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July 24, 2018

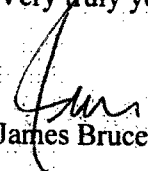
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 16360

Dear Florene:

Enclosed for filing, on behalf of Caza Petroleum, LLC, are an application for compulsory pooling, together with a proposed advertisement. Please set the application for the August 23, 2018 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Caza Petroleum, LLC

Persons Being Pooled

Haycor, Inc.
15723 Hermitage Oaks Drive
Tomball, Texas 77375

Marathon Oil Permian, LLC
Attn: Matt Brown
5555 San Felipe
Room 3720
Houston, Texas 77056

Black Stone Energy Company
Attn: Luke Mildren
1001 Fannin, Suite 2020
Houston, Texas 77002

Black Stone Natural Resources III-B, LP
Attn: Luke Mildren
1001 Fannin, Suite 2020
Houston, Texas 77002

BSNR III, Inc.
Attn: Luke Mildren
1001 Fannin, Suite 2020
Houston, Texas 77002

TLW Partners, L.P.
Attn: Luke Mildren
1001 Fannin, Suite 2020
Houston, Texas 77002

Poco Oil Company
13103 Holston Hills Drive
Houston, Texas 77069

Shyla Corporation
3101 Richmond Avenue, Suite 210
Houston, Texas 77098

Frederick W. Zimmerman, d/b/a Island Resources
6760 Portwest Drive
Houston, Texas 77024

MRC Explorers Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240

MRC Spiral Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240

Heyco Development Corporation
P. O. Box 1933
Roswell, New Mexico 88202-1933

Yates Energy Corporation
P. O. Box 2323
Roswell, New Mexico 88201

D. Van Matthew, MSU
2200 S. W. Freeway, Suite 500
Houston, Texas 77089

Harold Hees, MSU
P. O. Box 7638
Corpus Christi, Texas

Howard Lorch, MSU
2203 Chilton Road
Houston, Texas 77019

Tim Hogan, MSU
2 Michelle Lane
Warren, New Jersey 07059

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 16360

APPLICATION

Caza Petroleum, LLC applies for an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 22 and the N/2 of Section 21, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N/2 of Section 22 and the N/2 of Section 21, and has the right to drill a well thereon.
2. Applicant proposes to drill its Forehand Ranch 22-21 State Well No. 2H to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate the well to the N/2 of Section 22 and the N/2 of Section 21 to form a 640 acre horizontal spacing unit in the Wolfcamp formation. The well is a horizontal well, with a surface location in the SE/4NE/4 of Section 22, and a last take point in the SW/4NW/4 of Section 21.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N/2 of Section 22 and the N/2 of Section 21 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 Wolfcamp

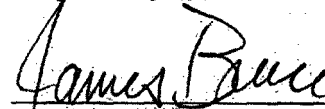
formation underlying the N/2 of Section 22 and the N/2 of Section 21 pursuant to NMSA 1978 §70-2-17.

5. Pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 22 and the N/2 of Section 21 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 horizontal spacing unit in the Wolfcamp formation comprised of the N/2 of Section 22 and the N/2 of Section 21;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 22 and the N/2 of Section 21;
- 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,



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

Attorney for Caza Petroleum, LLC

Proposed Advertisement

Case 16360:

Application of Caza Petroleum, LLC for compulsory pooling, Eddy County, New Mexico.
Caza Petroleum, LLC seeks an order and pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 22 and the N/2 of Section 21, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, comprising a 640-acre horizontal spacing unit in the Wolfcamp formation. The unit will be dedicated to applicant's Forehand Ranch 22-21 State Well No. 2H, to be horizontally drilled from a surface location in the SE/4NE/4 of Section 22 to a last take point in the SW/4NW/4 of Section 21. 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 6-1/2 miles north-northwest of Black River Village, New Mexico.

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