

**JAMES BRUCE**  
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2017 APR 25 P 1:00

April 25, 2017

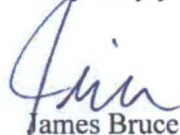
*Case 15700*

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

Dear Florene:

Enclosed for filing, on behalf of Caza Petroleum, LLC, are an application for a non-standard oil spacing and proration unit and compulsory pooling, together with a proposed advertisement. Please set the application for the May 25, 2017 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Caza Petroleum, LLC

Exhibit A

EOG Resources, Inc.  
P.O. Box 2267  
Midland, Texas 79702

Chevron U.S.A. Inc.  
6301 Deauville Boulevard  
Midland, Texas 79706

Attention: Permitting Team

Devon Energy Production Company, L.P.  
333 West Sheridan Avenue  
Oklahoma City, Oklahoma 73102

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2017 APR 25 P 1:00

Case No. 15700

APPLICATION

Caza Petroleum, LLC applies for an order (i) creating a non-standard 281.10-acre oil spacing and proration unit in the Bone Spring formation underlying Lot 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$ , and W $\frac{1}{2}$ SW $\frac{1}{4}$  (the W $\frac{1}{2}$ W $\frac{1}{2}$ ) of Section 5 and the W $\frac{1}{2}$ NW $\frac{1}{4}$  and NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in portions of the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 5 and the W $\frac{1}{2}$ NW $\frac{1}{4}$  and NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8, and has the right to drill a well thereon.
2. Applicant proposes to drill its Eagleclaw 5 Fed. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the well to the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 5 and the W $\frac{1}{2}$ NW $\frac{1}{4}$  and NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8 to form a non-standard 281.10 acre oil spacing and proration unit in the Bone Spring formation. The well is a horizontal well, with a surface location in Lot 4 of Section 5, and a terminus in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8. The producing interval will be orthodox.
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 5 and the W $\frac{1}{2}$ NW $\frac{1}{4}$  and NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8 for the purposes set forth herein.

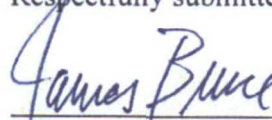
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the  $W\frac{1}{2}W\frac{1}{2}$  of Section 5 and the  $W\frac{1}{2}NW\frac{1}{4}$  and  $NW\frac{1}{4}SW\frac{1}{4}$  of Section 8 pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard spacing and proration unit, and the pooling of all mineral interests underlying the  $W\frac{1}{2}W\frac{1}{2}$  of Section 5 and the  $W\frac{1}{2}NW\frac{1}{4}$  and  $NW\frac{1}{4}SW\frac{1}{4}$  of Section 8, 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. Approving a non-standard oil spacing and formation unit in the Bone Spring formation comprised of the  $W\frac{1}{2}W\frac{1}{2}$  of Section 5 and the  $W\frac{1}{2}NW\frac{1}{4}$  and  $NW\frac{1}{4}SW\frac{1}{4}$  of Section 8;
- B. Pooling all mineral interests in the Bone Spring formation underlying the  $W\frac{1}{2}W\frac{1}{2}$  of Section 5 and the  $W\frac{1}{2}NW\frac{1}{4}$  and  $NW\frac{1}{4}SW\frac{1}{4}$  of Section 8;
- 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,

A handwritten signature in blue ink that reads "James Bruce". The signature is written in a cursive style with a large, stylized "J" and "B".

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

Attorney for Caza Petroleum, LLC

Proposed Advertisement

Case 15700 :

***Application of Caza Petroleum, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.*** Caza Petroleum, LLC seeks an order approving a non-standard 281.10-acre spacing and proration unit in the Bone Spring formation comprised of Lot 4, SW/4NW/4, and W/2SW/4 (the W/2W/2) of Section 5 and the W/2NW/4 and NW/4SW/4 of Section 8, 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 Eagleclaw 5 Fed. Well No. 1H, to be horizontally drilled from a surface location in Lot 4 of Section 5 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. The unit is located approximately 13 miles west-southwest of Monument, New Mexico.

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

2017 MAY 16 PM 3:00

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. 15,700

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  
*jamesbruc@aol.com*

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Caza Petroleum, LLC seeks an order approving a non-standard 281.10-acre spacing and proration unit in the Bone Spring formation comprised of Lot 4, SW/4NW/4, and W/2SW/4 (the W/2W/2) of Section 5 and the W/2NW/4 and NW/4SW/4 of Section 8, 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 Eagleclaw 5 Fed. Well No. 1H, to be horizontally drilled from a surface location in Lot 4 of Section 5 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

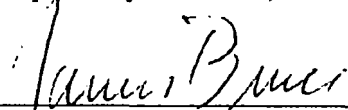
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Jay Brown (landman)	15 min.	Approx. 6
Richard Carroll (geologist)	20 min.	Approx. 6
Tony Sam (engineer)	15 min.	

OPPONENT

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

Respectfully submitted,

  
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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
jamesbruc@aol.com

Attorney for Caza Petroleum, LLC