

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF CAZA PETROLEUM, LLC
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

Case No. 15962

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Caza Petroleum, LLC
Four Greenspoint Place
Suite 1430
16945 Northchase Drive
Houston, Texas 77060

Attention: John E. Brown
(281) 363-4442

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
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OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Caza Petroleum, LLC seeks an order approving a non-standard 240-acre spacing and proration unit in the Bone Spring formation comprised of the W/2SW/4 of Section 8 and the W/2W/2 of Section 17, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The non-standard unit will be dedicated to applicant's Desert Rose 17-8 Fed. Com. Well No. 1H, to be horizontally drilled from a surface location in the SW/4SW/4 of Section 17 to a bottom hole location in the NW/4SW/4 of Section 8. The producing interval will be orthodox. Also to be

considered will be the cost of drilling and completing the well 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 well, and a 200% charge for risk involved in drilling the well.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

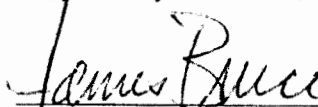
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Jay Brown (landman)	15 min.	Approx. 6
Richard Carroll or Randy Nickerson (geologist)	10 min.	Approx. 4

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Respectfully submitted,



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Attorney for Caza Petroleum, LLC