Name <b>CAZA OPERATING, LLC</b>	
	Well Number <b>10H</b>	Elevation <b>3539'</b>

Surface Location

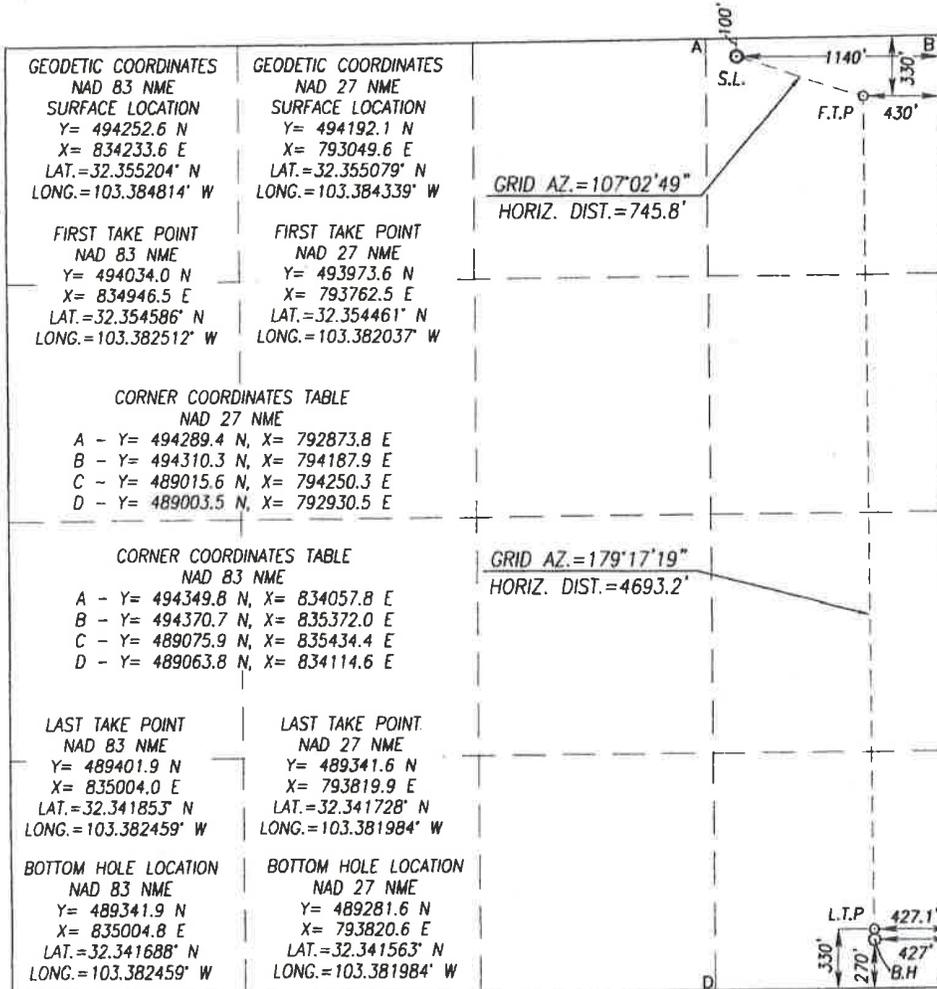
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	22-S	35-E		100	NORTH	1140	EAST	LEA

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
O	32	22-S	35-E		270	SOUTH	427	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



**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.

SEPTEMBER 24, 2018

Date of Survey  
Signature & Seal of Professional Surveyor:

**RONALD J. EIDSON**  
NEW MEXICO  
3239

*Ronald J. Eidson 10/24/2018*

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

LSL JWSC W.O.: 18.11.1067

**DISTRICT I**  
1625 N. French Dr., Hobbs, NM 88240  
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**DISTRICT II**  
811 S. First St., Artesia, NM 88210  
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**DISTRICT IV**  
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**State of New Mexico**  
**Energy, Minerals & Natural Resources Department**  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

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

□ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code	Pool Name
Property Code	Property Name <b>LENNOX 34 STATE</b>	
OGRID No.	Operator Name <b>CAZA OPERATING, LLC</b>	
	Well Number <b>1H</b>	Elevation <b>3523'</b>

Surface Location

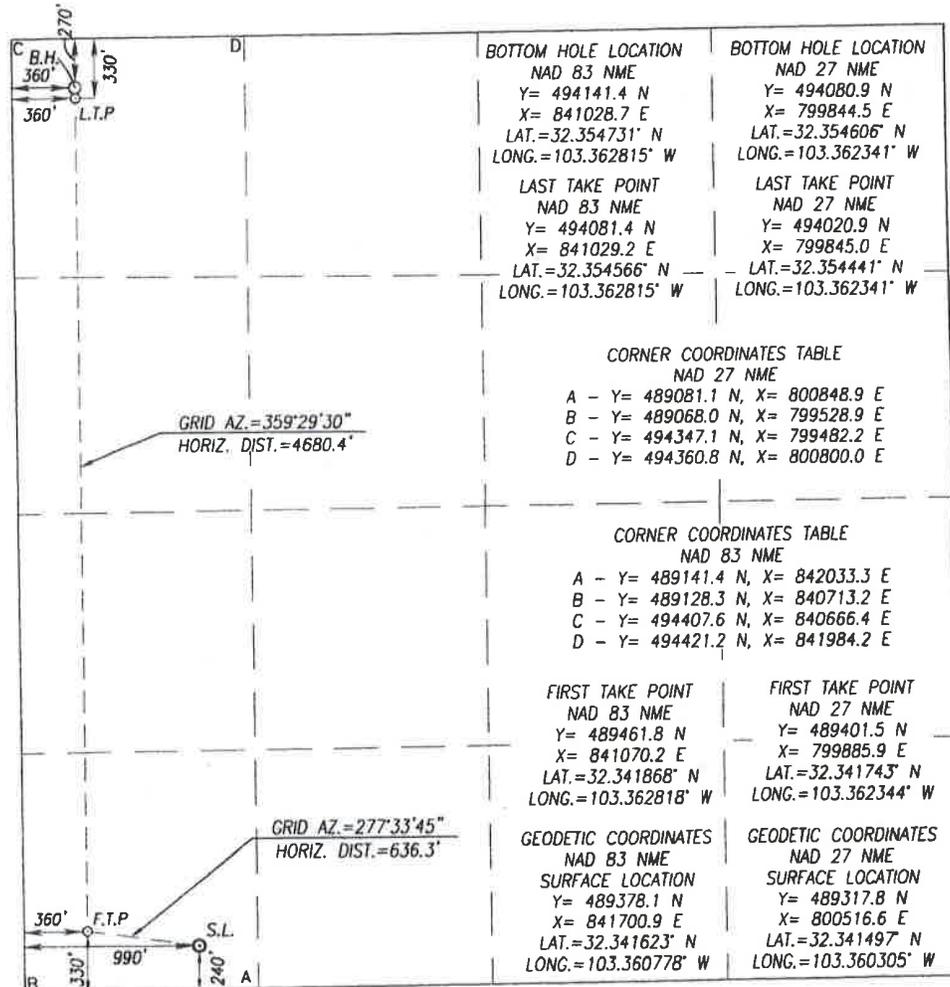
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	22-S	35-E		240	SOUTH	990	WEST	LEA

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
D	34	22-S	35-E		270	NORTH	360	WEST	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



**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.*

**SEPTEMBER 26, 2018**

Date of Survey \_\_\_\_\_  
Signature & Seal of Professional Surveyor: \_\_\_\_\_

*Ronald J. Eidson 10/22/2018*

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

LSL JWSC W.O.: 18.11.1059