

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

David Martin  
Cabinet Secretary

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

David R. Catanach, Division Director  
Oil Conservation Division



June 8, 2015

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-419  
Administrative Application Reference No. pMAM1513458458

Caza Operating, LLC  
Attention: Mr. Raul Madrid

Pursuant to your application received on May 14, 2015, Caza Operating, LLC (OGRID 249099) is hereby authorized to surface commingle oil and gas production from the following pools located in Section 29, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico;

Antelope Ridge; Bone Spring, West (2209)  
Bell Lake; Bone Spring (5130)

and from the following diversely owned wells on federal and state leases in said Township and Range in Lea County, New Mexico.

West Copperline 29 Federal State Com. Well No. 2H  
API No. 30-025-41640  
330' FNL & 660' FWL  
D-29-23S-34E

West Copperline 29 Federal State Com. Well No. 4H  
API No. 30-025-41802  
150' FNL & 660' FWL  
D-29-23S-34E

West Copperline 29 State Com. Well No. 1H  
API No. 30-025-41313  
330' FNL & 1980' FWL  
C-29-23S-34E

West Copperline 29 Federal State Com. Well No. 3H  
API No. 30-025-41536  
150' FNL & 1980' FWL  
C-29-23S-34E

The combined project area for these wells comprise the W/2 of Section 29.

The commingled oil and gas production shall be measured and sold at the West Copperline 29 State Com. Well No. 1H Central Tank Battery (CTB) located in Unit C, Section 29, Township 23 South, Range 34 East, Lea County, New Mexico.

The oil and gas production for the West Copperline 29 State Com. Well No. 1H and West Copperline 29 Federal State Com. Well No. 3H wells shall be measured with a combination of well testing and allocation meters before commingling with production from other wells. The oil and gas production for the West Copperline 29 Federal State Com. Well No. 2H and West Copperline 29 Federal State Com. Well No. 4H wells shall be measured with a combination of well testing and allocation meters before commingling with production from other wells. The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC.

The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC

The operator shall notify the transporter of this commingling authority.

**This approval is subject to like approval from the Bureau of Land Management before commencing commingling operations.**

The operator shall notify the Hobbs District office of the Division upon commencement of commingling operations.

DONE at Santa Fe, New Mexico, on June 8, 2015.



DAVID R. CATANACH  
Director

DRC/mam

cc: Oil Conservation Division District Office – Hobbs  
Bureau of Land Management – Carlsbad



5/14/2015 DATE	SUSPENSE	hsm ENGINEER	5/14/2015 LOGGED IN	CTB TYPE	pmAm150458 YSV APP NO.
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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.

Raul Madrid  
 Print or Type Name

Raul Madrid  
 Signature

Agent  
 Title

5/14/15  
 Date

r.madrid@caza-petro.com  
 e-mail Address

RECEIVED OCD  
 2015 MAY 14 P 4:18

- West Copperline  
 29 Fed State Com #34  
 30-025-41536  
 - West Copperline  
 29 Fed State Com #24

- Pool  
 - Antelope Ridge  
 - Bonespring  
 - Bell Lake, Bone  
 Spring 5130

C-102  
 for west  
 copperline  
 29  
 Fed State  
 Com #34

- ~~CTB~~ PLC  
 - LAZA operating  
 24 9099

WCU  
 - West Copperline 29 Fed  
 State Com #44  
 30-025-41802

- West Copperline 29 Fed  
 State Com #24  
 30-025-41802



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

DAMENED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-41640	Pool Code 2209	Pool Name
Property Code	Property Name WEST COPPERLINE 29 STATE COM	Well Number 2H
OGRID No. 249099	Operator Name CAZA OPERATING, LLC	Elevation 3567'

### Surface Location

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	23-S	34-E		330	NORTH	660	WEST	LEA

## Bottom Hole Location If Different From Surface

UL or lot No <b>M</b>	Section <b>29</b>	Township <b>23-S</b>	Range <b>34-E</b>	Lot Idn	Feet from the <b>330</b>	North/South line <b>SOUTH</b>	Feet from the <b>660</b>	East/West line <b>WEST</b>	County <b>LEA</b>
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

Diagram illustrating the layout of a project area, showing dimensions and coordinates.

**Dimensions:**

- Width: 660'
- Height: 330'
- Grid AZ = 179°28'20"
- HORIZ. DIST. = 4617.2'

**Locations:**

- S.L. (Surface Location)
- B.H. (Bottom Hole Location)

**Areas:**

- PRODUCING AREA
- PROJECT AREA

**Geodetic Coordinates (NAD 27 NME):**

- SURFACE LOCATION: Y=467248.9 N, X=758156.0 E
- BOTTOM HOLE LOCATION: Y=462632.9 N, X=758198.4 E

**Corner Coordinates Table:**

Point	Y (N)	X (E)
A	467573.5	757493.1
B	467584.2	758813.0
C	462307.4	758863.8
D	462298.6	757541.5

### 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 A.B. Sam Date 11-15-13

A.B. Sam  
Printed Name  
t.sam@crzapetro.com  
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.

OCTOBER 30, 2013

### Date of Survey

Signature & Seal of Professional Surveyor

RONALD J. ELDSON  
NEW MEXICO  
3239  
11/04/2013  
Certificate Number Gary S. Eldson 12641  
Ronald J. Eldson 3239  
RKT

Ronald E. Gibson 11/06/2013



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Santa Fe, NM 87505

Form C-102  
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☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-1802	<sup>2</sup> Pool Code 2209	<sup>3</sup> Pool Name Antelope Ridge, Bone Spring West
<sup>4</sup> Property Code	<sup>5</sup> Property Name West Copperline 29 Fed State Com	<sup>6</sup> Well Number 4H
<sup>7</sup> OGRID No. 249099	<sup>8</sup> Operator Name Caza Operating, LLC	<sup>9</sup> Elevation 3563 ft GR

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	23 S	34 E		150	North	660	West	Lea

<sup>11</sup> 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
M	29	23 S	34 E		307	South	714	West	Lea

<sup>12</sup> Dedicated Acres 160.015	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.

	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>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.</p> <p>Signature _____ Date _____</p> <p>7-17-2014</p> <p>Printed Name _____</p> <p>Richard L. Wright</p> <p>E-mail Address _____</p> <p>rwright@cazapetro.com</p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>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.</p>
	<p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p>
	<p>Certificate Number _____</p>



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

Form C-102  
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Submit one copy to appropriate  
District Office

DIAMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-41313</b>	Pool Code <b>2200 5130</b>	Pool Name <b>Bell Lake ANTELOPE RIDGE-BONE SPRING</b>
Property Code <b>40064</b>	Property Name <b>WEST COPPERLINE 29 STATE COM</b>	Well Number <b>1H</b>
OGRID No. <b>249099</b>	Operator Name <b>CAZA OPERATING, LLC</b>	Elevation <b>3540'</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
C	29	23-S	34-E		330	NORTH	1980	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
N	29	23-S	34-E		330	SOUTH	1980	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=467259.7 N X=759475.6 E</p> <p>LAT.=32.281822° N LONG.=103.493736° W</p> <p>BOTTOM HOLE LOCATION Y=462641.8 N X=759518.1 E</p> <p>CORNER COORDINATES TABLE</p> <table> <tr> <td>A</td> <td>-</td> <td>Y=467584.2 N, X=758813.0 E</td> </tr> <tr> <td>B</td> <td>-</td> <td>Y=467595.0 N, X=760132.9 E</td> </tr> <tr> <td>C</td> <td>-</td> <td>Y=462316.3 N, X=760186.0 E</td> </tr> <tr> <td>D</td> <td>-</td> <td>Y=462307.4 N, X=758863.8 E</td> </tr> </table>	A	-	Y=467584.2 N, X=758813.0 E	B	-	Y=467595.0 N, X=760132.9 E	C	-	Y=462316.3 N, X=760186.0 E	D	-	Y=462307.4 N, X=758863.8 E	<p><b>OPERATOR CERTIFICATION</b></p> <p>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 unless 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.</p> <p><i>Joe T. Janica</i> Signature Date <b>Joe T. Janica 05/15/13</b> Printed Name <b>joejanica@valornet.com</b> E-mail Address</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p><b>APRIL 9, 2013</b></p> <p>Date of Survey Signature &amp; Seal of Professional Surveyor:  Certificate Number <b>12641</b> Professional Surveyor <b>Gary G. Eidson</b> W.O.: 13.11.0353</p>
	A	-	Y=467584.2 N, X=758813.0 E											
	B	-	Y=467595.0 N, X=760132.9 E											
	C	-	Y=462316.3 N, X=760186.0 E											
D	-	Y=462307.4 N, X=758863.8 E												

EXHIBIT "A"

AUG 13 2013 dm



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Form C-102  
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☒ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-41536	<sup>2</sup> Pool Code 2209	<sup>3</sup> Pool Name Antelope Ridge, Bone Spring West
<sup>4</sup> Property Code 40064	<sup>5</sup> Property Name West Copperline 29 Fed State Com	<sup>6</sup> Well Number 3H
<sup>7</sup> OGRID No. 249099	<sup>8</sup> Operator Name Caza Operating, LLC	<sup>9</sup> Elevation 3539 GL

**<sup>10</sup> Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	29	23-S	34-E		150	North	1980	West	Lea

**<sup>11</sup> 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
N	29	23-S	34-E		4962	North	2027	West	Lea

<sup>12</sup> Dedicated Acres 160.06	<sup>13</sup> Joint or Infill Y	<sup>14</sup> Consolidation Code C	<sup>15</sup> Order No. NM 131909
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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.

<sup>16</sup> 	<b><sup>17</sup> OPERATOR CERTIFICATION</b> <i>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.</i>
	Signature _____ Date <b>3/12/14</b> Printed Name <b>Richard L. Wright</b> E-mail Address <b>rwright@cazapetro.com</b>
	<b><sup>18</sup> SURVEYOR CERTIFICATION</b> <i>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.</i>
	Date of Survey _____ Signature and Seal of Professional Surveyor: _____  Certificate Number _____



### **Application for Commingling at a Common Central Tank Battery**

Caza Petroleum, LLC is requesting approval for the central tank battery, commingling:

Name: West Copperline 29 Fed St. Com #1H  
Location: Sec 29, NENW T23S, R34E; 330 FNL & 1980 FWL  
API # 30-025-41313  
Pool: Antelope Ridge, Bone Spring West (2209)  
Oil BOPD: 110  
Gravities: 44.2  
MCFPD: 133  
BTU: 1357

Name: West Copperline 29 Fed St. Com #2H  
Location: Sec 29, NWNW T23S, R34E; 330 FNL & 660 FWL  
API # 30-025-41640  
Pool: Antelope Ridge, Bone Spring West (2209)  
Oil BOPD: 103  
Gravities: 43.6  
MCFPD: 115  
BTU: 1293.6

Name: West Copperline 29 Fed St. Com #3H  
Location: Sec 29, NENW T23S, R34E; 150 FNL & 1980 FWL  
API # 30-025-41536  
Pool: Antelope Ridge, West: Bone Spring (2209)  
Oil BOPD: 114  
Gravities: 44.0  
MCFPD: 160  
BTU: 1372.4

Name: West Copperline 29 Fed St. Com #4H  
Location: Sec 29, NWNW T23S, R34E; 150 FNL & 660 FWL  
API # 30-025-41802  
Pool: Antelope Ridge, West: Bone Spring (2209)  
Oil BOPD: 181  
Gravities: 45.9  
MCFPD: 385  
BTU: 1735.6



## **Oil & Gas metering**

The West Copperline battery consists of four wells, the West Copperline 29 #1H, West Copperline 29 #2H, West Copperline 29 #3H and West Copperline 29 #4H. The central tank battery is located on the shared well pad for the West Copperline 29 #1H and West Copperline 29 #3H, located at Sec. 29 NENW, T23S, R34E on BLM lease NM 092199 and State Lease VB 2228 in Lea County, New Mexico. The production from all four wells will come to a common production header. From this point, one well will be on test and its production routed through the test equipment. The three other wells will take a second line through production equipment.

The battery is made up of (4) 500 barrel oil tanks and (4) 500 barrel water tanks, (2) heater treaters, (2) three phase water knockouts, and (2) two phase vertical separators. All 4 of the wells flow into a header located on the southwest side of battery, and from there, the production is separated. Three wells flow into production the vessels, and one goes to test vessels.

On the test side of the battery, the well flows into a three phase water knockout, S/N ANLC519. From the water knockout, gas flows through the gas line, which it is monitored by a test gas meter, NuFlow Scanner 2000 S/N D-20516, and is then tied into the main gas line. Test water flows directly to the water tanks, and is monitored through a test turbine meter, NuFlow MC-II Flow Analyzer S/N 415510. The test oil flows through a test meter, NuFlow MC-II Flow Analyzer S/N MC-416048, which flows to the test heater treater, S/N 6692. This meter will be proven, as per API, NMOCD, and BLM specifications, when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then quarterly thereafter, the factor obtained will be used to allocate the production volumes. From the heater treater, fluid flows into the production line and is commingled with the three other wells, and flows into the oil tanks.

The three wells not in test that flow to the production vessels first enter the three phase water knockout, S/N EMT0321. The gas is routed to main sales line, which it is monitored by the sales line gas meter, and is commingled with the test gas. Production water is dumped directly to the water tanks, and production oil dumps to the production heater treater, S/N 6591, which then flows to the production oil tanks.

All gas from both production and test vessels flows into a 2 phase separator, S/N EMT 0338, then goes into a single sales line, where it is monitored by a meter, NuFlow Scanner S/N D-330523, located on the northeast side of location. If line pressure of the sales line is too high, gas is bypassed by the back pressure valve to flare, S/N CVXF023, which is monitored by NuFlow Scanner D-090804. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities. Gas sales were originally routed through a compressor and sent to the DCP sales line, however, a low pressure sales line was installed by Targa and sales are now routed through there.

### **Process and Flow Descriptions:**

The flow of production is shown in detail on enclosed facility diagram and map which shows the lease boundaries, Communitization agreement boundaries, location of wells, facility, and gas sales meter. The commingling of this production is the most effective economical means of producing the reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.



Caza Petroleum, LLC understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. Working, royalty, and overriding interest owners have been notified of this proposal via certified mail (see attached).

#### Monthly Production and Allocations

These are completed in the office using the test information for each well throughout the month. Each well is placed in test for a minimum of three consecutive days and production is recorded by the pumpers. Each well is monitored daily by the pumper to ensure a minimal amount of downtime. Days of well downtime are noted and the final amount of production days are calculated in the office. The average daily production of each well is determined by taking an average of the well's daily production while on test and multiplying that amount by the number of days produced. These numbers are then used to find the total sum of production, then each well is assigned a total percentage of the monthly production for the battery. An example is shown below:

Allocation for November '14			
#1 Days	#1 Oil	#1 Wtr	#1Gas
BTU	44.2	1.0518	1.3077
Test avg =	154.00	92.00	308.00
30	4,620	2,760	12,083
#2 Days	#2 Oil	#2 Wtr	#2Gas
BTU	43.6	1.0510	1.2742
Test avg =	98	69	278
24	2,352	1,656	8,501
#3 Days	#3 Oil	#3 Wtr	#3Gas
BTU	44.0	1.0410	1.3518
Test avg =	167	364	228
23	3,841	8,372	7,073
#4 Days	#4 Oil	#4 Wtr	#4Gas
BTU	45.9	1.042	1.7095
Test =	151	496	399
13	1,963	6,448	8,867
Tot Test	12,776	19,236	36,525
#1 %	0.3616	0.1435	0.3308
#2 %	0.1841	0.0861	0.2328
#3 %	0.3006	0.4352	0.1937
#4 %	0.1536	0.3352	0.2428
	1.0000	1.0000	1.0000
November Allocation			
#1	4,691	1,202	2,437
#2	2,388	721	1,715
#3	3,900	3,645	1,427
#4	1,993	2,807	1,788
	12,971	8,374	7,367





RECEIVED OCD

2015 MAY 12 P 3:37

April 30, 2015

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED**

To: All Interest Owners  
Address List Attached

Re: Request for Central Tank Battery and Surface Commingling  
W. Copperline 29 Fed State Com 1H (API # 30-025-41313)  
W. Copperline 29 Fed State Com 2H (API # 30-025-41640)  
W. Copperline 29 Fed State Com 3H (API# 30-025-41536)  
W. Copperline 29 Fed State Com 4H (API# 30-025-41802)  
Bell Lake, Bone Spring; Antelope Ridge Bone Spring West  
Section 29, T23S-R34E  
Lea County, New Mexico

Gentlemen:

This letter is to advise you that Caza Operating, LLC is filing an application with the New Mexico Oil Conservation Division ("NMOCD") seeking approval for a central tank battery and to commingle production from the W. Copperline Fed State Com wells numbered 1H, 2H 3H and 4H.

A copy of Caza's application submitted to the NMOCD is attached.

Any objections or requests that a hearing should be held regarding this application must be submitted to the NMOCD within 20 days from the date of this letter.

Please contact the undersigned at 832-381-3854 should you have any questions or need anything further.

Very truly yours,  
Caza Operating, LLC

A handwritten signature in black ink, appearing to read 'John E. Brown'.

John E. Brown, CPL  
Land Manager

Enclosure



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 Petroleum, LLC  
OPERATOR ADDRESS: 200 N. Loraine, Ste. 1550, Midland, Texas, 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

- (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. Bone Spring  
(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: Matthew R. McCoy TITLE: Operations Engineer DATE: 4/30/15

TYPE OR PRINT NAME Matthew R. McCoy TELEPHONE NO.: 432-882-7424

E-MAIL ADDRESS: mmccoy@cazapetro.com



**CERTIFIED MAILING LIST**

**ALL INTEREST OWNERS**

W. Copperline 29 Fed State Com 1H (API # 30-025-41313)  
W. Copperline 29 Fed State Com 2H (API # 30-025-41640)  
W. Copperline 29 Fed State Com 3H (API# 30-025-41536)  
W. Copperline 29 Fed State Com 4H (API# 30-025-41802)  
Bell Lake, Bone Spring; Antelope Ridge Bone Spring West  
Section 29, T23S-R34E  
Lea County, New Mexico

**Certified Mailing Number:**

John L. Thoma  
P.O. Box 17656  
Golden, Colorado 80402

7011 3500 0002 9706 6803

Devon Energy Production Company, L.P.  
333 West Sheridan Avenue  
Oklahoma City, Oklahoma 73102-5010  
Attn: Kathy Blick

7011 3500 0002 9706 6872

Apollo Investments Corporation  
9 W. 57<sup>th</sup> Street  
New York, New York 10019  
Attn: Daniel Vogel

7011 3500 0002 9706 6810

Blue Ox Partners, LLC  
1123 South Huron Street, Unit V  
Denver, Colorado 80223

7011 3500 0002 9706 6827

First Roswell Company  
Thomas E. Jennings  
P.O. Box 1797  
Roswell, New Mexico 88202-1797

7011 3500 0002 9706 6858

Endurance Resources, LLC  
203 West Wall, Suite 1000  
Midland, Texas 79701  
Attn: Jason South

7011 3500 0002 9706 6834

Chevron U.S.A. Inc.  
1400 Smith  
Houston, Texas 77002  
Attn: Kelly Bass, Room 43198

7011 3500 0002 9706 6841

New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico  
Attn: Pete Martinez

7011 3500 0002 9706 6865



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: October 31, 2014

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No. **NM-092199 VB 2228**  
6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on page 2.**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

**Caza Operating, LLC**

3a. Address

**200 N. Loraine, Suite 1550, Midland, Tx 79701**

3b. Phone No. (include area code)

**432 682 7424**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**330 FNL & 1980 FWL, Sec 29, T23S, R34E**

7. If Unit of CA/Agreement, Name and/or No.

**CA 131909**

8. Well Name and No.

**W. Copperline 29 Fed St. Com #1H**

9. API Well No.

**30-025-41313**

10. Field and Pool or Exploratory Area

**Antelope Ridge; Bone Spring, West (2209)**

11. County or Parish, State

**Lea, New Mexico**

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Surface
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Commingling &
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Central Tank Battery

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Caza Operating, LLC respectfully requests approval to surface commingle production on the shared well pad:

West Copperline 29 Fed St. Com #1H Sec 29, NENW T23S, R34E; 330 FNL & 1980 FWL, 30-025-41313

West Copperline 29 Fed St. Com #2H Sec 29, NWNW T23S, R34E; 330 FNL & 660 FWL, 30-025-41640

West Copperline 29 Fed St. Com #3H Sec 29, NENW T23S, R34E; 150 FNL & 1980 FWL, 30-025-41536

West Copperline 29 Fed St. Com #4H Sec 29, NWNW T23S, R34E; 150 FNL & 660 FWL, 30-025-41802

See attached detailed commingling information, diagrams and maps.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

**Matthew R. McCoy**

Title **Operations Engineer**

Signature

*Matthew R. McCoy*

Date **4-23-2015**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

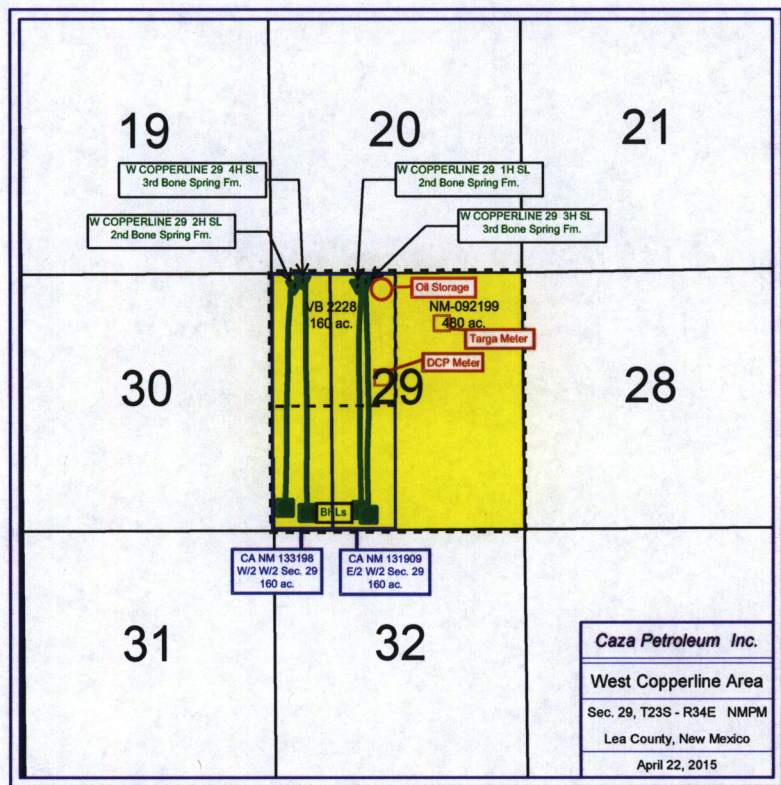
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)





PETRA 4/22/2015 4:25:27 PM



## Caza Petroleum, LLC

Commingling proposal for leases:

Name	West Copperline 29 Fed St. Com #1H
Location	Sec 29, NENW T23S, R34E; 330 FNL & 1980 FWL
API #	30-025-41313
Pool	Antelope Ridge, Bone Spring West (2209)
Oil BOPD	110
Oil Gravity @ 60°	44.2
MCFPD	133
BTU	1357
Name	West Copperline 29 Fed St. Com #2H
Location	Sec 29, NWNW T23S, R34E; 330 FNL & 660 FWL
API #	30-025-41640
Pool	Antelope Ridge, Bone Spring West (2209)
Oil BOPD	103
Oil Gravity @ 60°	43.6
MCFPD	115
BTU	1293.6
Name	West Copperline 29 Fed St. Com #3H
Location	Sec 29, NENW T23S, R34E; 150 FNL & 1980 FWL
API #	30-025-41536
Pool	Antelope Ridge, Bone Spring West (2209)
Oil BOPD	114
Oil Gravity @ 60°	44
MCFPD	160
BTU	1372.4
Name	West Copperline 29 Fed St. Com #4H
Location	Sec 29, NWNW T23S, R34E; 150 FNL & 660 FWL
API #	30-025-41802
Pool	Antelope Ridge, Bone Spring West (2209)
Oil BOPD	181
Oil Gravity @ 60°	45.9
MCFPD	385
BTU	1735.6
Economic Combined Production	
Name	West Copperline 29 Fed St. Com #1H, #2H, #3H, and #4H
Location	Sec 29, NWNW T23S, R34E
Fed and State Leases	NM 092199, VB 2228
Pool	Antelope Ridge, Bone Spring West (2209)
Oil BOPD	508
Weighted Gravity @ 60°	44.63917323
MCFPD	793
Weighted BTU	1534.722573
Value/bbl	\$44.42
Value/mcf	\$2.30





**LABORATORY SERVICES**  
Natural Gas Analysis

www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

For:	Caza Operating	Sample:	Meter Run
	Attention: Richard Wright	Identification:	West Copperline Sales
	200 N. Lorraine, Suite 1550	Company:	Caza
	Midland, Texas 79701	Lease:	
		Plant:	

Sample Data:	Date Sampled	9/25/2014	11:25 AM	
	Analysis Date	9/25/2014		
	Pressure-PSIA	357		Sampled by: Taylor Ridings
	Sample Temp F	79		Analysis by: Vicki McDaniel
	Atmos Temp F			

H2S = 0.2 PPM

#### Component Analysis

		Mol Percent	GPM
Hydrogen Sulfide	H2S		
Nitrogen	N2	1.398	
Carbon Dioxide	CO2	0.104	
Methane	C1	80.541	
Ethane	C2	11.148	2.974
Propane	C3	4.613	1.268
I-Butane	IC4	0.483	0.158
N-Butane	NC4	1.039	0.327
I-Pentane	IC5	0.178	0.065
N-Pentane	NC5	0.209	0.076
Hexanes Plus	C6+	<u>0.287</u>	<u>0.124</u>
		100.000	4.990

#### REAL BTU/CU.FT.

At 14.65 DRY	1206.8
At 14.65 WET	1185.8
At 14.696 DRY	1210.6
At 14.696 WET	1189.9
At 14.73 DRY	1213.4
At 14.73 Wet	1192.4

#### Specific Gravity

Calculated 0.6966

Molecular Weight 20.1757

Z Factor (DRY) 0.9968

Z Factor (WET) 0.9964





**LABORATORY SERVICES**  
Natural Gas Analysis

www.permianls.com  
575.397.3713 2609 W Marland Hobbs NM 88240

#### ASTM DISTILLATION

Caza Operating  
Attention: Richard Wright  
200 N. Lorraine, Suite 1550  
Midland, Texas 79701

Sampled By: Taylor Ridings  
Sample Date: 6/25/14

Sample ID: West Copperline 29 St. Com. #1

#### Percent Distilled

#### Temperature

IBP	115
5	140
10	180
20	221
30	283
40	335
50	415
60	530
70	584
80	660
90	695
EP	705

%Recovered = 94.0  
% Residue = 4.0  
% Loss = 2.0

#### Total Sulfur

#### API Gravity

#### Specific Gravity

0.0546 wt. %

44.2

0.8053





**LABORATORY SERVICES**  
Natural Gas Analysis

www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

**ASTM DISTILLATION**

Caza Operating  
Attention: Richard Wright  
200 N. Lorraine, Suite 1550  
Midland, Texas 79701

Sampled By: Taylor Ridings  
Sample Date: 6/27/14

Sample ID: West Copperline 29 #2

Percent Distilled

Temperature

IBP	120
5	157
10	200
20	240
30	300
40	376
50	480
60	553
70	635
80	720
90	753
EP	762

%Recovered = 95.0  
% Residue = 3.0  
% Loss = 2.0

Total Sulfur

API Gravity

Specific Gravity

0.0627 wt. %

43.6

0.8081





**LABORATORY SERVICES**  
Natural Gas Analysis

www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

**ASTM DISTILLATION**

Caza Operating  
Attention: Richard Wright  
200 N. Lorraine, Suite 1550  
Midland, Texas 79701

Sampled By: Taylor Ridings  
Sample Date: 6/30/14

Sample ID: West Copperline 29 #3

Percent Distilled

Temperature

IBP	99
5	145
10	177
20	231
30	290
40	369
50	460
60	505
70	555
80	613
90	684
EP	700

%Recovered = 94.0  
% Residue = 4.0  
% Loss = 2.0

Total Sulfur

API Gravity

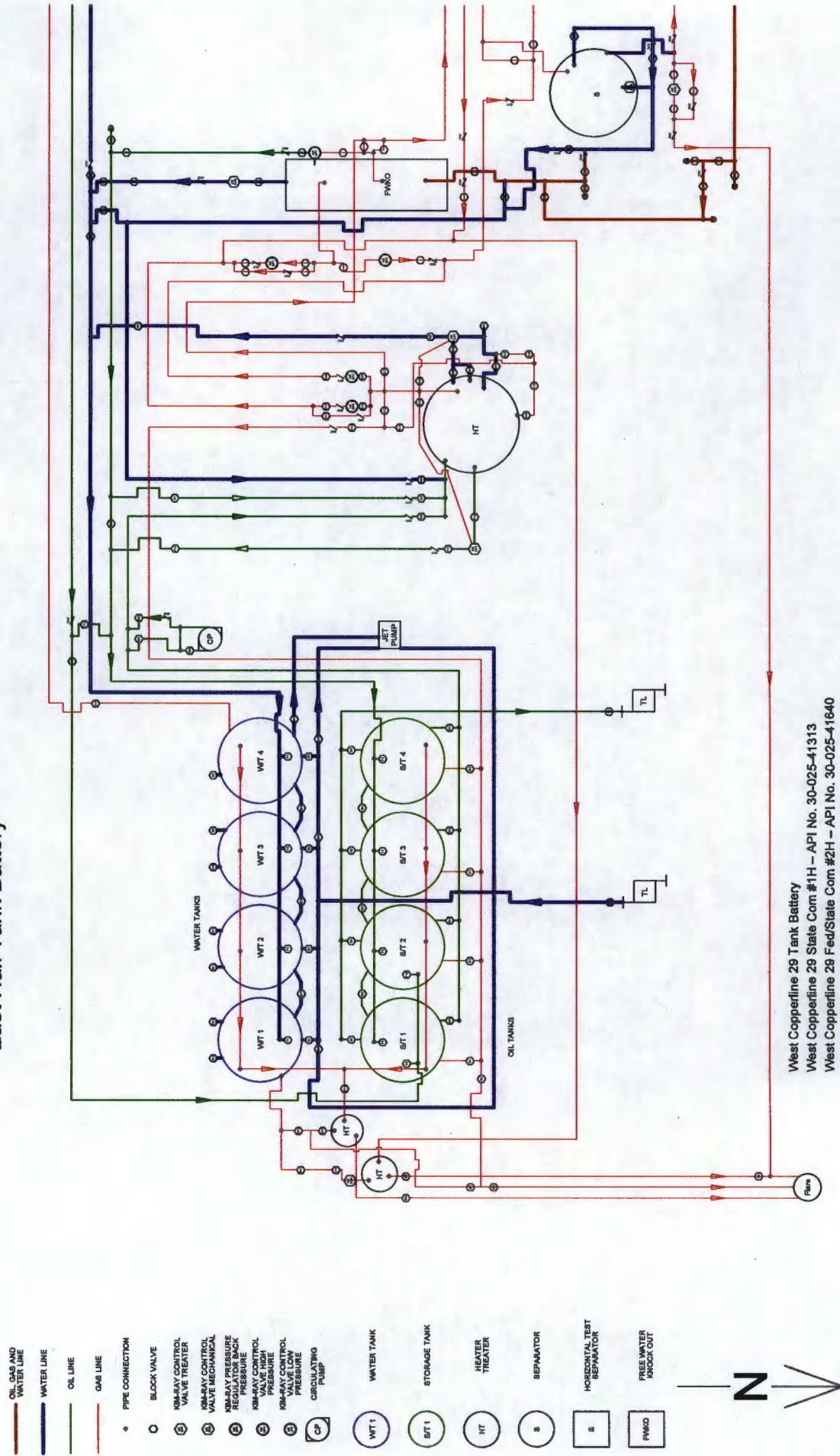
Specific Gravity

0.0424 wt. %

44.0

0.8062

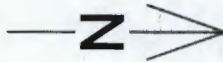
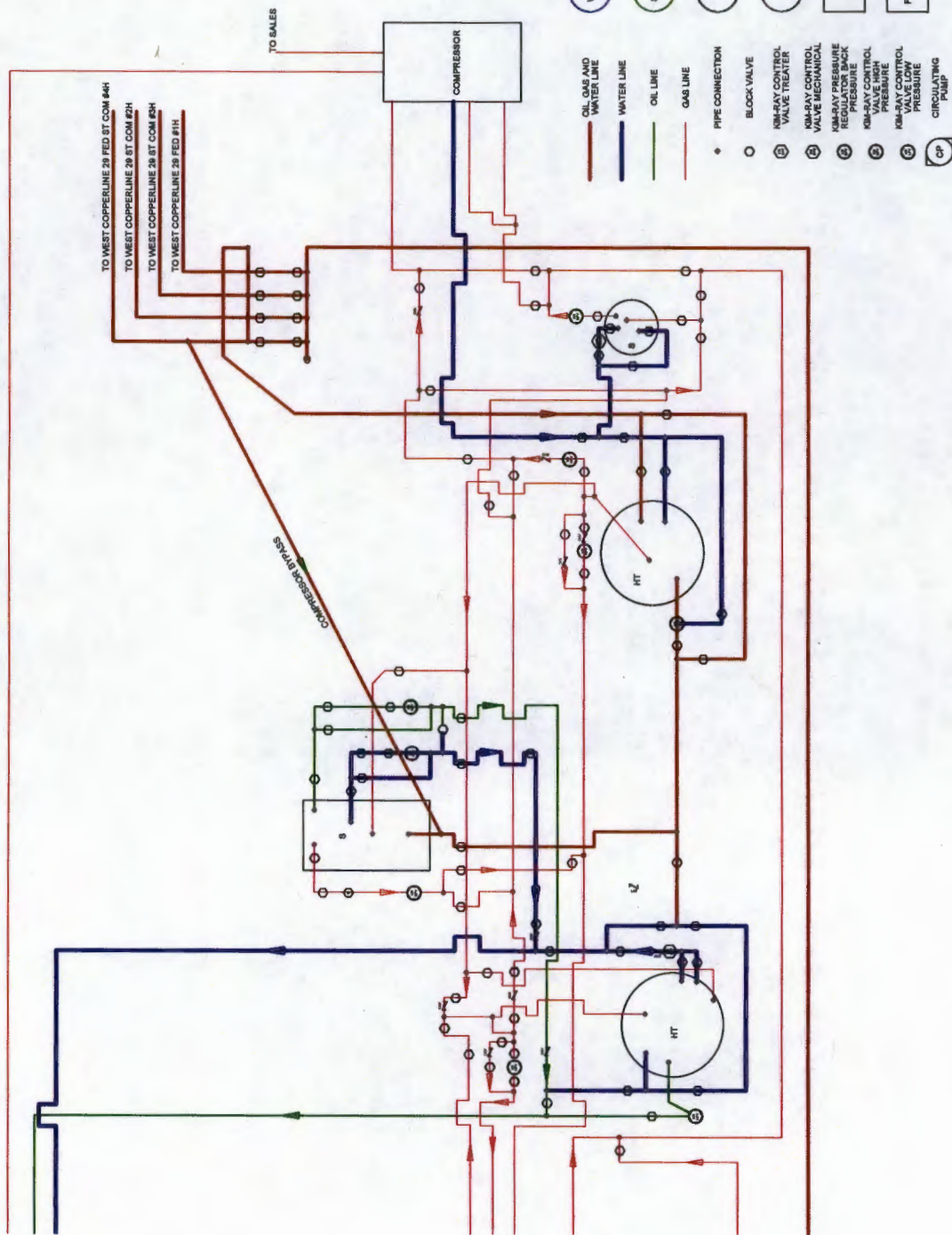
# East Half Tank Battery



West Copperline 29 Tank Battery  
 West Copperline 29 State Com #1H - API No. 30-025-41313  
 West Copperline 29 Fed/State Com #2H - API No. 30-025-41640  
 West Copperline 29 Fed/State Com #3H - API No. 30-025-41538  
 West Copperline 29 Fed/State Com #4H - API No. 30-025-41802  
 General Sealing of Valves, Sales and Transfer  
 Production Phase - No valves require sealing  
 Sales Phase - S1, S2, S3, and S4 are all sealed closed  
 Circulating Activity - No valves require sealing



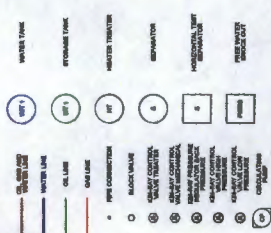
# West Half Tank Battery



West Copperline 29 Tank Battery  
 West Copperline 29 State Com #1H - API No. 30-025-41313  
 West Copperline 29 Fed/State Com #2H - API No. 30-025-41840  
 West Copperline 29 Fed/State Com #3H - API No. 30-025-41536  
 West Copperline 29 Fed/State #4H - API No. 30-025-41802  
 General Sealing of Valves, Sales and Transfer  
 Production Phase - No valves require sealing  
 Sales Phase - S1, S2, S3, and S4 are all sealed closed  
 Circulating Activity - No valves require sealing

- WFT1
- ST1
- HT
- S
- S
- FWO
- CP
- WATER TANK
- STORAGE TANK
- HEATER TREATER
- SEPARATOR
- HORIZONTAL TEST SEPARATOR
- FREE WATER WASHOUT
- PIPE CONNECTION
- BLOCK VALVE
- KIM-RAY CONTROL VALVE TREATER
- KIM-RAY CONTROL VALVE MECHANICAL PRESSURE
- KIM-RAY PRESSURE REDUCING BACK PRESSURE
- KIM-RAY CONTROL VALVE HIGH PRESSURE
- KIM-RAY CONTROL VALVE LOW PRESSURE
- CIRCULATING PUMP
- OIL, GAS AND WATER LINE
- WATER LINE
- OIL LINE
- GAS LINE

**Circulating Activity - No valves require sealing**











Google earth

Imagery date: 2/11/2014 12:15:45 N 107:09:03 W 400 544 N 172.7 m

3797



**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

Run Time: 10:05 AM

Page 3 of 3

Run Date: 04/24/2015

01 02-25-1920;041STAT0437;30USC181

Case Type 318310: O&G COMMUNITIZATION AGRMT

Commodity 410: NATURAL GAS

Case Disposition: AUTHORIZED

Total Acres

160.000

Serial Number

NMNM-- - 131909

Name & Address		Serial Number: NMNM-- - 131909		Int Rel	% Interest
BLM CARLSBAD FO	620 E GREENE ST	CARLSBAD NM 88220	OFFICE OF RECORD	0.000000000	
CAZA PETROLEUM INC	10077 GROGANS MILL RD STE 200	THE WOODLANDS TX 773801031	OPERATOR	100.000000000	

Serial Number: NMNM-- - 131909				District/Field Office	County	Mgmt Agency
Mer Twp	Rng	Sec	SType	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0230S	0340E	029			
			ALIQ			
			E2W2;			

Serial Number: NMNM-- - 131909				Pending Office
Act Date	Code	Action	Action Remark	
08/30/2013	387	CASE ESTABLISHED	30-025-41313	
08/30/2013	516	FORMATION	BONE SPRING	
08/30/2013	525	ACRES-NONFEDERAL	80.00; 50%	
08/30/2013	526	ACRES-FED INT 100%	80.00; 50%	
08/30/2013	868	EFFECTIVE DATE		
11/09/2013	643	PRODUCTION DETERMINATION		
11/09/2013	654	AGRMT PRODUCING		
01/30/2014	658	MEMO OF 1ST PROD-ACTUAL		
02/03/2014	334	AGRMT APPROVED		

Serial Number: NMNM-- - 131909			
Line Nr	Remarks		
0001	RECAPITULATION EFFECTIVE 08/30/2013		
0002	TR#	LEASE SERIAL#	AC COMMITTED
0003	1	STATE	80.00
0004	2	NM92199	80.00
0005	TOTAL		160.00
			100.00

**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

Run Time: 10:07 AM

Page 1 of 1

Run Date: 04/24/2015

01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

160.000

NMNM-- - 133198

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Serial Number: NMNM-- - 133198

Name & Address	Int Rel	% Interest
BLM CARLSBAD FO CAZA PETROLEUM INC	620 E GREENE ST 10077 GROGANS MILL RD STE 200	CARLSBAD NM 88220 THE WOODLANDS TX 773801031
	OFFICE OF RECORD OPERATOR	0.00000000 100.00000000

Serial Number: NMNM-- - 133198

Mer Twp Rng Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23 0230S 0340E 029	ALIQ		W2W2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 133198

Act Date	Code	Action	Action Remark	Pending Office
02/10/2014	387	CASE ESTABLISHED		
02/10/2014	516	FORMATION	BONE SPRING	
02/10/2014	525	ACRES-NONFEDERAL	80; 50%	
02/10/2014	526	ACRES-FED INT 100%	80; 50%	
02/10/2014	868	EFFECTIVE DATE	3002541802	
07/06/2014	654	AGRMT PRODUCING	/1/	
07/06/2014	658	MEMO OF 1ST PROD-ACTUAL	/1/ MEMO 8/27/14	
08/27/2014	643	PRODUCTION DETERMINATION	/1/	

Serial Number: NMNM-- - 133198

Line Nr	Remarks
0001	RECAPITULATION EFFECTIVE 2/10/14
0002	TR# LEASE# AC COMMITTED %INT
0003	1 FEE LEASES 80 50
0004	2 NM092199 80 50
0005	TOTAL 160 100



**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

Run Time: 10:05 AM

Page 1 of 3

Run Date: 04/24/2015

01 12-22-1987;101STAT1330;30USC181 ET SE

Total Acres

Serial Number

Case Type 312021: O&G LSE COMP PD -1987

560.000

NMNM-- - 092199

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Serial Number: NMNM-- - 092199

Name & Address	Int Rel	% Interest
CAZA PETROLEUM INC	OPERATING RIGHTS	0.000000000
CHEVRON USA INC	OPERATING RIGHTS	0.000000000
DEVON ENERGY PROD CO LP	LESSEE	50.000000000
DEVON ENERGY PROD CO LP	OPERATING RIGHTS	0.000000000
ENDURANCE PROPERTIES INC	OPERATING RIGHTS	0.000000000
FIRST ROSWELL CO	LESSEE	50.000000000
LIME ROCK RESOURCES A LP	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- - 092199

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	0230S	0340E	004	ALIQ	S2NW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0230S	0340E	029	ALIQ	NE,S2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 092199

Act Date	Code	Action	Action Remark	Pending Office
10/19/1993	387	CASE ESTABLISHED	9310104	
10/20/1993	191	SALE HELD		
10/20/1993	267	BID RECEIVED	\$22960.00;	
10/20/1993	392	MONIES RECEIVED	\$1120.00;	
11/03/1993	392	MONIES RECEIVED	\$21840.00;	
11/05/1993	237	LEASE ISSUED		
11/15/1993	600	RECORDS NOTED		
11/23/1993	111	RENTAL RECEIVED	\$840.00;21/MULTIPLE	
11/29/1993	963	CASE MICROFILMED/SCANNED	CNUM 570,073 JS	
12/01/1993	496	FUND CODE	05;145003	
12/01/1993	530	RLTY RATE - 12 1/2%		
12/01/1993	868	EFFECTIVE DATE		
10/11/1994	111	RENTAL RECEIVED	\$840.00;21/0000000012	
10/06/1995	084	RENTAL RECEIVED BY ONRR	\$840.00;21/0000000013	
10/02/1996	084	RENTAL RECEIVED BY ONRR	\$840.00;21/0000000016	
10/30/1997	084	RENTAL RECEIVED BY ONRR	\$840.00;21/0000000042	
07/16/1998	140	ASGN FILED	THE BLANCO CO/SF ENE	
07/30/1998	139	ASGN APPROVED	EFF 08/01/98;	
07/30/1998	140	ASGN FILED	BLANCO/FIRST ROSWELL	
08/11/1998	139	ASGN APPROVED	EFF 08/01/98;	
11/05/1998	084	RENTAL RECEIVED BY ONRR	\$1120.00;21/0000000006	
11/12/1998	932	TRF OPER RGTS FILED	1ST ROSWEL/SF ENE RES	
12/16/1998	933	TRF OPER RGTS APPROVED	EFF 12/01/98;	
01/01/1999	246	LEASE COMMITTED TO CA	/1/NMNM103152;	
07/01/1999	940	NAME CHANGE RECOGNIZED	SF ENE RES/SF SNYDER	
10/11/2000	940	NAME CHANGE RECOGNIZED	SANTA FE/DEVON SFS	
11/28/2002	235	EXTENDED	THRU 11/28/2004;	
11/28/2002	522	CA TERMINATED	/1/NMNM103152;	
12/12/2002	817	MERGER RECOGNIZED	DEVONSFS/DEVONENEPROD	
05/27/2003	932	TRF OPER RGTS FILED	DEVON ENE/SOUTHWESTER	
06/27/2003	933	TRF OPER RGTS APPROVED	EFF 06/01/03;	

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

Run Time: 10:05 AM  
Page 2 of 3

Run Date: 04/24/2015

09/01/2003	246	LEASE COMMITTED TO CA	/2/NMNM111812;
09/19/2003	650	HELD BY PROD - ACTUAL	/2/
09/19/2003	658	MEMO OF 1ST PROD-ACTUAL	/2/NMNM111812;
04/20/2004	932	TRF OPER RGTS FILED	DEVON/CHESAPEAKE EXPL
07/20/2004	933	TRF OPER RGTS APPROVED	EFF 05/01/04;
11/18/2004	643	PRODUCTION DETERMINATION	/2/
06/11/2008	817	MERGER RECOGNIZED	CHESA LLC/CHESA LP
08/22/2008	817	MERGER RECOGNIZED	CHESA EXP LP/EXP LLC
09/19/2008	932	TRF OPER RGTS FILED	SOUTHWEST/LIME ROCK;1
11/05/2008	933	TRF OPER RGTS APPROVED	EFF 10/01/08;
11/05/2008	974	AUTOMATED RECORD VERIF	MV
10/27/2010	932	TRF OPER RGTS FILED	LIME ROCK/DEVON ENE;1
01/25/2011	933	TRF OPER RGTS APPROVED	EFF 11/01/10;
01/25/2011	974	AUTOMATED RECORD VERIF	RAYO/RAYO
11/27/2012	932	TRF OPER RGTS FILED	CHESAPEAK/CHEVRON U;1
03/11/2013	933	TRF OPER RGTS APPROVED	EFF 12/01/12;
03/11/2013	974	AUTOMATED RECORD VERIF	LBO
08/30/2013	246	LEASE COMMITTED TO CA	/3/NMNM131909;
09/17/2013	932	TRF OPER RGTS FILED	FIRST ROS/ENDURANCE;1
11/12/2013	933	TRF OPER RGTS APPROVED	EFF 10/01/13;
11/12/2013	974	AUTOMATED RECORD VERIF	LBO
01/30/2014	643	PRODUCTION DETERMINATION	/3/
01/30/2014	660	MEMO OF 1ST PROD-ALLOC	/3/NMNM131909;
02/10/2014	246	LEASE COMMITTED TO CA	/4/NMNM133198;
06/03/2014	932	TRF OPER RGTS FILED	FIRST ROS/DEVON ENE;1
07/06/2014	658	MEMO OF 1ST PROD-ACTUAL	/4/ MEMO 8/27/14
08/25/2014	932	TRF OPER RGTS FILED	DEVON ENE/CAZA PETR;1
08/25/2014	932	TRF OPER RGTS FILED	DEVON ENE/CAZA PETR;2
08/25/2014	932	TRF OPER RGTS FILED	DEVON ENE/CAZA PETR;3
08/27/2014	643	PRODUCTION DETERMINATION	/4/
09/12/2014	933	TRF OPER RGTS APPROVED	1EFF 09/01/14;
09/12/2014	933	TRF OPER RGTS APPROVED	2EFF 09/01/14;
09/12/2014	933	TRF OPER RGTS APPROVED	3EFF 09/01/14;
09/12/2014	974	AUTOMATED RECORD VERIF	LBO
10/17/2014	932	TRF OPER RGTS FILED	DEVON ENE/CAZA PETR;1
11/05/2014	933	TRF OPER RGTS APPROVED	EFF 11/01/14;
11/05/2014	974	AUTOMATED RECORD VERIF	LBO
12/16/2014	899	TRF OF ORR FILED	1
12/31/2014	558	TRF OPER RGTS RET UNAPPV	06/03/14;
12/31/2014	974	AUTOMATED RECORD VERIF	JS
03/24/2015	899	TRF OF ORR FILED	1

Serial Number: NMNM-- - 092199

Line Nr	Remarks
0002	01/25/2011 - DEVON - C01104 N/W
0003	11/05/14 BONDED OPERATOR
0004	ENDURANCE RES LLC -NM/SW \$75K NMB000640;



### **Application for Commingling at a Common Central Tank Battery**

Caza Petroleum, LLC is requesting approval for the central tank battery, commingling:

Name: West Copperline 29 Fed St. Com #1H  
Location: Sec 29, NENW T23S, R34E; 330 FNL & 1980 FWL  
API # 30-025-41313  
Pool: Antelope Ridge, Bone Spring West (2209)  
Oil BOPD: 110  
Gravities: 44.2  
MCFPD: 133  
BTU: 1357

Name: West Copperline 29 Fed St. Com #2H  
Location: Sec 29, NWNW T23S, R34E; 330 FNL & 660 FWL  
API # 30-025-41640  
Pool: Antelope Ridge, Bone Spring West (2209)  
Oil BOPD: 103  
Gravities: 43.6  
MCFPD: 115  
BTU: 1293.6

Name: West Copperline 29 Fed St. Com #3H  
Location: Sec 29, NENW T23S, R34E; 150 FNL & 1980 FWL  
API # 30-025-41536  
Pool: Antelope Ridge, West: Bone Spring (2209)  
Oil BOPD: 114  
Gravities: 44.0  
MCFPD: 160  
BTU: 1372.4

Name: West Copperline 29 Fed St. Com #4H  
Location: Sec 29, NWNW T23S, R34E; 150 FNL & 660 FWL  
API # 30-025-41802  
Pool: Antelope Ridge, West: Bone Spring (2209)  
Oil BOPD: 181  
Gravities: 45.9  
MCFPD: 385  
BTU: 1735.6

## **Oil & Gas metering**

The West Copperline battery consists of four wells, the West Copperline 29 #1H, West Copperline 29 #2H, West Copperline 29 #3H and West Copperline 29 #4H. The central tank battery is located on the shared well pad for the West Copperline 29 #1H and West Copperline 29 #3H, located at Sec. 29 NENW, T23S, R34E on BLM lease NM 092199 and State Lease VB 2228 in Lea County, New Mexico. The production from all four wells will come to a common production header. From this point, one well will be on test and its production routed through the test equipment. The three other wells will take a second line through production equipment.

The battery is made up of (4) 500 barrel oil tanks and (4) 500 barrel water tanks, (2) heater treaters, (2) three phase water knockouts, and (2) two phase vertical separators. All 4 of the wells flow into a header located on the southwest side of battery, and from there, the production is separated. Three wells flow into production the vessels, and one goes to test vessels.

On the test side of the battery, the well flows into a three phase water knockout, S/N ANLC519. From the water knockout, gas flows through the gas line, which it is monitored by a test gas meter, NuFlow Scanner 2000 S/N D-20516, and is then tied into the main gas line. Test water flows directly to the water tanks, and is monitored through a test turbine meter, NuFlow MC-II Flow Analyzer S/N 415510. The test oil flows through a test meter, NuFlow MC-II Flow Analyzer S/N MC-416048, which flows to the test heater treater, S/N 6692. This meter will be proven, as per API, NMOCD, and BLM specifications, when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then quarterly thereafter, the factor obtained will be used to allocate the production volumes. From the heater treater, fluid flows into the production line and is commingled with the three other wells, and flows into the oil tanks.

The three wells not in test that flow to the production vessels first enter the three phase water knockout, S/N EMT0321. The gas is routed to main sales line, which it is monitored by the sales line gas meter, and is commingled with the test gas. Production water is dumped directly to the water tanks, and production oil dumps to the production heater treater, S/N 6591, which then flows to the production oil tanks.

All gas from both production and test vessels flows into a 2 phase separator, S/N EMT 0338, then goes into a single sales line, where it is monitored by a meter, NuFlow Scanner S/N D-330523, located on the northeast side of location. If line pressure of the sales line is too high, gas is bypassed by the back pressure valve to flare, S/N CVXF023, which is monitored by NuFlow Scanner D-090804. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities. Gas sales were originally routed through a compressor and sent to the DCP sales line, however, a low pressure sales line was installed by Targa and sales are now routed through there.

## **Process and Flow Descriptions:**

The flow of production is shown in detail on enclosed facility diagram and map which shows the lease boundaries, Communitization agreement boundaries, location of wells, facility, and gas sales meter. The commingling of this production is the most effective economical means of producing the reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.

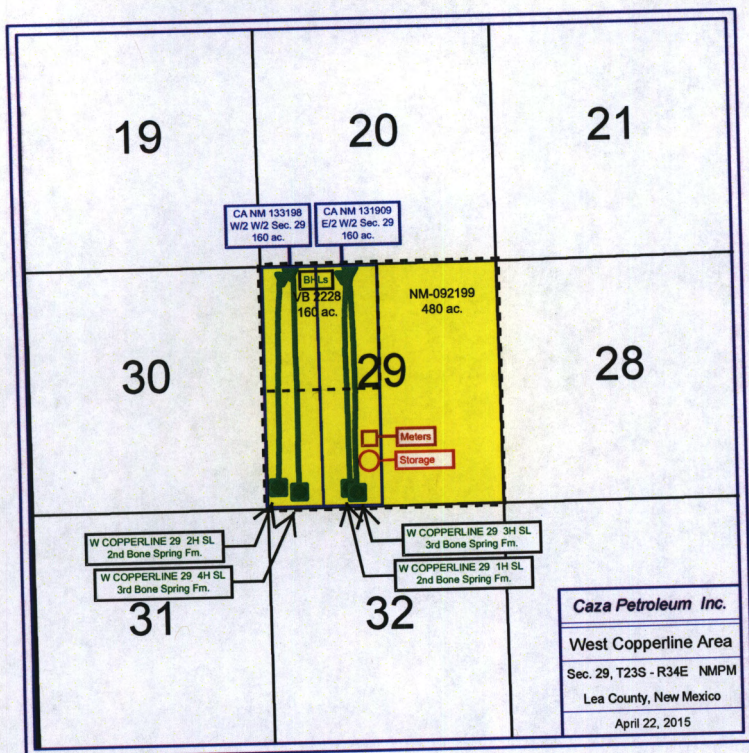


Caza Petroleum, LLC understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. Working, royalty, and overriding interest owners have been notified of this proposal via certified mail (see attached).

#### Monthly Production and Allocations

These are completed in the office using the test information for each well throughout the month. Each well is placed in test for a minimum of three consecutive days and production is recorded by the pumpers. Each well is monitored daily by the pumper to ensure a minimal amount of downtime. Days of well downtime are noted and the final amount of production days are calculated in the office. The average daily production of each well is determined by taking an average of the well's daily production while on test and multiplying that amount by the number of days produced. These numbers are then used to find the total sum of production, then each well is assigned a total percentage of the monthly production for the battery. An example is shown below:

Allocation for November '14			
#1 Days	#1 Oil	#1 Wtr	#1 Gas
BTU	44.2	1.0518	1.3077
Test avg	154.00	92.00	308.00
30	4,620	2,760	12,083
#2 Days	#2 Oil	#2 Wtr	#2 Gas
BTU	43.6	1.0510	1.2742
Test avg	98	69	278
24	2,352	1,656	8,501
#3 Days	#3 Oil	#3 Wtr	#3 Gas
BTU	44.0	1.0410	1.3518
Test avg	167	364	228
23	3,841	8,372	7,073
#4 Days	#4 Oil	#4 Wtr	#4 Gas
BTU	45.9	1.042	1.7095
Test =	151	496	399
13	1,963	6,448	8,867
Tot Test	12,776	19,236	36,525
#1 %	0.3616	0.1435	0.3308
#2 %	0.1841	0.0861	0.2328
#3 %	0.3006	0.4352	0.1937
#4 %	0.1536	0.3352	0.2428
	1.0000	1.0000	1.0000
November Allocation			
#1	4,691	1,202	2,437
#2	2,388	721	1,715
#3	3,900	3,645	1,427
#4	1,993	2,807	1,788
	12,971	8,374	7,367



PETRA 4/22/2015 4:25:27 PM



Apr-15			
Well #	BO	BW	MCF
#1	2,914	2,547	3,715
#2	1,995	1,522	2,429
#3	3,508	2,764	3,436
#4	4,232	2,904	6,847
Total	12,650	9,737	16,427

*Copperline*

Mar-15			
#1 H	3,316	2,718	4,099
#2 2H	2,480	1,812	3,572
#3 3H	421	21	181
#4 4H	5,044	4,336	12,114
	11,262	8,887	19,966

Feb-15			
#1	2,536	2,182	3,105
#2	2,370	1,691	4,151
#3	428	534	25
#4	5,451	4,149	8,389
	10,785	8,556	15,670

Jan-15			
#1	4,032	2,732	2,659
#2	3,053	1,976	504
#3	806	546	160
#4	7,078	5,034	7,206
	14,970	10,289	10,529

Dec-15			
#1	2,174	2,024	6,333
#2	3,693	1,916	2,981
#3	2,978	2,049	764
#4	6,283	3,287	6,698
	15,128	9,277	16,777

Nov-15			
#1	4,691	1,202	2,437
#2	2,388	721	1,715
#3	3,900	3,645	1,427
#4	1,993	2,807	1,788
	12,971	8,374	7,367

## McMillan, Michael, EMNRD

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**From:** Jay Brown <jbrown@cazapetro.com>  
**Sent:** Friday, May 15, 2015 12:24 PM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Randy Nickerson; Rich Albro; Tony Sam; Raul Madrid  
**Subject:** W Copperline Surface Commingling Application

Mike,

The W/2 of Section 29, T23S-R34E, Lea County, NM is communitized under the following:

The W/2 W/2 is communitized under CA NM 133198 (W Copperline 29 State Fed 2H and 4H wells), and the E/2 W/2 is communitized under CA 131909 (W Copperline 29 State Fed 1H and 3H wells).

All 4 wells are completed in the Bone Spring Formation which is communitized by the 2 above agreements.

I understand from our conversation that the Commingling Application should be approved on June 4, 2015 (21 days from OCD's receipt of the application).

If you have any other questions, please let me know. Thanks,

*Jay Brown*  
Land Manager



Caza Petroleum, Inc.  
Direct: 832-381-3854  
Main: 281-363-4442 Ext. 1104  
Fax: 281-363-4454





# AE Order Number Banner

## Report Description

This report shows an AE Order Number in Barcode format for purposes of scanning. The Barcode format is Code 39.



**App Number:** pMAM1513458458

**PLC - 419**

**CAZA OPERATING, LLC**

6/3/2015



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>WEST COPPERLINE 29 STATE COM</b>	Well Number <b>2H</b>
OGRID No.	Operator Name <b>CAZA OPERATING, LLC</b>	Elevation <b>3567'</b>

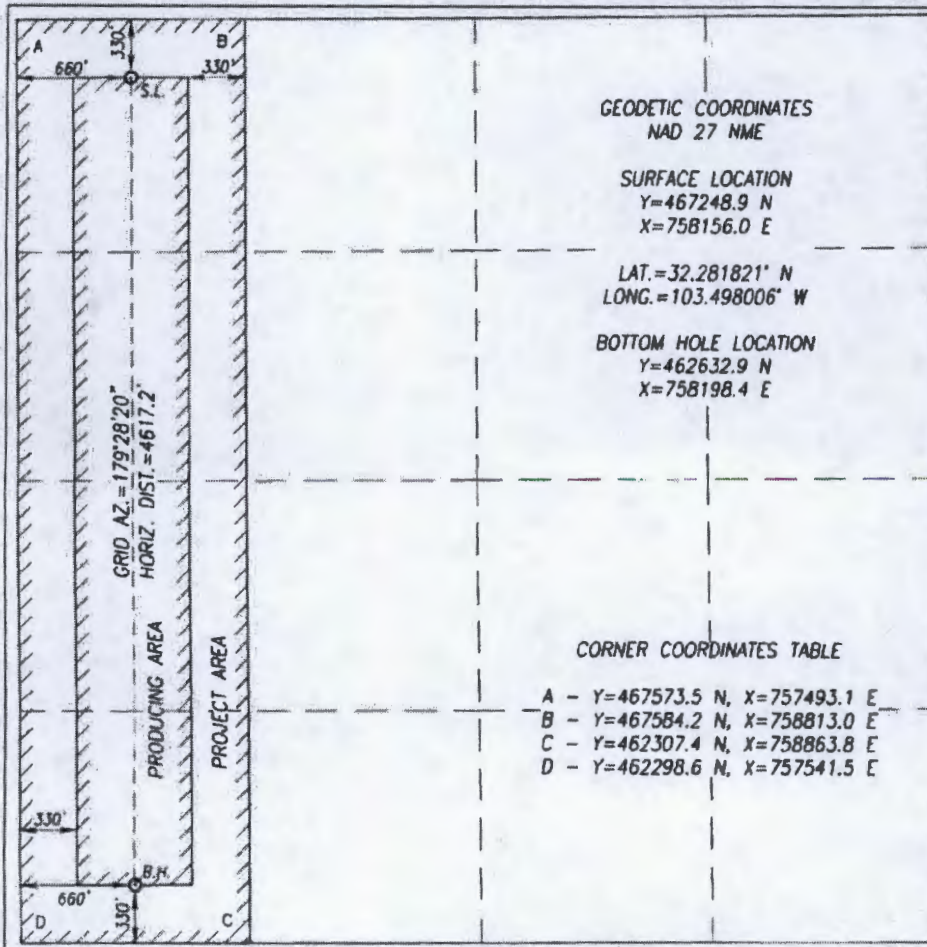
Surface Location

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	23-S	34-E		330	NORTH	660	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
M	29	23-S	34-E		330	SOUTH	660	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



GEODETIC COORDINATES  
NAD 27 NME

SURFACE LOCATION  
Y=467248.9 N  
X=758156.0 E

LAT.=32.281821° N  
LONG.=103.498006° W

BOTTOM HOLE LOCATION  
Y=462632.9 N  
X=758198.4 E

CORNER COORDINATES TABLE

A - Y=467573.5 N, X=757493.1 E  
B - Y=467584.2 N, X=758813.0 E  
C - Y=462307.4 N, X=758863.8 E  
D - Y=462298.6 N, X=757541.5 E

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 unless 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.

*A.B. Sam* 11-15-13  
Signature Date  
*A.B. Sam*  
Printed Name  
*tsam@cazapetro.com*  
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.

OCTOBER 30, 2013

Date of Survey  
Signature & Seal of Professional Surveyor

*Ronald J. Eidson* 11/06/2013  
Certificate Number 3239  
Ronald J. Eidson 12641  
BKL WSC W O J 11 1102