

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20281

APPLICATION

Caza Petroleum, LLC applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the $W\frac{1}{2}W\frac{1}{2}$ of Section 34, Township 22 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in of the $W\frac{1}{2}W\frac{1}{2}$ of Section 34, and has the right to drill a well thereon.

2. Applicant proposes to drill its Lennox 34 State Well No. 1H to a depth sufficient to test the Bone Spring formation, and dedicate the $W\frac{1}{2}W\frac{1}{2}$ of Section 34 to the well. The well has a first take point in the $SW\frac{1}{4}SW\frac{1}{4}$ and a final take point in the $NW\frac{1}{4}NW\frac{1}{4}$ of Section 34.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the $W\frac{1}{2}W\frac{1}{2}$ of Section 34 for the purposes set forth herein.

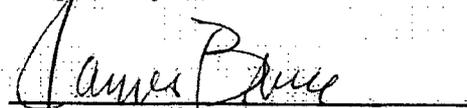
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the $W\frac{1}{2}W\frac{1}{2}$ of Section 34 pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the W $\frac{1}{2}$ W $\frac{1}{2}$ of Section 34 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 Bone Spring formation underlying the W $\frac{1}{2}$ W $\frac{1}{2}$ of Section 34;
- B. Designating Caza Operating, LLC as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. 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,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Caza Petroleum, LLC

Proposed Advertisement

Case 20281 :

Application of Caza Petroleum, LLC for compulsory pooling, Lea County, New Mexico. Caza Petroleum, LLC 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. 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 applicant as operator of the well, and a 200% charge for risk involved in drilling the well. The unit is located approximately 13-1/2 miles southwest of Eunice, New Mexico.

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