

CASE NO. 2204⁷~~4~~

**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. 22047

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/2W/2 of Section 17 and the E/2SW/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/2W/2 of Section 17 and the E/2SW/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. 14H to a depth sufficient to test the Wolfcamp, with first take points in the SE/4SW/4 of Section 17 and last take points in the NE/4SW/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/2W/2 of Section 17 and the E/2SW/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/2W/2 of Section 17 and the E/2SW/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

involved in drilling, completing, and equipping the wells. The unit is located approximately 13-1/2 miles northwest of Oil Center, New Mexico.

Case 22046: 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/2W/2 of Section 17 and the E/2SW/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. 11H and 13H, with first take points in the SE/4SW/4 of Section 17 and last take points in the NE/4SW/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 22047: 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/2W/2 of Section 17 and the E/2SW/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. 14H with first take points in the SE/4SW/4 of Section 17 and last take points in the NE/4SW/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 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.

**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. 22047

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 #14H.

They show 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 E2W2 of Section 17 and the E2SW4 of Section 8, T20S, R35E, NMPM, Lea County, New Mexico. The unit will be dedicated to the Desert Rose 17-8 Federal Com #14H with a first take point in the SE/4SW/4 of Section 17, T20S R35E and a final take point in the NE4SW4 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

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, 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 98176	³ Pool Name WC-025 G-08 S203517M; UPR WC
⁴ Property Code	⁵ Property Name DESERT ROSE 17-8 FEDERAL	⁶ Well Number 14H
⁷ OGRID No. 249099	⁸ Operator Name CAZA OPERATING, LLC	⁹ Elevation 3693'

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
N	17	20S	35E		190	SOUTH	2030	WEST	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
K	8	20S	35E		2627	SOUTH	2265	WEST	LEA

¹² Dedicated Acres 240.0	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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>Infll Well</p> <p>CORNER COORDINATES NAD 83, SPCS NM EAST A - X: 803074.02' / Y: 570655.65' B - X: 803008.23' / Y: 578582.95' C - X: 804328.13' / Y: 578592.03' D - X: 804394.49' / Y: 570664.67'</p> <p>CORNER COORDINATES NAD 27, SPCS NM EAST A - X: 761892.67' / Y: 570593.08' B - X: 761827.13' / Y: 578520.13' C - X: 763147.00' / Y: 578529.23' D - X: 763213.11' / Y: 570602.11'</p> <p>BOTTOM HOLE LOCATION 2627' FSL 2265' FWL, SECTION 8 NAD 83, SPCS NM EAST X: 803953.38' / Y: 578575.82' LAT: 32.58766527N / LON: 103.48068279W NAD 27, SPCS NM EAST X: 762772.25' / Y: 578513.02' LAT: 32.58754150N / LON: 103.48019478W</p> <p>LAST TAKE POINT 2567' FSL 2265' FWL, SECTION 8 NAD 83, SPCS NM EAST X: 803953.84' / Y: 578515.83' LAT: 32.58750036N / LON: 103.48068287W NAD 27, SPCS NM EAST X: 762772.71' / Y: 578453.02' LAT: 32.58737659N / LON: 103.48019486W</p> <p>KICK OFF POINT / FIRST TAKE POINT 100' FSL 2265' FWL, SECTION 17 NAD 83, SPCS NM EAST X: 804017.75' / Y: 570762.10' LAT: 32.56618824N / LON: 103.48067711W NAD 27, SPCS NM EAST X: 762836.38' / Y: 570699.54' LAT: 32.56606447N / LON: 103.48018997W</p> <p>SURFACE HOLE LOCATION 190' FSL 2030' FWL, SECTION 17 NAD 83, SPCS NM EAST X: 803782.11' / Y: 570850.48' LAT: 32.56643634N / LON: 103.48143961W NAD 27, SPCS NM EAST X: 762600.76' / Y: 570787.91' LAT: 32.56631257N / LON: 103.48095242W</p>	<p>¹⁷ 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: <u>Steve Morris</u> Date: <u>11/11/2019</u></p> <p>Printed Name: <u>Steve Morris</u></p> <p>E-mail Address: <u>steve.morris@morcoreengineering.com</u></p> <p>¹⁸ 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>NOVEMBER 5, 2019 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: <u>David W. Myers</u></p> <p>Certificate Number: <u>DAVID W. MYERS 11403</u></p>
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Distances/areas relative to NAD 83 Combined Scale Factor: 0.99981205 Convergence: 00°26'57.22001"

ATTACHMENT B

Estimated Division of Interest in E2W2 Section 17 & E2SW4 Section 8, T20S R35E, Lea County, NM

Desert Rose 17-8 Federal Com #14H

INTEREST OWNER	Type	GROSS WI	TOTAL NRI
United States of America	R		0.12500000
McMullen Minerals, LLC	ORRI		0.00055556
Pegasus Resources, LLC	ORRI		0.00638889
Escondido Oil & Gas, LLC	ORRI		0.00173609
BriLi, LLC	ORRI		0.00173609
Devon Energy Production Company, L.P.	ORRI		0.00129837
Lynn Charuk	WI	0.00280273	0.00240846
True North Exploration, Inc. (formerly SDX)	WI	0.00888729	0.00758162
JSTM Energy Investments, LLC	WI	0.00498047	0.00428469
O'Brien Oil & Gas Inc.	WI	0.00280273	0.00240846
Cinco Tierras, LLC	WI	0.00311523	0.00267458
Wallco Investments LLC	WI	0.00280273	0.00240846
Tiger Creek Capital Partners, LP	WI	0.00280273	0.00240846
Gary J. Lamb, Inc.	WI	0.00542757	0.00466140
America West Resources, LLC	WI	0.00952358	0.00817923
D&M Snelson Properties, LP	WI	0.00498047	0.00428469
Broughton Petroleum Inc.	WI	0.00535547	0.00460403
Wallace Investment Group, LLC	WI	0.00108887	0.00093811
Kantech Properties, LLC	WI	0.00498047	0.00428469
CHLP Interests, LLC	WI	0.00280273	0.00240846
Marks Oil, Inc.	WI	0.00280273	0.00240846
Marshall B. Miller, Jr.	WI	0.00050000	0.00042578
Glenbrook Partners DE, LTD	WI	0.00281250	0.00239504
Alpar Energy, LP	WI	0.00575000	0.00489653
Hat Creek Exploration	WI	0.00916667	0.00781582
Dale H & Jean F Dorn Testamentary Trust	WI	0.00083333	0.00072917
Maverick Oil & Gas Equity, LLC	WI	0.00156250	0.00133058
Eagle Owl LLC	WI	0.00095833	0.00083854
Nance Resources, Inc.	WI	0.00100000	0.00085157
Chevron	WI	0.65166059	0.56434551
Caza Petroleum, LLC	WI	0.26060026	0.22371264
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

A handwritten signature in cursive script, appearing to read 'David Gibson'.

David Gibson
Land Manager

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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


Chevron U.S.A. Inc.

By: _____

Printed Name: _____

Title: _____

Date: _____

 Caza Petroleum		AUTHORITY FOR EXPENDITURE New Drilling, Recompletion & Re-Entry		AFE Number: 52140 AFE Date: 04/13/2021	
Well Name:	Desert Rose 17-8 Fed #14H	County, State:	Lea, NM	New Drill:	X
Location:	Sec. 17/8 T20S R35E	Field:	WC-025 G-08 S203517M, Upr WC	Recompletion:	X
SHL:	Sec. 17, 190' FSL 2030' FWL	Horizon:	Wolfcamp "Z"	Re-Entry:	X
BHL:	Sec. 8, 2,627' FSL 2,265' FWL	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		3-81	\$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		3-83		
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	3-59	\$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	3-67		\$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		3-85		
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	3-68	\$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
Roustabout Service	1-60	\$9,835	3-78	\$47,376	\$57,211
Water Disposal	1-61	\$6,643			\$6,643
Safety Equipment Rental	1-62		3-58		
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, Flocc)	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		3-09		
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

Page 1

ATTACHMENT D

Caza Petroleum		AUTHORITY FOR EXPENDITURE New Drilling, Recompletion & Re-Entry		AFE Number: 52140	
				AFE Date: 04/13/2021	
Well Name:	Desert Rose 17-8 Fed #14H	County, State:	Lea, NM	New Drill:	X
Location:	Sec. 17/8 T20S R3SE	Field:	WC-025 G-08 S203517M; Upr WC	Recompletion:	
SHL:	Sec. 17, 190' FSL 2,030' FWL	Horizon:	Wolfcamp	Re-Entry:	
BHL:	Sec. 8, 2,627' FSL 2,265' FWL	Projected Depth:	19,530' MD/11,692' TVD	Development:	X
				Exploratory:	
Tangibles Description		Code	Drilling Tangibles	Code	Completion Tangibles
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	4-53	\$13,748
Other Tangible Equipment		2-37	\$9,729		\$9,729
Liner		2-40		4-30	
Tubing				4-58	\$59,696
Packers / Bridge Plugs		2-43		4-55	\$63,344
Whipstock		2-57			
Turnkey Battery Installation				4-01	
Sleeves				4-37	
Meters and Controls				4-38	\$5,816
Tank Containment				4-39	\$15,863
Gas Production Unit				4-40	
In Line Heater				4-41	\$11,633
Gas Measurement Equipment				4-43	
Dehydrator				4-45	
SWD System				4-52	\$26,438
Automation Equipment				4-57	\$26,438
Downhole Equipment				4-59	\$5,816
Treater				4-60	\$21,150
Surface Lift Equipment				4-61	
Rods				4-62	
Electric Sub Pump				4-63	
Flowline and Fittings				4-64	\$42,300
Tankage				4-65	\$52,875
Separator				4-66	\$52,875
Compressors				4-67	\$14,805
Miscellaneous				4-68	\$10,575
Valves, Fittings				4-69	\$37,013
Fencing				4-71	\$5,288
Liner Hanger				4-81	
Gas Pipeline				4-82	\$7,931
Flare System				4-83	\$10,575
Transfer Pump				4-85	\$10,575
Gas Lift Valves and Equipment				4-86	\$14,805
Total Drilling Tangibles			\$847,004		\$509,556
			\$4,257,862		\$6,261,751
					\$10,519,613
Prepared By:		Tony B. Sam & Tony Cook		Date:	3/31/2021
Company Approval:				Date:	
Land:					
COO:					
Acct:					
Pres.:					
Vice Pres.:					
Joint Owner:				Joint Owner Approval:	
By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.					
Agree to decline coverage, provide proof, and hold harmless:					
By:				Date:	

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

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

EXHIBIT 3

Case No. 22047

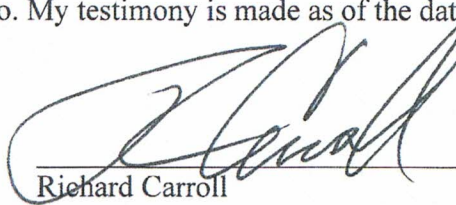
SELF-AFFIRMED STATEMENT OF RICHARD CARROLL

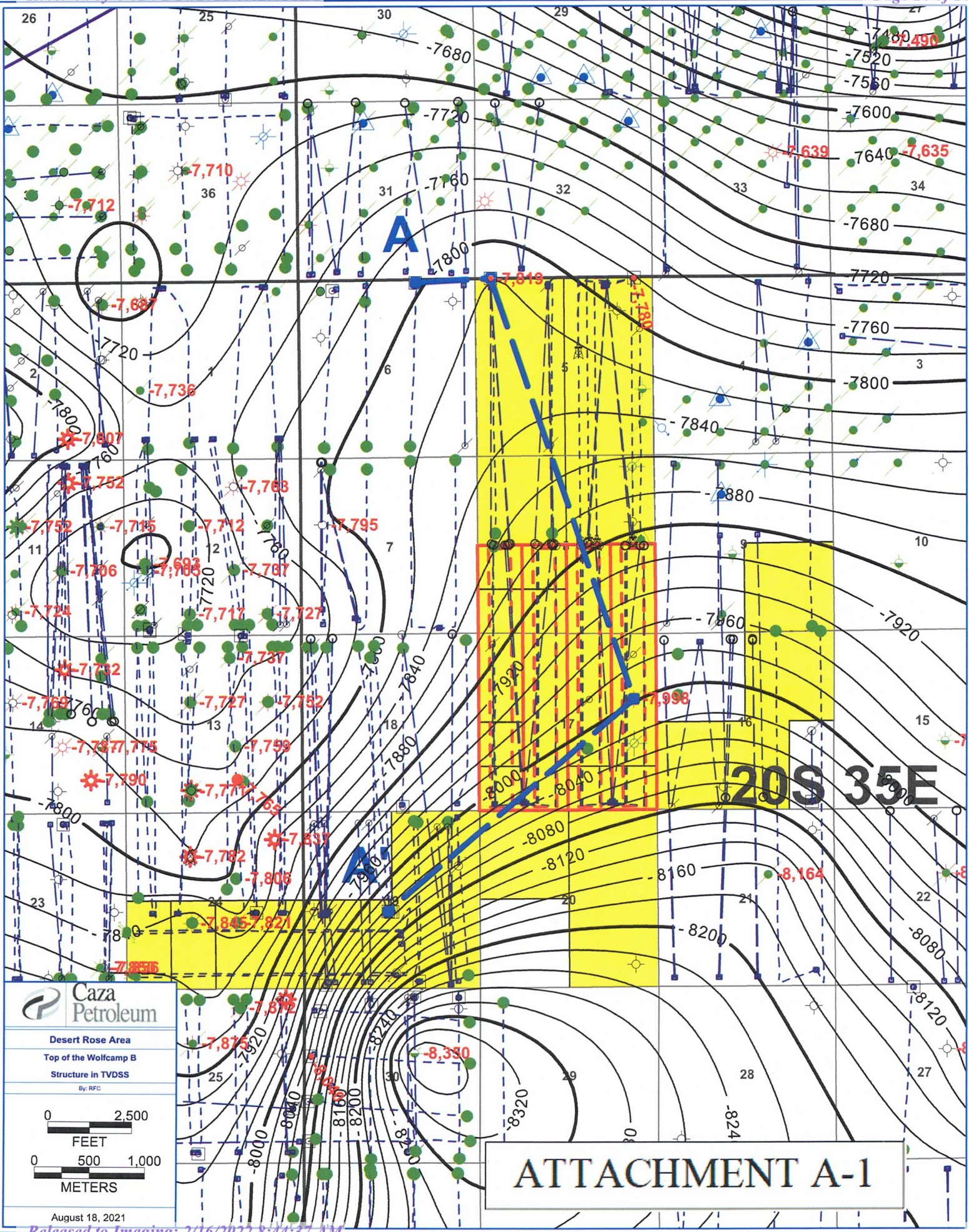
Richard Carroll states the following:

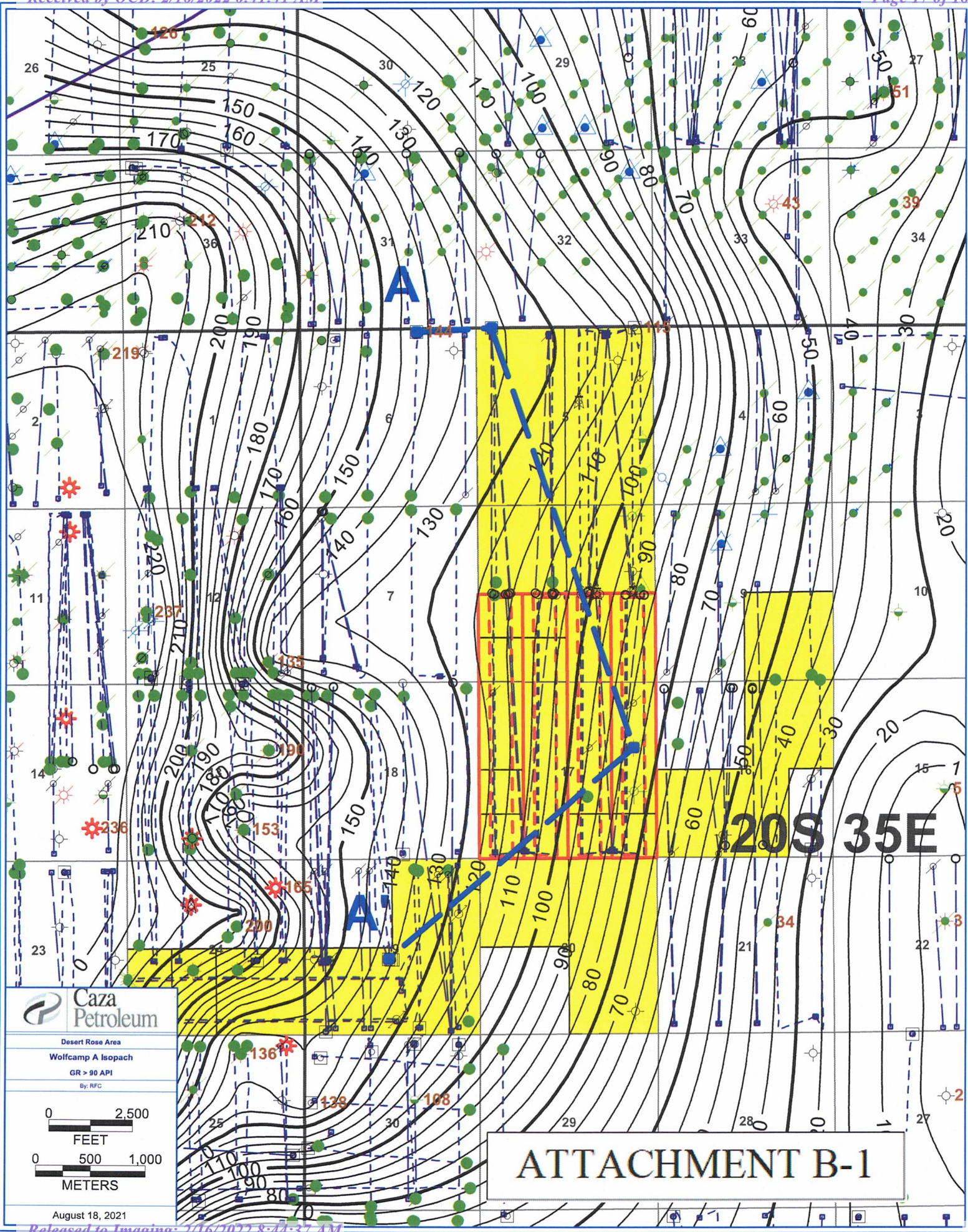
1. I am a geologist for Caza Petroleum, LLC ("Caza"). I have been qualified by the Division as an expert petroleum geologist.
2. The following documents are attached hereto and submitted in support of the compulsory pooling application filed herein:
 - (a) Attachment A is a locator and structure map of the Wolfcamp Sand showing Caza's acreage in this area and the locations of the proposed Bone Spring wells. It shows the structure dips gently up to the north. It also shows a line of cross-section.
 - (b) Attachment B is an isopach of the Wolfcamp Sand, which shows the Wolfcamp thickens to the west across the well units.
 - (c) Attachment C 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 Bone Spring formation in this area. The target zone for the well is the Wolfcamp Sand.
3. I conclude from the documents that:
 - (a) The horizontal spacing units are justified from a geologic standpoint.
 - (b) The target Wolfcamp zone is continuous across the well units.
 - (c) Each quarter section in the units will contribute more or less equally to production from the wells.
 - (d) There is no faulting or other geologic impediment which will affect the drilling of the subject wells.
4. Other Bone Spring wells drilled in this area are drilled with both standup and laydown units. Caza sees no difference in production whether wells are standup or laydown.
5. Attachments F is the horizontal well plan for the Desert Rose 17-8 Federal Com #14H. The producing interval of each well will be orthodox.

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

Date:

10/15/2021
Richard Carroll







ATTACHMENT C-1