

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

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

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

**Case No. 15437 (*de novo*)
Order No. R-14191**

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Caza Petroleum, LLC
Four Greenspoint Place
Suite 1430
19945 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

OPPONENT

Legacy Reserves LP

COG Operating LLC

OPPONENT'S ATTORNEY

Gary W. Larson

Ocean Munds-Dry

STATEMENT OF THE CASE

APPLICANT

Caza Petroleum, Inc. seeks an order approving a non-standard 160-acre spacing and proration unit in the Bone Spring formation comprised of the W/2W/2 of Section 19, 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 is to be dedicated to applicant's Igloo 19 State Well No. 7H, to be horizontally drilled from a surface location in the SW/4SW/4, to a standard bottom hole location in the NW/4NW/4, of Section 19. 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.

Section 19 is comprised of two state leases, one covering the NW/4 (owned by Legacy), and one covering the E/2 and SW/4 (owned by Caza and its working interest partners). Due to previous development in the area, if Caza's application is not granted the SW/4 will not be drilled because only 80 acre horizontal Bone Spring wells could be drilled, and they are not economical. If this occurs hundreds of thousands of barrels of reserves in the SW/4 will be wasted.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Jay Brown (landman)	20 min.	Approx. 10
Richard Carroll (geologist)	50 min.	Approx. 20
Tony Sam (operations manager)	25 min.	Approx. 6
Rich Albro (landman - possible witness)	15 min.	
Randy Nickerson (geophysicist - possible witness)	25 min.	

OPPONENT

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

-None-

Respectfully submitted,



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Attorney for Caza Petroleum, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 2nd day of November, 2016 by e-mail:

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James Bruce