

**MONTGOMERY
& ANDREWS**
LAW FIRM

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April 26, 2016

HAND-DELIVERY

Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Case 15491

RECEIVED OCP
2016 APR 26 12 31 38

**Re: Application of Caza Petroleum, Inc. for Compulsory Pooling and
Approval of an Unorthodox Well Location, Eddy County, New Mexico**

Dear Ms. Davidson:

Enclosed please find for filing the original and one copy of an Application regarding the above matter. Also enclosed is the proposed advertisement. Please set this matter for hearing on the May 26, 2016 examiner docket.

Thank you.

Very truly yours,

J. Scott Hall

Enclosures

cc: Jay Brown (via email, w/encls.)

REPLY TO:

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

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**APPLICATION OF CAZA PETROLEUM,
INC. FOR COMPULSORY POOLING AND
APPROVAL OF AN UNORTHODOX WELL
LOCATION, EDDY COUNTY, NEW MEXICO.**

Case No. 15491

APPLICATION

Caza Petroleum, Inc. applies for an order pooling all mineral interests in the Wolfcamp formation underlying the W $\frac{1}{2}$ of Section 13, Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and approving an unorthodox well location, and in support thereof, states:

1. Applicant is an operator in the W $\frac{1}{2}$ of Section 13, and has the right to drill a well thereon.
2. Applicant proposes to drill its Mad River 13 State Well No. 1H to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate the well to the W $\frac{1}{2}$ of Section 13 to form a standard 320 acre spacing and proration unit in the Wolfcamp formation within that vertical extent. The well is a horizontal well, with a surface location approximately 330 feet from the south line and 2310 feet from the west line, and a terminus 330 feet from the north line and 1980 feet from the west line of Section 13. The producing interval will be unorthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 13 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 well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

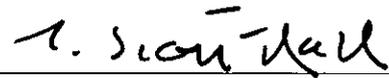
Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 13, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 13, and approval of the unorthodox well location, 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 the W½ of Section 13;
- B. Approving the unorthodox well location;
- C. Designating Caza Operating, LLC as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



J. Scott Hall
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Santa Fe, NM 87504-2307
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Attorney for Caza Petroleum, Inc.

Case No. 15491: Application of Caza Petroleum, Inc. for Compulsory Pooling and Approval of an Unorthodox Well Location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 13, Township 24 South, Range 27 East, N.M.P.M., for all pools or formations developed on 320 acre spacing within that vertical extent. The unit will be dedicated to Applicants proposed Mad River 13 State Well No. 1H to be drilled at an unorthodox location approximately 330 feet from the south line and 2310 feet from the west line (surface) to 330 feet from the north line and 1980 feet from the west line (terminus) of Section 13. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Caza Petroleum, Inc. as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately four miles west of Malaga, New Mexico.