

**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 COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.**

Case No. 20281

**VERIFIED STATEMENT OF JOHN E. BROWN**

John E. Brown, being duly sworn upon his oath, deposes and states:

1. I am a landman for Caza Petroleum, LLC ("Caza"), and have personal knowledge of the matters set forth herein. I have been qualified by the Division as an expert petroleum landman.

2. Pursuant to Division 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 Bone Spring horizontal spacing unit described below, and in the wells to be drilled in the unit.

(b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells, but have simply failed or refused to voluntarily commit their interests to the wells.

(c) A Form C-102 outlining the unit being pooled is attached hereto as Attachment A. Caza seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 34, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico. The unit will be dedicated to the Lennox 34 State Well No. 1H, with a first take point in the SW/4SW/4 and a final take point in the NW/4NW/4 of Section 34.

There are no depth severances in the Bone Spring formation

(d) The parties being pooled and their interests are set forth in Attachment B. Their current and correct addresses are also set forth. 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.

EXHIBIT 1

- (e) Attachment C is a copy of the proposal letter sent to the working interest owners for the well. In addition to this letter, I have had numerous phone calls and e-mails with the interest owners.
- (f) 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.
- (g) Caza has the right to pool the overriding royalty owners in the well unit.
- (h) 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.
- (i) 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.
- (j) Caza requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (k) Caza requests that Caza Operating, LLC be designated operator of the wells.
- (l) The attachments to this affidavit were prepared by me, or compiled from company business records.
- (m) The granting of this application is in the interests of conservation and the prevention of waste.

VERIFICATION

STATE OF TEXAS

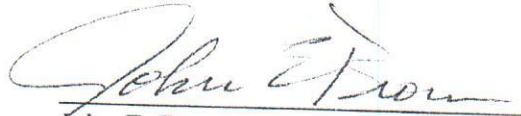
)

) ss.

COUNTY OF HARRIS


)

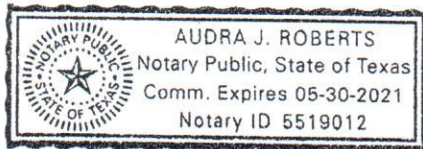
John E. Brown, being duly sworn upon his oath, deposes and states that: He is a landman for Caza Petroleum, LLC; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

  
John E. Brown

SUBSCRIBED AND SWORN TO before me this 6<sup>th</sup> day of March, 2019 by John E. Brown.

My Commission Expires: 5-30-21

  
Notary Public





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

HOBES OCD  
OCT 24 2018  
RECEIVED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION

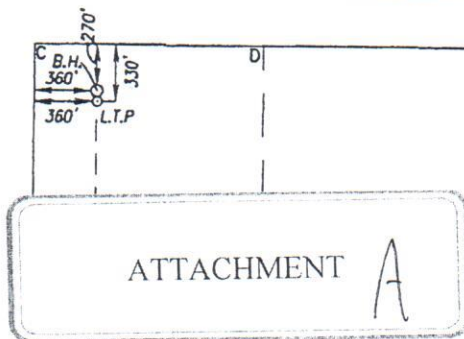
API Number <b>30-024-49289</b>	Pool Code <b>52766</b>	Pool Name <b>Rock Lake; Bone Spring</b>
Property Code <b>322763</b>	Property Name <b>LENNOX 34 STATE</b>	Well Number <b>1H</b>
OGRID No. <b>249099</b>	Operator Name <b>CAZA OPERATING, LLC</b>	Elevation <b>3523'</b>

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

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 <b>160</b>	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



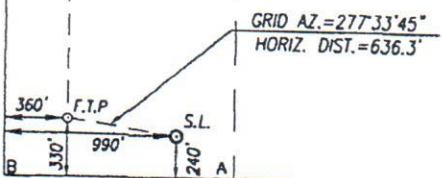
BOTTOM HOLE LOCATION	BOTTOM HOLE LOCATION
NAD 83 NME	NAD 27 NME
Y= 494141.4 N	Y= 494080.9 N
X= 841028.7 E	X= 799844.5 E
LAT.=32.354731° N	LAT.=32.354606° N
LONG.=103.362815° W	LONG.=103.362341° W
LAST TAKE POINT	LAST TAKE POINT
NAD 83 NME	NAD 27 NME
Y= 494081.4 N	Y= 494020.9 N
X= 841029.2 E	X= 799845.0 E
LAT.=32.354566° N	LAT.=32.354441° N
LONG.=103.362815° W	LONG.=103.362341° W

CORNER COORDINATES TABLE
NAD 27 NME
A - Y= 489081.1 N, X= 800848.9 E
B - Y= 489068.0 N, X= 799528.9 E
C - Y= 494347.1 N, X= 799482.2 E
D - Y= 494360.8 N, X= 800800.0 E

CORNER COORDINATES TABLE
NAD 83 NME
A - Y= 489141.4 N, X= 842033.3 E
B - Y= 489128.3 N, X= 840713.2 E
C - Y= 494407.6 N, X= 840666.4 E
D - Y= 494421.2 N, X= 841984.2 E

FIRST TAKE POINT	FIRST TAKE POINT
NAD 83 NME	NAD 27 NME
Y= 489461.8 N	Y= 489401.5 N
X= 841070.2 E	X= 799885.9 E
LAT.=32.341868° N	LAT.=32.341743° N
LONG.=103.362818° W	LONG.=103.362344° W

GEODETIC COORDINATES	GEODETIC COORDINATES
NAD 83 NME	NAD 27 NME
SURFACE LOCATION	SURFACE LOCATION
Y= 489378.1 N	Y= 489317.8 N
X= 841700.9 E	X= 800516.6 E
LAT.=32.341623° N	LAT.=32.341497° N
LONG.=103.360778° W	LONG.=103.360305° W



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  
**10/23/2018**

Printed Name  
**Steve Morris**

E-mail Address  
**steve.morris@morcoreengineering.com**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plot 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.

Date of Survey  
Signature & Seal of Professional Surveyor.

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

LSL  
JWSC W.O.: 18.11.1059

ATTACHMENT **B**

**Gaedeke Holdings VIII, Ltd**  
Attn: Mark Reed  
3710 Rawlings Street, Suite 1100  
Dallas, Texas 75219

**The Allar Company**  
Attn: Jack Graham  
735 Elm Street  
Graham, Texas 76450

**Strategic Energy Income Fund IV, LP**  
Attn: Greg Brown  
2350 North Forest Road  
Arlington, Texas 76011

**Highlands (Texas) Energy Company**  
Attn: Truitt Matthews  
7557 Rambler Rd., Suite 918  
Dallas, Texas 75231

**Chevron U.S.A. Inc.**  
Attn: Ms. Kristin Hunter  
MCBU Land Department  
6301 Deauville Blvd.  
Midland, Texas 79706





VIA FED EX

February 4, 2019

To: All Working Interest Owners  
(See Attached Address List)

Re: **WELL PROPOSAL**  
Lennox 34 State #1H  
Section 34, T22S-R35E  
Lea County, New Mexico

Gentlemen:

Caza Petroleum, LLC ("Caza") hereby proposes to drill the captioned Lennox 34 State #1H ("The Well") as a 1<sup>st</sup> Bone Springs development well at a legal location in Section 34, T22S-R35E, NMPM, Lea County, New Mexico. The Well will be drilled to an approximate total vertical depth of 9,614' and an approximate total measured depth of 14,681'. The surface location for The Well is 240' FSL and 990' FWL with bottom hole location 270' FNL and 360' FWL. The producing area for The Well will be the W/2 of the W/2 of Section 34.

Enclosed is Caza's drill and complete AFE dated January 21, 2019, for The Well estimating the dry hole cost at \$4,434,817 and the total well cost at \$9,747,119. The spud date for The Well is estimated to be around April 1, 2019.

Please make your election below and return the executed well proposal within thirty (30) days from receipt hereof, along with the executed AFE and your well data requirements to the attention of Jeannie Roberts at the letterhead address below via email to [jroberts@cazapetro.com](mailto:jroberts@cazapetro.com) or via facsimile to (281) 363-4454. If you would like to lease your unleased mineral interest, or in some other way support the drilling of The Well, please contact me email me by email at [jbrown@cazapetro.com](mailto:jbrown@cazapetro.com) or by phone at 832-381-3854. Operational questions may be addressed to Tony Sam by email at [tsam@cazapetro.com](mailto:tsam@cazapetro.com) or phone at 832-381-3877

If you have questions or require additional information regarding this proposal, please contact me via email at [jbrown@cazapetro.com](mailto:jbrown@cazapetro.com) or telephone at 832-381-3854.

Very truly yours,  
CAZA PETROLEUM, LLC

John E. Brown, CPL  
Land Manager

[Signature and election page follow]

ATTACHMENT C

February 4, 2019  
Lennox 34 State #1H  
Section 34, T22S-R35E, Lea Co., NM

I/We hereby elect as follows this \_\_\_\_\_ day of February, 2019:

\_\_\_\_\_ Elect to participate in the Lennox 34 State #1H Well, or

\_\_\_\_\_ Elect NOT to participate in the Lennox 34 State #1H Well

Company/Individual

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

February 4, 2019  
Lennox 34 State #1H  
Section 34, T22S-R35E, Lea Co., NM

WORKING INTEREST OWNERS:

WORKING INTEREST

**Caza Petroleum, LLC**  
Attn: Richard Albro  
4 Greenpoint Place, Suite 1430  
16945 Northchase Drive  
Houston, Texas 77060

0.5250000

**Gaedeke Holdings VIII, Ltd**  
Attn: Mark Reed  
3710 Rawlings Street, Suite 1100  
Dallas, Texas 75219

0.07500000

**The Allar Company**  
Attn: Jack Graham  
735 Elm Street  
Graham, Texas 76450

0.07500000

**Strategic Energy Income Fund IV, LP**  
Attn: Greg Brown  
2350 North Forest Road  
Arlington, Texas 76011

0.07237500

**Highlands (Texas) Energy Company**  
Attn: Truitt Matthews  
7557 Rambler Rd., Suite 918  
Dallas, Texas 75231

0.00262500

**Chevron U.S.A. Inc.**  
Attn: Ms. Kristin Hunter  
MCBU Land Department  
6301 Deauville Blvd.  
Midland, Texas 79706

0.25000000

---

Total

100.00000000





**Caza  
Petroleum**

**AUTHORITY FOR EXPENDITURE**  
New Drilling, Recompletion & Re-Entry

AFE Number:

AFE Date:

1/2019

Well Name:	Lennox 34 State # 1H	County, State:	Lea, New Mexico	New Drill	<input checked="" type="checkbox"/>	Oil
Location:	Sect 34 T22S - R35E	Field:	Rock Lake; Bone Spring	Recompletion	<input type="checkbox"/>	Gas
SHL:	240'FSL 990'FWL Sec 34	Horizon	1st Bone Spring	Re-Entry	<input type="checkbox"/>	Injector
BHL:	270'FNL 360'FWL Sec 34	Projected Depth:	9,614'TVD -14,681'MD	Development	<input checked="" type="checkbox"/>	Exploratory

Intangibles Description	Code	Drilling Intangibles	Code	Completion Intangible	Total Cost
Permits and Signs	1-01	\$7,931			\$7,931
Damages	1-02		3-02	\$17,449	\$17,449
Road/Pipeline Easement and ROW	1-03		3-49		
Location and Roads	1-04	\$151,540	3-76	\$6,874	\$158,414
Pits and Liner	1-05	\$49,914	3-74		\$49,914
Spill Clean up and Restoration	1-06		3-61	\$26,438	\$26,438
Drilling Turnkey	1-07				
Drilling Footage	1-08				
Drilling Daywork	1-09	\$606,281	3-39		\$606,281
Bits	1-10	\$47,588	3-80	\$5,288	\$52,875
Transport Rig In and Out	1-11	\$216,788			\$216,788
Well Testing Equipment/ Flowback			3-40	\$59,643	\$59,643
Coring	1-13				
Mud Logging	1-14	\$34,893			\$34,893
Overhead Engineering Planning/ Well	1-83	\$5,711	3-04		\$5,711
Water	1-16	\$77,256	3-72	\$471,909	\$549,166
Fuel	1-17	\$185,070	3-46	\$294,043	\$479,113
Mud and Chemicals	1-18	\$195,638	3-71	\$134,831	\$330,469
Pipe Inspection and Tests	1-19	\$19,249	3-58	\$10,657	\$29,905
Rental Equipment	1-20	\$72,596	3-47		\$72,596
Casing Crew Surface	1-21	\$6,345			\$6,345
Welding	1-22	\$8,989	3-77	\$26,438	\$35,426
Surface Hole Cement	1-23	\$18,509			\$18,509
Directional Drilling	1-24	\$503,651			\$503,651
Engineering Supervisor	1-25	\$53,355			\$53,355
Geological Supervisors	1-26	\$4,759			\$4,759
Insurance	1-27	\$7,763	3-47		\$7,763
Consultants	1-28	\$140,723	3-52	\$64,719	\$205,442
Miscellaneous	1-29	\$6,345	3-90		\$6,345
Equipment Repairs	1-30		3-20		
Plugging/ Whipstock Plug	1-31	\$23,265	3-85		\$23,265
Survey and Stake Location	1-32	\$8,460	3-63		\$8,460
Cement Intermediate Casing	1-33	\$39,763			\$39,763
Special Services	1-34		3-06		
Title Curative	1-35	\$11,633	3-34		\$11,633
Wireline	1-36	\$15,499	3-43	\$175,016	\$190,515
Contingency 10%	1-37	\$357,739	3-31	\$450,623	\$808,362
Fishing Service	1-38		3-05		
Forklift	1-39	\$5,836	3-66	\$13,483	\$19,319
Fishing Equipment	1-40		3-06		
OCD Hearings	1-41				
Title Opinion	1-42		3-35		
Whipstock Service	1-43		3-07		
Completion Unit			3-38	\$23,794	\$23,794
Closed Loop System	1-45	\$74,741	3-09		\$74,741
Unitization - Geological	1-46		3-10		
Unitization - Legal	1-47		3-11	\$10,575	\$10,575
Whipstock Service	1-43				
Casing Crew Intermediate	1-49	\$8,460			\$8,460
Casing Crew Production	1-50	\$15,863	3-73		\$15,863
Water Well	1-51				
Arch Survey	1-52		3-80		
Swab Unit/ Snubbing Unit			3-01	\$23,794	\$23,794
Perforating	1-54		3-42		
BOPE Testing	1-55	\$20,727	3-55		\$20,727
Contract Service and Equipment	1-56	\$43,540	3-70	\$120,555	\$164,095
Telecommunications	1-84	\$7,836	3-82	\$286	\$8,122
Repairs - Labor and Material	1-58		3-87		
Potable Water	1-96	\$15,006	3-08		\$15,006
Roustabout Service	1-60		3-76	\$148,896	\$148,896
Water Disposal	1-61		3-45	\$105,750	\$105,750
Safety Equipment Rental	1-62		3-50		
Onsite Housing	1-63	\$26,444	3-48	\$2,876	\$29,320
Waterline Rental	1-64		3-12	\$111,038	\$111,038
Mud Disposal	1-65	\$89,114	3-13	\$105,750	\$194,864
Downhole Rental Equipment	1-66		3-96	\$26,966	\$26,966
Surface Rental Equipment	1-67	\$103,487	3-03	\$48,116	\$151,604
Mud Cleaning Equipment (Centrifuge, Floc)	1-68	\$137,475	3-14		\$137,475
Cement Liner/Production Casing	1-69	\$81,084	3-37		\$81,084
Transportation/ Trucking	1-70	\$35,955	3-63	\$17,015	\$52,970
Abstract	1-71		3-33		
Light Towers and Generators	1-72	\$6,002	3-15	\$8,090	\$14,092
Frac Tank Rental	1-74	\$5,749	3-21	\$17,449	\$23,198
Coil Tubing Unit			3-85		
Hydrotesting			3-88		
Reverse Unit			3-17	\$18,506	\$18,506
Tubing Rental/ Repairs			3-18		
Manlift	1-48		3-48	\$12,690	\$12,690
Pressure Control			3-19	\$48,116	\$48,116
Crane or Mast Truck	1-44		3-79		
Cement Squeeze	1-53		3-16		
Laydown Truck	1-80		3-89		
Pumping Service	1-81		3-68		
Stimulation	1-86		3-45	\$1,801,261	\$1,801,261
Acidization			3-44	\$12,690	\$12,690
Float Equipment	1-81	\$39,614	3-91		\$39,614
Legal and Professional Service	1-92		3-92	\$10,575	\$10,575
Chemicals and Treating			3-61	\$132,188	\$132,188
Completion Fluids			3-62	\$37,013	\$37,013
<b>Total Intangibles</b>		<b>\$3,594,182</b>		<b>\$4,601,397</b>	<b>\$8,195,579</b>

ATTACHMENT D



**AUTHORITY FOR EXPENDITURE**  
New Drilling, Recompletion & Re-Entry

AFE Number:

AFE Date: 01/21/19

Well Name:	Lennox 34 State # 1H	County, State:	Lea, New Mexico	New Drill:	<input checked="" type="checkbox"/>	Oil
Location:	Sect 34 T22S - R35E	Field:	Rock Lake, Bone Spring	Recompletion:	<input type="checkbox"/>	Gas
SHL:	240' FSL 990' FWL Sec 34	Horizon:	1st Bone Spring	Re-Entry:	<input type="checkbox"/>	Injector
BHL:	270' FNL 360' FWL Sec 34	Projected Depth:	9,614 TVD - 14,681' MD	Development:	<input checked="" type="checkbox"/>	Exploratory

Tangibles Description	Code	Drilling Tangibles	Code	Completion Tangibles	Total Cost
Production Casing	2-31	\$406,759	4-56		\$406,759
Conductor	2-32	\$8,502			\$8,502
Surface Casing	2-33	\$83,476			\$83,476
Intermediate Casing	2-34	\$239,850			\$239,850
Tubing			4-58	\$120,872	\$120,872
Well Head	2-36	\$33,311	4-53		\$33,311
Other Tangible Equipment	2-37				
Liner	2-40		4-80		
Packers/ Bridge Plugs	2-43		4-55	\$61,071	\$61,071
Whipstock	2-57	\$68,738	4-57		\$68,738
Couplings and Fittings	2-81		4-69	\$118,969	\$118,969
Turnkey Battery Installation			4-01		
Scab Liner			4-35		
Labor Construction			4-36	\$5,288	\$5,288
Sleeves			4-37		
Meter Station			4-38	\$5,816	\$5,816
Tank Containment			4-39	\$37,013	\$37,013
Gas Production Unit			4-40		
In Line Heater			4-41	\$11,633	\$11,633
Tubing Subs			4-42		
Gas Measurement Equipment			4-43		
Dehydrator			4-45		
SWD System			4-52	\$26,438	\$26,438
Tree, Tubing Wellhead Assembly			4-54	\$7,931	\$7,931
Downhole Equipment			4-59	\$5,816	\$5,816
Rods			4-62		
Pumping Unit			4-61		
Treater			4-60	\$11,685	\$11,685
Flowline and Fittings			4-64	\$10,575	\$10,575
Tankage			4-65	\$174,488	\$174,488
Separator			4-66	\$11,685	\$11,685
Downhole Pump			4-63		
Gas Lift			4-66	\$10,681	\$10,681
Compressors			4-67	\$14,805	\$14,805
Miscellaneous			4-68	\$10,575	\$10,575
Fencing			4-71	\$5,816	\$5,816
Gas Pipeline			4-82	\$2,644	\$2,644
Flare System			4-83	\$14,805	\$14,805
Transfer Pump			4-81	\$10,575	\$10,575
Liner Hanger			4-70	\$31,725	\$31,725
Meters and Controls					
<b>Total Drilling Tangibles</b>		<b>\$840,636</b>		<b>\$710,904</b>	<b>\$1,551,540</b>
Prepared By: Tony B. Sam		\$4,434,817		\$5,312,302	\$9,747,119

Date:

**CAZA APPROVAL**

Land: \_\_\_\_\_  
COO: \_\_\_\_\_  
Acct: \_\_\_\_\_  
Pres.: \_\_\_\_\_

Joint Owner Interest: \_\_\_\_\_

Joint Owner Name: \_\_\_\_\_

Joint Owner Amount: \_\_\_\_\_

Joint Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

By execution of this AFE, the Joint Owner agrees to be covered by Operator's well control insurance and agrees 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 from any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

**INSURANCE: JOINT OWNER DECLINES OPERATOR'S COVERAGE AND AGREES TO PROVIDE PROOF OF INSURANCE AND TO HOLD OPERATOR HARMLESS.**

By: \_\_\_\_\_

Date: \_\_\_\_\_



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

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

Case No. 20281

AFFIDAVIT OF NOTICE

COUNTY OF SANTA FE     )  
                                      ) ss.  
STATE OF NEW MEXICO    )

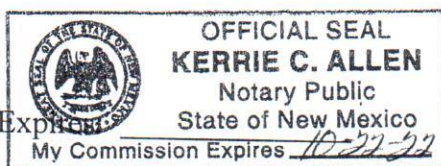
James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Caza Petroleum, LLC.
3. Caza Petroleum, LLC has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Regulations.

  
James Bruce

SUBSCRIBED AND SWORN TO before me this 6<sup>th</sup> day of March, 2019 by James Bruce.

My Commission Expires



  
Notary Public

EXHIBIT 2



JAMES BRUCE  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

February 15, 2019

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

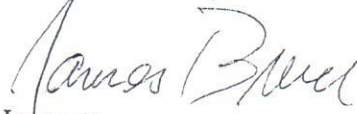
Ladies and gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Caza Petroleum, LLC, regarding a Bone Spring well the W½W½ of Section 34, Township 22 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, March 7, 2019, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting the matter at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, February 28, 2019. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,



James Bruce

Attorney for Caza Petroleum, LLC

ATTACHMENT

A

Exhibit A

**Gaedeke Holdings VIII, Ltd**  
Attn: Mark Reed  
3710 Rawlings Street, Suite 1100  
Dallas, Texas 75219

**The Allar Company**  
Attn: Jack Graham  
735 Elm Street  
Graham, Texas 76450

**Strategic Energy Income Fund IV, LP**  
Attn: Greg Brown  
2350 North Forest Road  
Arlington, Texas 76011

**Highlands (Texas) Energy Company**  
Attn: Truitt Matthews  
7557 Rambler Rd., Suite 918  
Dallas, Texas 75231

**Chevron U.S.A. Inc.**  
Attn: Ms. Kristin Hunter  
MCBU Land Department  
6301 Deauville Blvd.  
Midland, Texas 79706



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Gaedeke Holdings VIII, Ltd  
Attn: Mark Reed  
3710 Rawlings Street, Suite 1100  
Dallas, Texas 75219



9590 9402 4368 8190 0163 27

2. Article # 7018 2290 0000 3423 1534 (over \$500)

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

021

**U.S. Postal Service™  
CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)  
☐ Return Receipt (hardcopy) \$  
☐ Return Receipt (electronic) \$  
☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
☐ Adult Signature Restricted Delivery \$  
 Postage \$

Postmark  
Here

Total Postage and Fees \$  
 Sent To \$  
 Attn: Mark Reed  
 3710 Rawlings Street, Suite 1100  
 Dallas, Texas 75219  
 City, State, ZIP+4®

See Reverse for Instructions

PS Form 3800, April 2015 PSN 7530-02-000-9047

**COMPLETE THIS SECTION ON DELIVERY**

- A. Signature ☒ Agent ☐ Addressee
- B. Received by (Printed Name) 2/19/18 C. Date of Delivery 2/19/18
- D. Is delivery address different from item 1? ☐ Yes ☐ No  
 If YES, enter delivery address below:

3. Service Type  
☐ Priority Mail Express®  
☐ Registered Mail™  
☐ Registered Mail Restricted Delivery  
☐ Certified Mail®  
☐ Certified Mail Restricted Delivery  
☐ Collect on Delivery  
☐ Signature Confirmation™  
☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

021

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Chevron U.S.A. Inc.  
 Attn: Ms. Kristin Hunter  
 MCBU Land Department  
 6301 Deauville Blvd.  
 Midland, Texas 79706



9590 9402 4368 8190 0162 80

2. Article #

7018 2290 0000 3423 1497 (over \$500)

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

021

**U.S. Postal Service™  
CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)  
☐ Return Receipt (hardcopy) \$  
☐ Return Receipt (electronic) \$  
☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
☐ Adult Signature Restricted Delivery \$  
 Postage \$

Postmark  
Here

Total Postage and Fees \$  
 Sent To \$  
 Attn: Ms. Kristin Hunter  
 MCBU Land Department  
 6301 Deauville Blvd.  
 Midland, Texas 79706  
 City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

**COMPLETE THIS SECTION ON DELIVERY**

- A. Signature ☒ Agent ☐ Addressee
- B. Received by (Printed Name) Diana Tadlock C. Date of Delivery
- D. Is delivery address different from item 1? ☐ Yes ☐ No  
 If YES, enter delivery address below:

3. Service Type  
☐ Priority Mail Express®  
☐ Registered Mail™  
☐ Registered Mail Restricted Delivery  
☐ Certified Mail®  
☐ Certified Mail Restricted Delivery  
☐ Collect on Delivery  
☐ Signature Confirmation™  
☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

021



**U.S. Postal Service™  
CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Certified Mail Fee \$  
Extra Services & Fees (check box, add fee as appropriate)  
☐ Return Receipt (hardcopy) \$  
☐ Return Receipt (electronic) \$  
☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
☐ Adult Signature Restricted Delivery \$  
 Postage \$

Total Postage and Fees \$  
 Sent To The Allar Company  
 Attn: Jack Graham  
 735 Elm Street  
 Street and Apt. No., or PO Graham, Texas 76450  
 City, State, ZIP+4®

Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**U.S. Postal Service™  
CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Certified Mail Fee \$  
Extra Services & Fees (check box, add fee as appropriate)  
☐ Return Receipt (hardcopy) \$  
☐ Return Receipt (electronic) \$  
☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
☐ Adult Signature Restricted Delivery \$  
 Postage \$

Total Postage and Fees \$  
 Sent To The Allar Company  
 Attn: Jack Graham  
 735 Elm Street  
 Street and Apt. No., or PO Graham, Texas 76450  
 City, State, ZIP+4®

Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**U.S. Postal Service™  
CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Certified Mail Fee \$  
Extra Services & Fees (check box, add fee as appropriate)  
☐ Return Receipt (hardcopy) \$  
☐ Return Receipt (electronic) \$  
☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
☐ Adult Signature Restricted Delivery \$  
 Postage \$

Total Postage and Fees \$  
 Sent To Highlands (Texas) Energy Company  
 Attn: Truitt Matthews  
 7557 Rambler Rd., Suite 918  
 Street and Apt. No., or PO Dallas, Texas 75231  
 City, State, ZIP+4®

Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**U.S. Postal Service™  
CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Certified Mail Fee \$  
Extra Services & Fees (check box, add fee as appropriate)  
☐ Return Receipt (hardcopy) \$  
☐ Return Receipt (electronic) \$  
☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
☐ Adult Signature Restricted Delivery \$  
 Postage \$

Total Postage and Fees \$  
 Sent To Highlands (Texas) Energy Company  
 Attn: Truitt Matthews  
 7557 Rambler Rd., Suite 918  
 Street and Apt. No., or PO Dallas, Texas 75231  
 City, State, ZIP+4®

Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

2251 2243 0000 0622 8702

2018 2290 0000 3423 1503

Domestic Return Receipt

PS Form 3811, July 2015 PSN 7530-02-000-9053

CZ 1

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Allar Company  
Attn: Jack Graham  
735 Elm Street  
Graham, Texas 76450



9590 9402 4368 8190 0163 10

2. Article Number (Transit)

7018 2290 0000

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

- A. Signature ☒ Agent ☐ Addressee
- B. Received by (Printed Name) Kenné Unkart C. Date of Delivery 2/19/19
- D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

- 3. Service Type
  - ☐ Adult Signature
  - ☐ Adult Signature Restricted Delivery
  - ☒ Certified Mail®
  - ☐ Certified Mail Restricted Delivery
  - ☐ Priority Mail Express®
  - ☐ Registered Mail™
  - ☐ Registered Mail Restricted Delivery
  - ☐ Return Receipt for Merchandise
  - ☐ Signature Confirmation™
  - ☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

PS Form 3811, July 2015 PSN 7530-02-000-9053

CZ 1

U.S. Postal Service<sup>TM</sup>  
**CERTIFIED MAIL<sup>®</sup> RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Certified Mail Fee	\$	
Extra Services & Fees (check box, add fee as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$	
<input type="checkbox"/> Return Receipt (electronic)	\$	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	
Postage	\$	
Total Postage and Fees	\$	
Sent To	Strategic Energy Income Fund IV, LP	
Attn:	Greg Brown	
Street and Apt. No.	2350 North Forest Road	
City, State, ZIP+4 <sup>®</sup>	Arlington, Texas 76011	

Postmark  
Here



# Advertising Invoice

Hobbs Daily News Sun

201 N Thorp  
P. O. Box 850  
Hobbs, NM 88241

Phone: 575-393-2123

Fax: 575-397-0610

URL: www.hobbsnews.com

1

JAMES BRUCE  
JAMES BRUCE, ATTORNEY AT LAW  
P.O. BOX 1056  
SANTA FE, NM 87504

Customer #: 01101711  
Phone: (505)982-2043  
Date: 02/19/2019  
Ad #: 00224737  
Salesperson: HA Ad Taker: YC

Class: 671

Sort Line: 33756 CAZA #1

Ad Notes: 33756 CAZA #1  
Per James Bruce

## Description

	Amount
AFF2 Affidavits (Legals)	
BOLD bold	6.25
	1.00
07 07 Daily News-Sun 2019-02-20	3.46
	43.56

EXHIBIT *3*

## Ad Text:

LEGAL NOTICE  
FEBRUARY 20, 2019

## Payment Reference:

null

To: Gaedeke Holdings VIII Ltd., The Allar Company, Strategic Energy Income Fund IV LP, Highlands (Texas) Energy Company, and Chevron U.S.A. Inc., or your successors or assigns: Caza Petroleum, LLC has filed an application with the New Mexico Oil Conservation Division seeking an order pooling the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 34, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico. The unit will be dedicated to the Lennox 34 State Well No. 1H, with a first take point in the SW/4SW/4 and a final take point

Total: 50.81  
Tax: 3.46  
Net: 54.27  
Prepaid: null

Total Due 54.27



LEGAL NOTICE  
FEBRUARY 20, 2019

To: Gaedeke Holdings VIII Ltd., The Allar Company, Strategic Energy Income Fund IV LP, Highlands (Texas) Energy Company, and Chevron U.S.A. Inc., or your successors or assigns: Caza Petroleum, LLC has filed an application with the New Mexico Oil Conservation Division seeking an order pooling the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 34, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico. The unit will be dedicated to the Lennox 34 State Well No. 1H, with a first take point in the SW/4SW/4 and a final take point in the NW/4NW/4 of Section 34. 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 and completing the well. The application is scheduled to be heard at 8:15 a.m. on March 7, 2019 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date. The attorney for applicant is James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504. The unit is located approximately 13-1/2 miles southwest of Eunice, New Mexico.

#33756