

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

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 Commingling)

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>prod</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 25th, 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

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

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

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

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

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

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

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

Production Summary Report

API: 30-025-45307

LENNOX 32 STATE #009H

Printed On: Friday, October 25 2019

		Production					Injection				
Year	Pool	Month	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	0
2019	[52766] ROCK LAKE;BONE SPRING	Jun	23327	31794	45753	26	0	0	0	0	0
2019	[52766] ROCK LAKE;BONE SPRING	Jul	25505	46158	28437	31	0	0	0	0	0
2019	[52766] ROCK LAKE;BONE SPRING	Aug	17340	53707	19241	31	0	0	0	0	0

Production Summary Report

API: 30-025-45308

LENNOX 32 STATE #010H

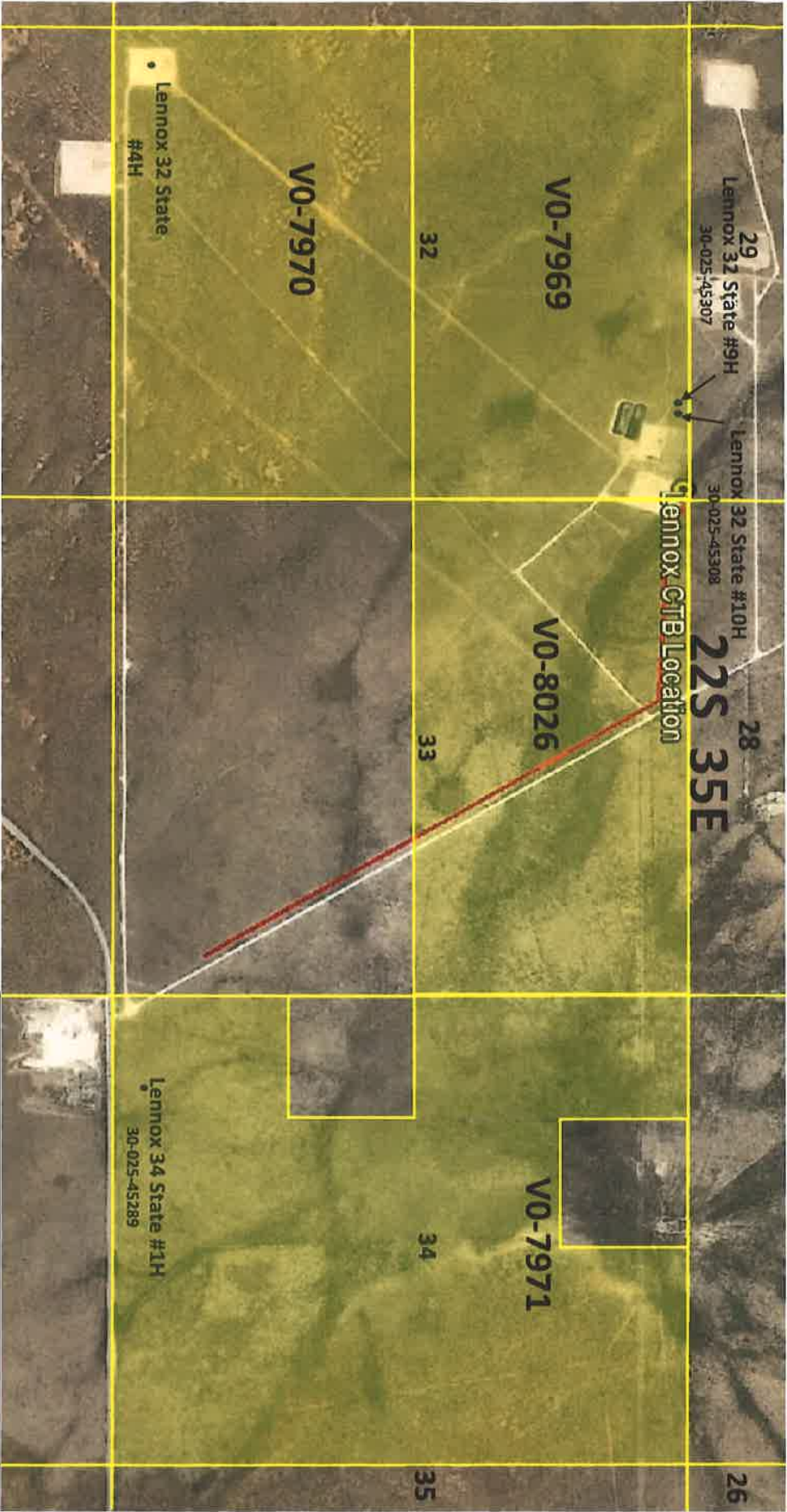
Printed On: Friday, October 25 2019

		Production					Injection				
Year	Pool	Month	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	0
2019	[52766] ROCK LAKE;BONE SPRING	Jul	16540	20104	23399	31	0	0	0	0	0
2019	[52766] ROCK LAKE;BONE SPRING	Aug	12723	22571	15437	31	0	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
	24250	Featherstone; Bone Spring
Property Code	Property Name	Well Number
39019	LENNOX 32 STATE	9H
OGRID No.	Operator Name	Elevation
249099	CAZA OPERATING, LLC	3539'

Surface Location

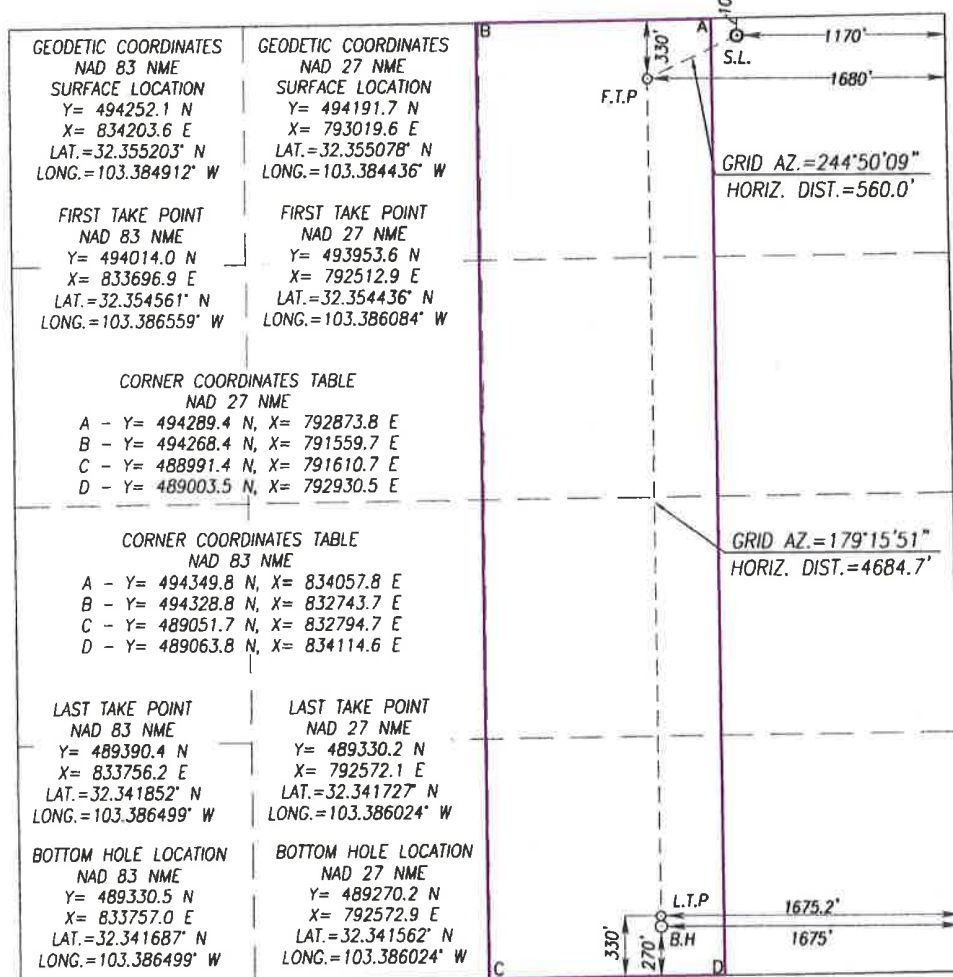
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	22-S	35-E		100	NORTH	1170	EAST	LEA

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	1675	EAST	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



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: 10/29/2018

Steve Morris
Printed Name


seve.morris@morcoreengineering.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.

SEPTEMBER 24, 2018

Date of Survey
Signature & Seal of Professional Surveyor:


Certificate Number: Gary G. Eidson 12641
Ronald J. Eidson 3239
LSL JWSC W.O. 18.11.1066

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 LENNOX 32 STATE	Well Number 10H
OGRID No.	Operator Name CAZA OPERATING, LLC	Elevation 3539'

Surface Location

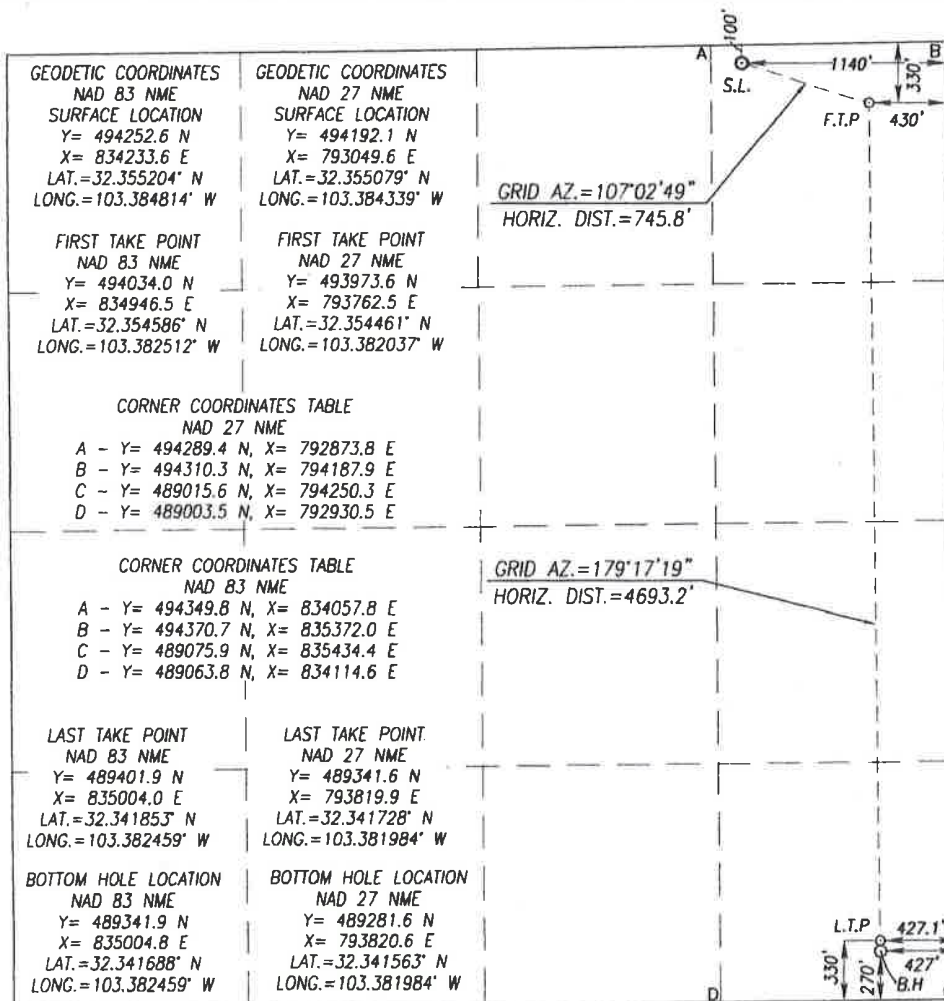
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	22-S	35-E		100	NORTH	1140	EAST	LEA

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.
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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



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

DISTRICT II

811 S. First St., Artesia, NM 88210
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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

DAMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

Surface Location

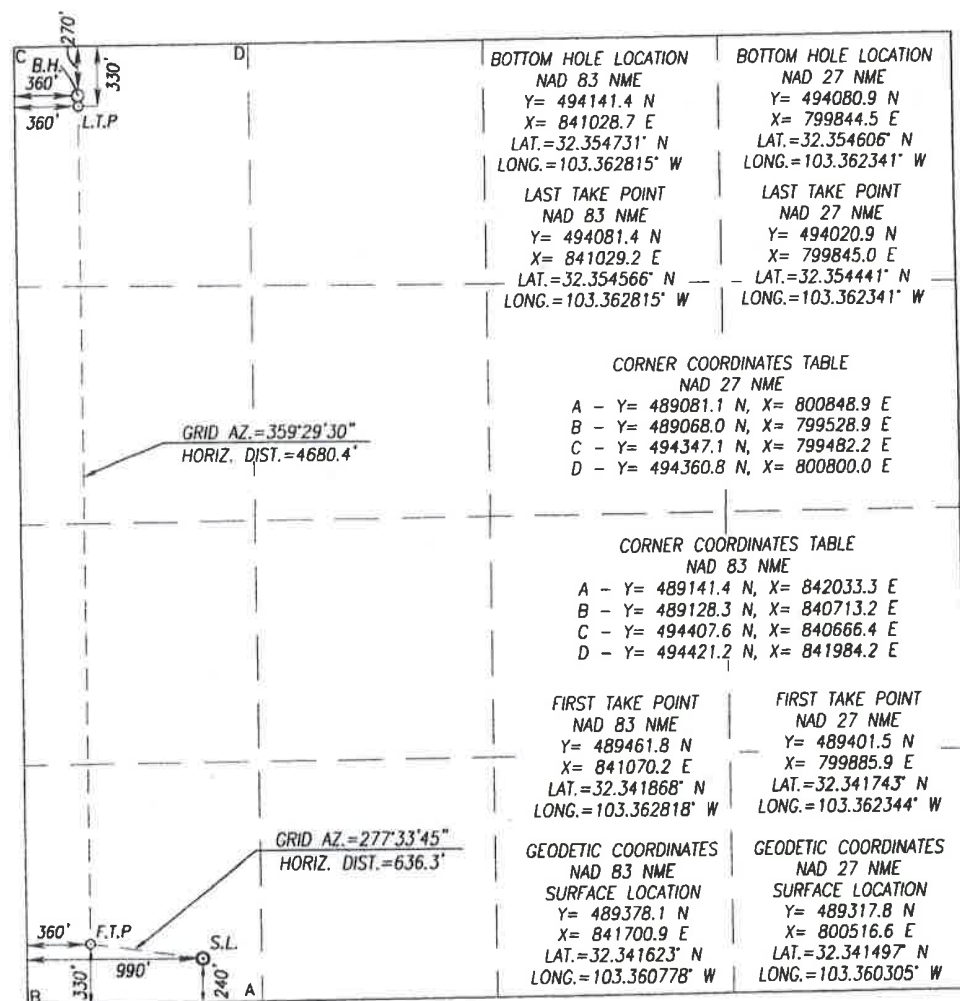
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	22-S	35-E		240	SOUTH	990	WEST	LEA

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