

Form 3160-3
(June 2015)**OCD – HOBBS**
12/04/2020
RECEIVEDFORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**APPLICATION FOR PERMIT TO DRILL OR REENTER**

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC0061374A
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No. BELL LAKE / NMNM 068292X
2. Name of Operator KAISER FRANCIS OIL COMPANY [12361]		8. Lease Name and Well No. BELL LAKE UNIT SOUTH [316706] 012H
3a. Address 6733 S. Yale Ave., Tulsa, OK 74121	3b. Phone No. (include area code) (918) 491-0000	9. API Well No. 30-025-48171
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENE / 2276 FNL / 547 FEL / LAT 32.2475817 / LONG -103.5023195 At proposed prod. zone SESE / 330 FSL / 530 FEL / LAT 32.225736 / LONG -103.502209		10. Field and Pool, or Exploratory [98264] BELL LAKE/BONE SPRING, SOUTH
14. Distance in miles and direction from nearest town or post office* 25 miles		11. Sec., T. R. M. or Blk. and Survey or Area SEC 6/T24S/R34E/NMP
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 547 feet	16. No of acres in lease 440	12. County or Parish LEA
17. Spacing Unit dedicated to this well 480.0	13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 30 feet	19. Proposed Depth 10820 feet / 18706 feet	20. BLM/BIA Bond No. in file FED: WYB000055
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3600 feet	22. Approximate date work will start* 07/01/2020	23. Estimated duration 40 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be requested by the BLM. |

25. Signature (Electronic Submission)	Name (Printed/Typed) MELANIE WILSON / Ph: (918) 491-0000	Date 01/20/2020
Title Regulatory Analyst		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) Cody Layton / Ph: (575) 234-5959	Date 11/23/2020
Title Assistant Field Manager Lands & Minerals Carlsbad Field Office		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

GCP Rec 12/04/2020

SL

(Continued on page 2)

APPROVED WITH CONDITIONS
Approval Date: 11/23/2020KZ
12/15/2020

*(Instructions on page 2)

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM I: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on the reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective productive zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

ITEM 24: If the proposal will involve hydraulic fracturing operations, you must comply with 43 CFR 3162.3-3, including providing information about the protection of usable water. Operators should provide the best available information about all formations containing water and their depths. This information could include data and interpretation of resistivity logs run on nearby wells. Information may also be obtained from state or tribal regulatory agencies and from local BLM offices.

NOTICES

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160

PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.

ROUTINE USE: Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM connects this information to a new evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases. This information will be used to analyze and approve applications. Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease. The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Connection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

Additional Operator Remarks

Location of Well

0. SHL: SENE / 2276 FNL / 547 FEL / TWSP: 24S / RANGE: 34E / SECTION: 6 / LAT: 32.2475817 / LONG: -103.5023195 (TVD: 0 feet, MD: 0 feet)

PPP: SENE / 1320 FNL / 435 FEL / TWSP: 24S / RANGE: 34E / SECTION: 7 / LAT: 32.235716 / LONG: -103.502065 (TVD: 10820 feet, MD: 15076 feet)

PPP: NENE / 0 FNL / 428 FEL / TWSP: 24S / RANGE: 34E / SECTION: 7 / LAT: 32.239343 / LONG: -103.502009 (TVD: 10820 feet, MD: 13756 feet)

PPP: NESE / 2600 FSL / 420 FEL / TWSP: 24S / RANGE: 34E / SECTION: 6 / LAT: 32.246488 / LONG: -103.501904 (TVD: 10820 feet, MD: 11156 feet)

BHL: SESE / 330 FSL / 530 FEL / TWSP: 24S / RANGE: 34E / SECTION: 7 / LAT: 32.225736 / LONG: -103.502209 (TVD: 10820 feet, MD: 18706 feet)

BLM Point of Contact

Name: Gavin Mickwee

Title: Land Law Examiner

Phone: (575) 234-5972

Email: gmickwee@blm.gov

CONFIDENTIAL

Review and Appeal Rights

A person contesting a decision shall request a State Director review. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

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Operator Name: KAISER FRANCIS OIL COMPANY**Well Name:** BELL LAKE UNIT SOUTH**Well Number:** 012H**Is the proposed well in an area containing other mineral resources?** USEABLE WATER,NATURAL GAS,OIL**Is the proposed well in a Helium production area?** N**Use Existing Well Pad?** Y**New surface disturbance?** N**Type of Well Pad:** MULTIPLE WELL**Multiple Well Pad Name:****Number:** 10

SOUTH BELL LAKE

Well Class: HORIZONTAL**Number of Legs:** 1**Well Work Type:** Drill**Well Type:** OIL WELL**Describe Well Type:****Well sub-Type:** EXPLORATORY (WILDCAT)**Describe sub-type:****Distance to town:** 25 Miles**Distance to nearest well:** 30 FT**Distance to lease line:** 547 FT**Reservoir well spacing assigned acres Measurement:** 480 Acres**Well plat:** BLUS_012H_C102_20200120144959.pdf

BLUS_012H_Pymt_20200120155052.pdf

Well work start Date: 07/01/2020**Duration:** 40 DAYS**Section 3 - Well Location Table****Survey Type:** RECTANGULAR**Describe Survey Type:****Datum:** NAD83**Vertical Datum:** NAVD88**Survey number:** 6752A**Reference Datum:** GROUND LEVEL

Wellbore	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD	Will this well produce from this lease?
SHL Leg #1	2276	FNL	547	FEL	24S	34E	6	Aliquot SENE	32.2475817	-103.5023195	LEA	NEW MEXI CO	NEW MEXI CO	S	STATE	3600	0	0	Y
KOP Leg #1	2100	FNL	413	FEL	24S	34E	6	Aliquot SENE	32.248063	-103.501881	LEA	NEW MEXI CO	NEW MEXI CO	S	STATE	-6647	10256	10247	Y

Operator Name: KAISER FRANCIS OIL COMPANY**Well Name:** BELL LAKE UNIT SOUTH**Well Number:** 012H

Wellbore	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD	Will this well produce from this lease?
PPP Leg #1-1	260 0	FSL	420	FEL	24S	34E	6	Aliquot NESE	32.24648 8	- 103.5019 04	LEA	NEW MEXI CO	NEW MEXI CO	S	STATE	- 722 0	111 56	108 20	Y
PPP Leg #1-2	0	FNL	428	FEL	24S	34E	7	Aliquot NENE	32.23934 3	- 103.5020 09	LEA	NEW MEXI CO	NEW MEXI CO	F	NMLC0 061374 A	- 722 0	137 56	108 20	Y
PPP Leg #1-3	132 0	FNL	435	FEL	24S	34E	7	Aliquot SENE	32.23571 6	- 103.5020 65	LEA	NEW MEXI CO	NEW MEXI CO	F	NMNM 100594	- 722 0	150 76	108 20	Y
EXIT Leg #1	330	FSL	530	FEL	24S	34E	7	Aliquot SESE	32.22573 6	- 103.5022 09	LEA	NEW MEXI CO	NEW MEXI CO	F	NMNM 100594	- 722 0	187 06	108 20	Y
BHL Leg #1	330	FSL	530	FEL	24S	34E	7	Aliquot SESE	32.22573 6	- 103.5022 09	LEA	NEW MEXI CO	NEW MEXI CO	F	NMNM 100594	- 722 0	187 06	108 20	Y

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-	² Pool Code 98264	³ Pool Name Bell Lake; Bone Spring, South
⁴ Property Code 316706	⁵ Property Name BELL LAKE UNIT SOUTH	⁶ Well Number 012H
⁷ GRID No. 12361	⁸ Operator Name KAISER-FRANCIS OIL CO.	⁹ Elevation 3600.2

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	6	24 S	34 E		2276	NORTH	547	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	7	24 S	34 E		330	SOUTH	530	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-14600
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Melanie Wilson</i> 01/20/2020 Signature Date</p> <p>Melanie Wilson Printed Name</p> <p>mjp1692@gmail.com E-mail Address</p> <p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>APRIL 8, 2019 Date of Survey</p> <p><i>FILIMON F. JARAMILLO</i> Signature and Seal of Professional Surveyor</p> <p>Certificate Number: FILIMON F. JARAMILLO, PLS 12797 SURVEY NO. 6752A</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Melanie Wilson</i> 01/20/2020 Signature Date</p> <p>Melanie Wilson Printed Name</p> <p>mjp1692@gmail.com E-mail Address</p> <p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>APRIL 8, 2019 Date of Survey</p> <p><i>FILIMON F. JARAMILLO</i> Signature and Seal of Professional Surveyor</p> <p>Certificate Number: FILIMON F. JARAMILLO, PLS 12797 SURVEY NO. 6752A</p>
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mjp1692@gmail.com

From: notification@pay.gov
Sent: Monday, January 20, 2020 3:48 PM
To: mjp1692@gmail.com
Subject: Pay.gov Payment Confirmation: BLM Oil and Gas Online Payment



An official email of the United States government



Your payment has been submitted to Pay.gov and the details are below. If you have any questions regarding this payment, please contact BLM OC CBS Customer Service at (303) 236-6795 or BLM_OC_CBS_Customer_Service@blm.gov.

Application Name: BLM Oil and Gas Online Payment

Pay.gov Tracking ID: 26MV76RK

Agency Tracking ID: 75933016145

Transaction Type: Sale

Transaction Date: 01/20/2020 05:48:24 PM EST

Account Holder Name: GEORGE B KAISER

Transaction Amount: \$10,230.00

Card Type: Visa

Card Number: *****0061

Company: Kaiser-Francis Oil Company

APD IDs: 10400053445

Lease Numbers: NMLC0061374A

Well Numbers: 012H

Note: You will need your Pay.gov Tracking ID to complete your APD transaction in AFMSS II.

Please ensure you write this number down upon completion of payment.

THIS IS AN AUTOMATED MESSAGE. PLEASE DO NOT REPLY.



Pay.gov is a program of the U.S. Department of the Treasury, Bureau of the Fiscal Service



U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Drilling Plan Data Report

11/24/2020

APD ID: 10400053445

Submission Date: 01/20/2020

Highlighted data
reflects the most
recent changes

Operator Name: KAISER FRANCIS OIL COMPANY

Well Name: BELL LAKE UNIT SOUTH

Well Number: 012H

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical Depth	Measured Depth	Lithologies	Mineral Resources	Producing Formation
638953	---	3600	0	0	OTHER : None	NONE	N
638954	RUSTLER	2342	1258	1258	SANDSTONE	NONE	N
638955	SALADO	1770	1830	1830	SALT	NONE	N
638956	TOP SALT	1450	2150	2150	SALT	NONE	N
638957	BASE OF SALT	-135	3735	3735	SALT	NONE	N
638958	LAMAR	-1540	5140	5140	SANDSTONE	NATURAL GAS, OIL	N
638959	BELL CANYON	-1850	5450	5450	SANDSTONE	NATURAL GAS, OIL	N
638960	CHERRY CANYON	-2700	6300	6300	SANDSTONE	NATURAL GAS, OIL	N
638961	BRUSHY CANYON	-4954	8554	8554	SANDSTONE	NATURAL GAS, OIL	N
638969	BONE SPRING	-5320	8920	8920	LIMESTONE	NATURAL GAS, OIL	N
638970	AVALON SAND	-6290	9890	9890	SANDSTONE	NATURAL GAS, OIL	N
638971	BONE SPRING 1ST	-6345	9945	9945	SANDSTONE	NATURAL GAS, OIL	N
638972	BONE SPRING 2ND	-7020	10620	10620	SANDSTONE	NATURAL GAS, OIL	Y
639221	BONE SPRING LIME	-7450	11050	11050	SANDSTONE	NATURAL GAS, OIL	N

Section 2 - Blowout Prevention

Operator Name: KAISER FRANCIS OIL COMPANY**Well Name:** BELL LAKE UNIT SOUTH**Well Number:** 012H**Pressure Rating (PSI):** 5M**Rating Depth:** 11000

Equipment: A 5M system will be installed according to Onshore Order #2 consisting of an Annular Preventer, BOP with two rams, a blind ram and safety valves and appropriate handles located on the rig floor. BOP will be equipped with 2 side outlets (choke side shall be a minimum 3 line, and kill side will be a minimum 2 line). Kill line will be installed with (2) valves and a check valve (2 min) of proper pressure rating for the system. Remote kill line (2 min) will be installed and ran to the outer edge of the substructure and be unobstructed. A manual and hydraulic valve (3 min) will be installed on the choke line, 3 chokes will be used with one being remotely controlled. Fill up line will be installed above the uppermost preventer. Pressure gauge of proper pressure rating will be installed on choke manifold. Upper and lower kelly cocks will be utilized with handles readily available in plain sight. A float sub will be available at all times. All connections subject to well pressure will be flanged, welded, or clamped.

Requesting Variance? YES**Variance request:** Flex Hose Variance

Testing Procedure: BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure stated. If the system is upgraded all the components installed will be functional and tested. Pipe rams will be operationally checked each 24 hour period. The Annular shall be functionally operated at least weekly. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

Choke Diagram Attachment:

BLUS_012H_Choke_Manifold_20200120150746.pdf

BOP Diagram Attachment:

BLUS_012H_BOP_20200120150808.pdf

BLUS_012H_Wellhead_20200120150808.pdf

BLUS_012H_Flex_Hose_20200120150808.PDF

Section 3 - Casing

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	SURFACE	17.5	13.375	NEW	API	N	0	1318	0	1318	3600	2282	1318	J-55	54.5	ST&C	1.8	4.4	DRY	7.2	DRY	11.9
2	INTERMEDIATE	12.25	9.625	NEW	API	N	0	5240	0	5240		-1640	5240	HCP-110	40	LT&C	1.7	3.3	DRY	6	DRY	6
3	PRODUCTION	8.75	5.5	NEW	API	N	0	18706	0	10820		-7220	18706	P-110	20	OTHER - GBCD	2.2	2.5	DRY	2.5	DRY	3

Casing Attachments

Operator Name: KAISER FRANCIS OIL COMPANY**Well Name:** BELL LAKE UNIT SOUTH**Well Number:** 012H**Casing Attachments**

Casing ID: 1 **String Type:** SURFACE**Inspection Document:****Spec Document:****Tapered String Spec:****Casing Design Assumptions and Worksheet(s):**BLUS_012H_Csg_Assumptions_20200120151039.pdf

Casing ID: 2 **String Type:** INTERMEDIATE**Inspection Document:****Spec Document:****Tapered String Spec:****Casing Design Assumptions and Worksheet(s):**BLUS_012H_Csg_Assumptions_20200120151013.pdf

Casing ID: 3 **String Type:** PRODUCTION**Inspection Document:****Spec Document:****Tapered String Spec:****Casing Design Assumptions and Worksheet(s):**BLUS_012H_Prod_Csg_Specs_20200120151155.pdf

Section 4 - Cement

Operator Name: KAISER FRANCIS OIL COMPANY**Well Name:** BELL LAKE UNIT SOUTH**Well Number:** 012H

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
SURFACE	Lead		0	1318	981	1.74	13.5	1713	75	Halcem	4% Bentonite
SURFACE	Tail		0	1318	300	1.33	14.8	400	75	Halcem	25 #/sk Poly E-Flake
INTERMEDIATE	Lead		0	5240	953	2.09	12.5	1992	50	Econocem	3#/sk Kol Seal
INTERMEDIATE	Tail		0	5240	352	1.33	14.8	470	50	Halcem	none
PRODUCTION	Lead		4000	1870 6	425	3.48	10.5	1482	10	Neocem	2 #/sk Kol Seal
PRODUCTION	Tail		4000	1870 6	2425	1.22	14.5	2966	10	Versacem	none

Section 5 - Circulating Medium

Mud System Type: Closed**Will an air or gas system be Used?** NO**Description of the equipment for the circulating system in accordance with Onshore Order #2:****Diagram of the equipment for the circulating system in accordance with Onshore Order #2:**

Describe what will be on location to control well or mitigate other conditions: Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times

Describe the mud monitoring system utilized: PVT/Pason/Visual Monitoring

Circulating Medium Table

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
0	1318	OTHER : FRESH WATER	8.4	9							
1318	5240	OTHER : BRINE	8.7	8.9							
5240	10820	OTHER : CUT BRINE	8.7	8.9							

Operator Name: KAISER FRANCIS OIL COMPANY**Well Name:** BELL LAKE UNIT SOUTH**Well Number:** 012H

Section 6 - Test, Logging, Coring

List of production tests including testing procedures, equipment and safety measures:

Top of cement on production casing will be determined by calculation.

List of open and cased hole logs run in the well:

DIRECTIONAL SURVEY, GAMMA RAY LOG, MUD LOG/GEOLOGIC LITHOLOGY LOG,

Coring operation description for the well:

None planned

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 5007**Anticipated Surface Pressure:** 2626**Anticipated Bottom Hole Temperature(F):** 185**Anticipated abnormal pressures, temperatures, or potential geologic hazards?** NO**Describe:****Contingency Plans geohazards description:****Contingency Plans geohazards attachment:****Hydrogen Sulfide drilling operations plan required?** YES**Hydrogen sulfide drilling operations plan:**

BLUS_012H_H2S_Plan_20200120152141.pdf

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

BLUS_012H_Directional_Plan_20200120152152.pdf

Other proposed operations facets description:

Gas Capture Plan attached

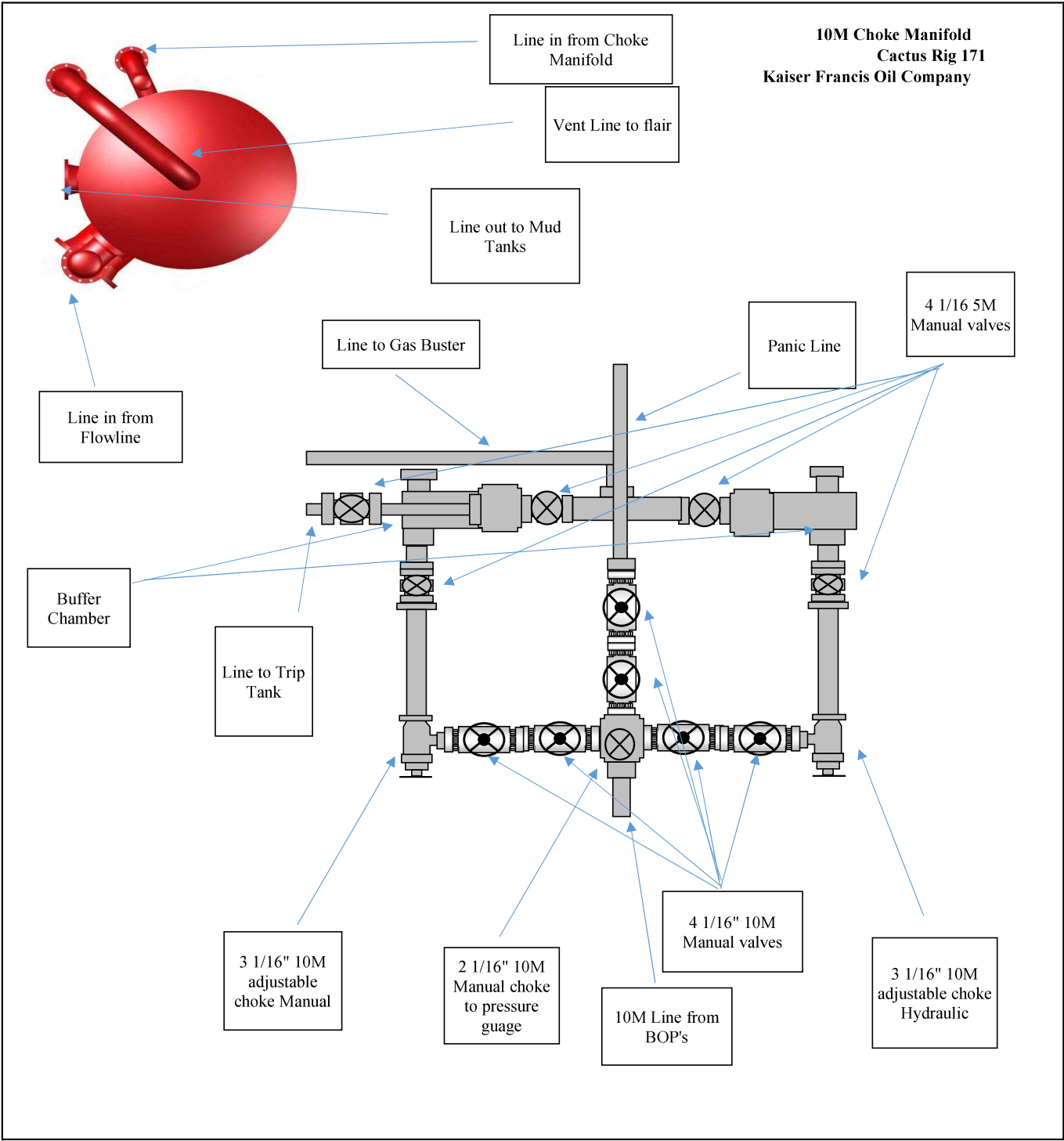
Other proposed operations facets attachment:

BLUS_012H_GCP_20200120152200.pdf

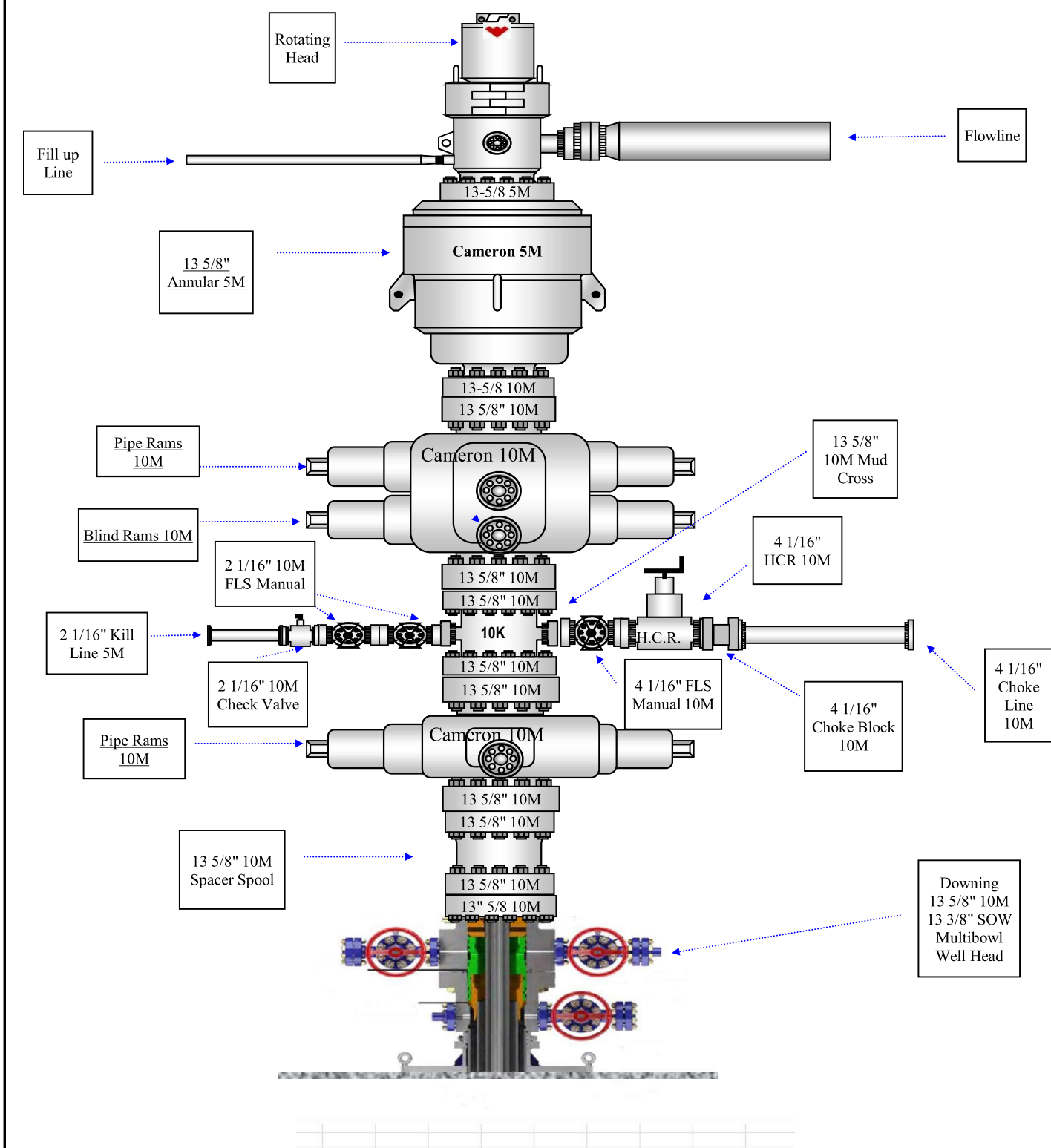
Other Variance attachment:

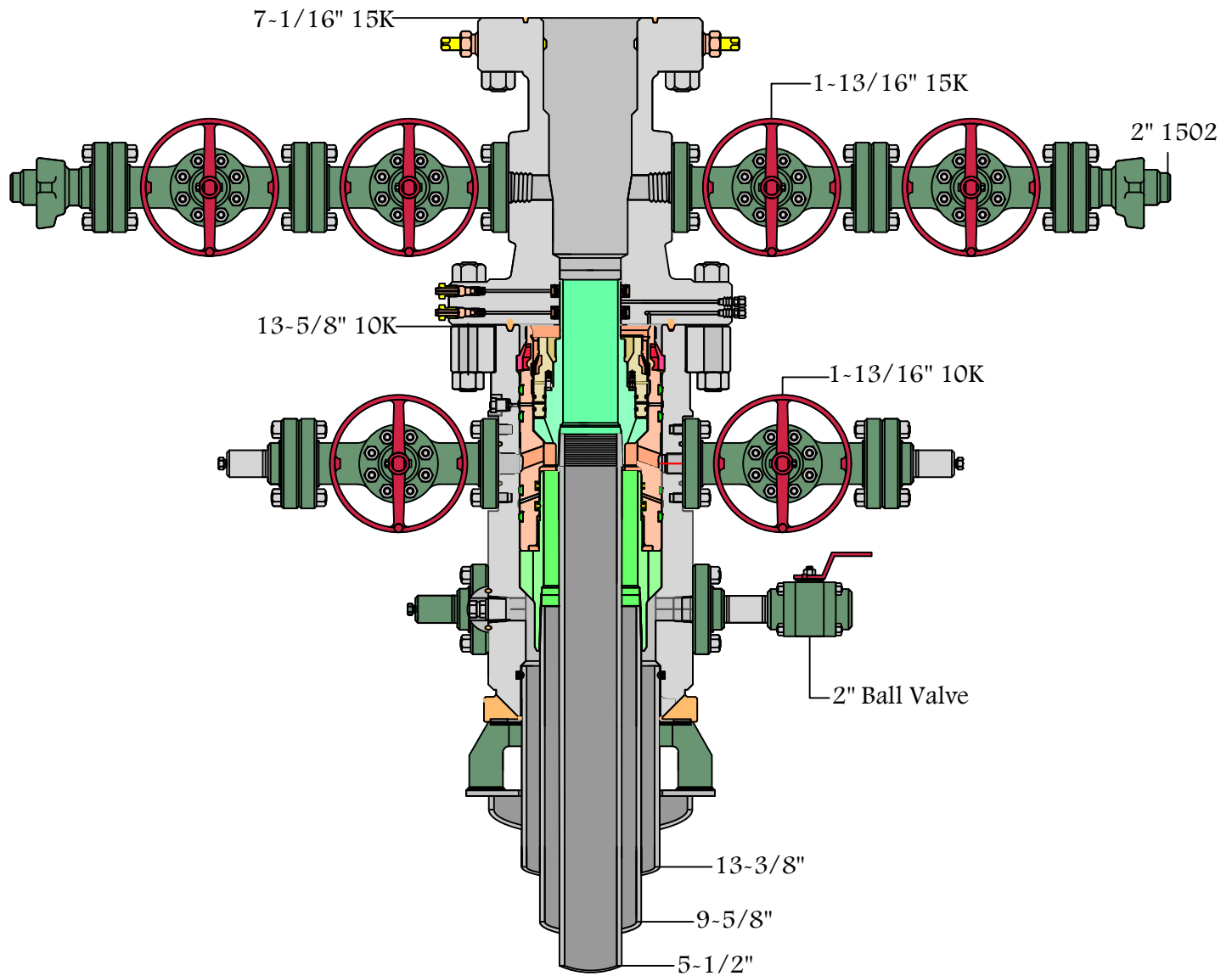
BLUS_012H_Wellhead_20200120152218.pdf

BLUS_012H_Flex_Hose_20200120152218.PDF



Hole Sections Utilized
***12 1/4" Hole below Surface Casing**
***8 3/4"-8 1/2" Hole below Intermediate casing**





RKI

**KAISER-FRANCIS OIL COMPANY
HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN
FOR DRILLING/COMPLETION WORKOVER/FACILITY**

BELL LAKE UNIT SOUTH Pad 10

**SECTION 6 -T24S-R33E
LEA COUNTY, NM**

This well/facility is not expected to have H₂S, but due to the sensitive location, the following is submitted as requested.

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EMERGENCY RESPONSE ACTIVATION AND GENERAL RESPONSIBILITIES

Activation of the Emergency Action Plan

In the event of any emergency situation, all personnel on location should first ensure that the following items are initiated. After that, they should refer to the appropriate Specific Emergency Guidance sections below for further responsibilities:

1. Notify the senior ranking contract representative on site.
2. Notify Kaiser-Francis representative in charge.
3. Notify civil authorities if the Kaiser-Francis Representative cannot be contacted and the situation dictates.
4. Perform rescue and first aid as required (without jeopardizing additional personnel).

General Responsibilities

In the event of an H₂S emergency, the following plan will be initiated.

- 1) All personnel will immediately evacuate to an up-wind and if possible up-hill "safe area".
- 2) If for any reason a person must enter the hazardous area, they must wear a SCBA (Self contained breathing apparatus).
- 3) Always use the "buddy system".
- 4) Isolate the well/problem if possible.
- 5) Account for all personnel
- 6) Display the proper colors, warning all unsuspecting personnel of the danger at hand
- 7) Contact the Company personnel as soon as possible if not at the location. (use the enclosed call list as instructed)

At this point the company representative will evaluate the situation and coordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

INDIVIDUAL RESPONSIBILITIES DURING AN H₂S RELEASE

The following procedures and responsibilities will be implemented on activation of the H₂S siren and lights.

All Personnel:

1. On alarm, don escape unit (if available) and report to upwind briefing area.

Rig Manager/Tool Pusher:

1. Check that all personnel are accounted for and their condition.
2. Administer or arrange for first aid treatment, and/or call EMTs as needed.
3. Identify two people best suited to secure well and perform rescue, and instruct them to don SCBA.
4. Notify Contract management and Kaiser-Francis Representative.
5. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.

Two People Responsible for Shut-in and Rescue:

1. Don SCBA and acquire tools to secure well and perform rescue, i.e., wrenches, retrieval ropes, etc.
2. Utilize the buddy system to secure well and perform rescue(s).
3. Return to the briefing area and stand by for further instructions.

All Other Personnel:

1. Isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

Kaiser-Francis Oil Company Representative:

1. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.
2. Notify company management or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

PROCEDURE FOR IGNITING AN UNCONTROLLABLE CONDITION:

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police shall be the Incident Command of any major release.

The decision to ignite a well should be a last resort and one if not both of the following pertain.

- 1) Human life and/or property are in danger.
- 2) There is no hope of bringing the situation under control with the prevailing conditions at the site.

INSTRUCTIONS FOR IGNITION:

- 1) Two people are required. They must be equipped with positive pressure; self contained breathing apparatus and a "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.
- 2) One of the people will be a qualified safety person who will test the atmosphere for H₂S, Oxygen, & LFL. The other person will be the company supervisor; he is responsible for igniting the well.
- 3) Ignite up-wind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25mm flare gun shall be used, with a +/-500' range to ignite the gas.
- 4) Prior to ignition, make a final check for combustible gases.
- 5) Following ignition, continue with the emergency actions & procedures as before.

CONTACTING AUTHORITIES

Kaiser-Francis personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. This response plan must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER).

EMERGENCY CALL LIST: (Start and continue until ONE of these people have been reached)

	<u>OFFICE</u>	<u>MOBILE</u>
Kaiser-Francis Oil Co.	918/494-0000	
Bill Wilkinson	580/668-2335	580/221-4637
David Zerger	918/491-4350	918/557-6708
Charles Lock	918/491-4337	918/671-6510
Stuart Blake	918/491-4347	918/510-4126
Robert Sanford	918/491-4201	918/770-2682
Matt Warner	918/491-4379	720/556-2313

EMERGENCY RESPONSE NUMBERS: Lea County, New Mexico

State Police – Artesia	575/748-9718
State Police – Hobbs	575/392-5580
State Police – Carlsbad	575/885-3138
Lea County Sheriff - Lovington	575/396-3611
Local Emergency Planning Center – Lea County	575/396-8607
Local Emergency Planning Center – Eddy County	575/885-3581
Fire Fighting, Rescue & Ambulance – Carlsbad	911 or 575/885-3125
Fire Fighting, Rescue & Ambulance – Hobbs	911 or 575/397-9308
Fire Fighting – Jal Volunteer Fire Department	911 or 505/395-2221
New Mexico Oil & Gas Commission – Artesia	575/748-1283
New Mexico Oil & Gas Commission – Hobbs	575/393-6161
Air Medical Transport Services – Hobbs	800/550-1025
Med Flight Air Ambulance – Albuquerque	505/842-4433
Angel MedFlight	844/553-9033
DXP	432/580-3770
BJ Services	575/392-5556
Halliburton	575/392-6531 800/844-8451

PROTECTION OF THE GENERAL PUBLIC/ROE:

In the event of a release with a concentration greater than 100 ppm H₂S, the ROE (Radius of Exposure) calculations will be done to determine if the following conditions have been met:

- Does the 100 ppm ROE include any public area (any place not associated with this site)
- Does the 500 ppm ROE include any public road (any road which the general public may travel)
- Is the 100 ppm ROE equal to or greater than 3000 feet

If any one of these conditions have been met then the Contingency Plan will be implemented. The following shows how to calculate the radius of exposure and an example.

Calculation for the 100 ppm ROE:

$$X = [(1.589)(\text{concentration})(Q)]^{(0.6258)}$$

(H₂S concentrations in decimal form)
10,000 ppm +=1.+
1,000 ppm +=.1+

Calculation for the 500 ppm ROE:

$$X + [(0.4546)(\text{concentration})(Q)]^{(0.6258)}$$

100 ppm +=.01+
10 ppm +=.001+

EXAMPLE: If a well/facility has been determined to have 150 ppm H₂S in the gas mixture and the well/facility is producing at a gas rate of 200 MCFPD then:

ROE for 100 PPM $X = [(1.589)(.0150)(200)]^{(0.6258)}$

$$X = 2.65'$$

ROE for 500 PPM $X = [(.4546)(.0150)(200)]^{(0.6258)}$

$$X = 1.2'$$

(These calculations will be forwarded to the appropriate District NMOCD office when applicable.)

PUBLIC EVACUATION PLAN:

(When the supervisor has determined that the General Public will be involved, the following plan will be implemented)

- 1) Notification of the emergency response agencies of the hazardous condition and Implement evacuation procedures.
- 2) A trained person in H₂S safety, shall monitor with detection equipment the H₂S Concentration, wind and area of exposure (ROE). This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. **(All monitoring equipment will be UL approved, for use in class I groups A,B,C & D, Division I, hazardous locations. All monitors will have a minimum capability of measuring H₂S, oxygen, and flammable values.)**
- 3) Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.
- 4) The company supervising personnel shall stay in communication with all agencies through out the duration of the situation and inform such agencies when the situation has been contained and the effected area(s) is safe to enter.

CHARACTERISTICS OF H₂S AND SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

TRAINING:

All responders must have training in the detection of H₂S measures for protection against the gas, equipment used for protection and emergency response. Weekly drills by all crews will be conducted and recorded in the IADC daily log. Additionally, responders must be equipped with H₂S monitors at all times.

PUBLIC RELATIONS

Kaiser-Francis recognizes that the news media have a legitimate interest in incidents at Kaiser-Francis facilities that could affect the public. It is to the company's benefit to cooperate with the news media when incidents occur because these media are our best liaison with the public.

Our objective is to see that all reports of any emergency are factual and represent the company's position fairly and accurately. Cooperation with news media representatives is the most reliable guarantee that this objective will be met.

All contract and Kaiser-Francis employees are instructed **NOT** to make any statement to the media concerning the emergency incident. If a media representative contacts any employee, they should refer them to the designated Emergency Command Center where they should contact the Incident Commander or his designated relief for any information concerning the incident.



Kaiser-Francis Oil Company

County: Lea

Site: Bell Lake Unit South 012H

Well: #012H

Wellbore: #012H OH

Design: Plan #1

CASING DETAILS

TVD	MD	Name
1318.00	1318.00	13 3/8"
5240.00	5240.00	9 5/8"



Azimuths to Grid North
True North: -0.44°
Magnetic North: 6.21°

Magnetic Field
Strength: 47704.9snT
Dip Angle: 60.06°
Date: 12/02/2019
Model: IGRF2015

US State Plane 1983
New Mexico Eastern Zone
32° 14' 51.294 N
103° 30' 8.350 W

West(-)/East(+) (1500 usft/in)

-1500 -750 0 750 1500

Start 2123.89 hold at 8132.51 MD
Start Drop -2.00

Start 2292.51 hold at 5590.00 MD

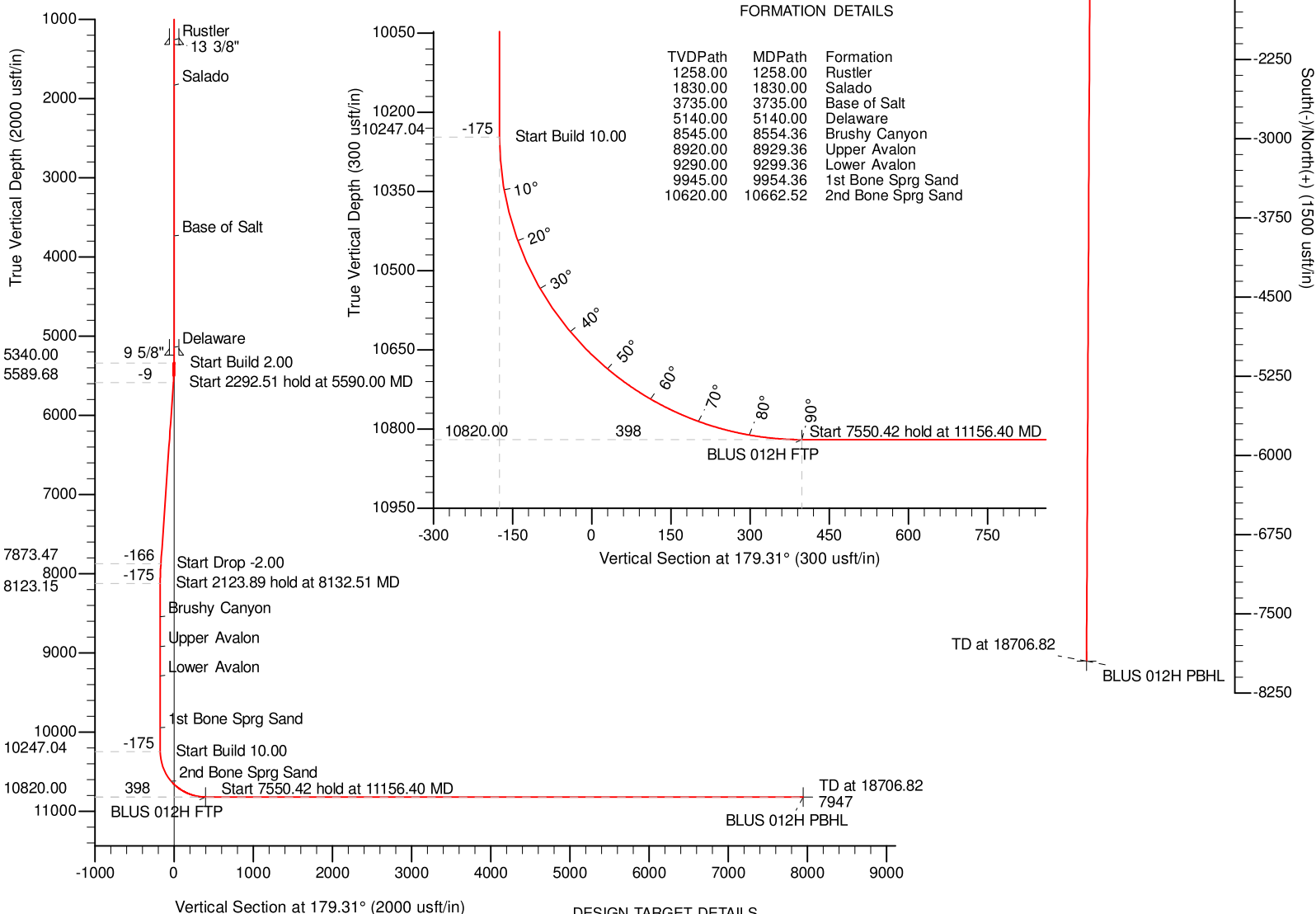
Start Build 2.00

9 5/8" BLUS 012H SL

Start 7550.42 hold at 11156.40 MD

Start Build 10.00

BLUS 012H FTP



S6-T24S-R34E SL
2276'FSL 547'FEL
S6-T24S-R34E FTP
2600'FSL 420'FEL
S7-T24S-R34E PBHL
330'FSL 530'FEL

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	Local Co-ordinate Reference:	Well #012H
Project:	Permian NM E'83	TVD Reference:	est.GL+KB @ 3625.00usft (planning)
Site:	Bell Lake Unit South 012H	MD Reference:	est.GL+KB @ 3625.00usft (planning)
Well:	#012H	North Reference:	Grid
Wellbore:	#012H OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 5k-14

Project	Permian NM E'83		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		Using geodetic scale factor

Site	Bell Lake Unit South 012H		
Site Position:		Northing:	454,797.76 usft
From:	Map	Easting:	798,251.18 usft
Position Uncertainty:	0.00 usft	Slot Radius:	13-3/16 "
		Latitude:	32° 14' 51.294 N
		Longitude:	103° 30' 8.350 W
		Grid Convergence:	0.44 °

Well	#012H		
Well Position	+N/-S	0.00 usft	Northing:
	+E/-W	0.00 usft	Easting:
Position Uncertainty	0.00 usft		Wellhead Elevation:
			Latitude:
			Longitude:
			Ground Level:

Wellbore	#012H OH		
Magnetics	Model Name	Sample Date	Declination
			(°)
	IGRF2015	12/02/19	6.66
			Dip Angle
			(°)
			Field Strength
			(nT)
			47,704.92209539

Design	Plan #1		
Audit Notes:			
Version:	Phase:	PROTOTYPE	Tie On Depth:
			0.00
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(usft)	(usft)	(usft)
	0.00	0.00	0.00
			Direction
			(°)
			179.31

Planned Survey									
Measured	Inclination	Azimuth	Vertical	+N/-S	+E/-W	Vertical	Dogleg	Build	Turn
Depth	(°)	(°)	Depth	(usft)	(usft)	Section	Rate	Rate	Rate
(usft)			(usft)			(usft)	(°/100usft)	(°/100usft)	(°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1,258.00	0.00	0.00	1,258.00	0.00	0.00	0.00	0.00	0.00	0.00
Rustler									
1,318.00	0.00	0.00	1,318.00	0.00	0.00	0.00	0.00	0.00	0.00
13 3/8"									
1,830.00	0.00	0.00	1,830.00	0.00	0.00	0.00	0.00	0.00	0.00
Salado									
3,735.00	0.00	0.00	3,735.00	0.00	0.00	0.00	0.00	0.00	0.00
Base of Salt									
5,140.00	0.00	0.00	5,140.00	0.00	0.00	0.00	0.00	0.00	0.00
Delaware									
5,240.00	0.00	0.00	5,240.00	0.00	0.00	0.00	0.00	0.00	0.00
9 5/8"									
5,340.00	0.00	0.00	5,340.00	0.00	0.00	0.00	0.00	0.00	0.00
5,400.00	1.20	37.27	5,400.00	0.50	0.38	-0.50	2.00	2.00	0.00
5,500.00	3.20	37.27	5,499.92	3.55	2.70	-3.52	2.00	2.00	0.00

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Well:	#012H	North Reference:	Grid
Wellbore:	#012H OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 5k-14

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
5,590.00	5.00	37.27	5,589.68	8.68	6.60	-8.60	2.00	2.00	0.00
5,600.00	5.00	37.27	5,599.64	9.37	7.13	-9.28	0.00	0.00	0.00
5,700.00	5.00	37.27	5,699.26	16.31	12.41	-16.16	0.00	0.00	0.00
5,800.00	5.00	37.27	5,798.88	23.24	17.68	-23.03	0.00	0.00	0.00
5,900.00	5.00	37.27	5,898.50	30.18	22.96	-29.90	0.00	0.00	0.00
6,000.00	5.00	37.27	5,998.12	37.11	28.24	-36.77	0.00	0.00	0.00
6,100.00	5.00	37.27	6,097.74	44.05	33.52	-43.64	0.00	0.00	0.00
6,200.00	5.00	37.27	6,197.36	50.99	38.79	-50.52	0.00	0.00	0.00
6,300.00	5.00	37.27	6,296.98	57.92	44.07	-57.39	0.00	0.00	0.00
6,400.00	5.00	37.27	6,396.60	64.86	49.35	-64.26	0.00	0.00	0.00
6,500.00	5.00	37.27	6,496.22	71.79	54.63	-71.13	0.00	0.00	0.00
6,600.00	5.00	37.27	6,595.84	78.73	59.90	-78.01	0.00	0.00	0.00
6,700.00	5.00	37.27	6,695.46	85.67	65.18	-84.88	0.00	0.00	0.00
6,800.00	5.00	37.27	6,795.08	92.60	70.46	-91.75	0.00	0.00	0.00
6,900.00	5.00	37.27	6,894.70	99.54	75.73	-98.62	0.00	0.00	0.00
7,000.00	5.00	37.27	6,994.32	106.48	81.01	-105.49	0.00	0.00	0.00
7,100.00	5.00	37.27	7,093.94	113.41	86.29	-112.37	0.00	0.00	0.00
7,200.00	5.00	37.27	7,193.56	120.35	91.57	-119.24	0.00	0.00	0.00
7,300.00	5.00	37.27	7,293.18	127.28	96.84	-126.11	0.00	0.00	0.00
7,400.00	5.00	37.27	7,392.80	134.22	102.12	-132.98	0.00	0.00	0.00
7,500.00	5.00	37.27	7,492.41	141.16	107.40	-139.85	0.00	0.00	0.00
7,600.00	5.00	37.27	7,592.03	148.09	112.68	-146.73	0.00	0.00	0.00
7,700.00	5.00	37.27	7,691.65	155.03	117.95	-153.60	0.00	0.00	0.00
7,800.00	5.00	37.27	7,791.27	161.97	123.23	-160.47	0.00	0.00	0.00
7,882.51	5.00	37.27	7,873.47	167.69	127.59	-166.14	0.00	0.00	0.00
7,900.00	4.65	37.27	7,890.90	168.86	128.48	-167.30	2.00	-2.00	0.00
8,000.00	2.65	37.27	7,990.69	173.93	132.33	-172.32	2.00	-2.00	0.00
8,100.00	0.65	37.27	8,090.64	176.22	134.07	-174.59	2.00	-2.00	0.00
8,132.51	0.00	0.00	8,123.15	176.36	134.19	-174.74	2.00	-2.00	0.00
8,200.00	0.00	0.00	8,190.64	176.36	134.19	-174.74	0.00	0.00	0.00
8,300.00	0.00	0.00	8,290.64	176.36	134.19	-174.74	0.00	0.00	0.00
8,400.00	0.00	0.00	8,390.64	176.36	134.19	-174.74	0.00	0.00	0.00
8,500.00	0.00	0.00	8,490.64	176.36	134.19	-174.74	0.00	0.00	0.00
8,554.36	0.00	0.00	8,545.00	176.36	134.19	-174.74	0.00	0.00	0.00
Brushy Canyon									
8,600.00	0.00	0.00	8,590.64	176.36	134.19	-174.74	0.00	0.00	0.00
8,700.00	0.00	0.00	8,690.64	176.36	134.19	-174.74	0.00	0.00	0.00
8,800.00	0.00	0.00	8,790.64	176.36	134.19	-174.74	0.00	0.00	0.00
8,900.00	0.00	0.00	8,890.64	176.36	134.19	-174.74	0.00	0.00	0.00
8,929.36	0.00	0.00	8,920.00	176.36	134.19	-174.74	0.00	0.00	0.00
Upper Avalon									
9,000.00	0.00	0.00	8,990.64	176.36	134.19	-174.74	0.00	0.00	0.00
9,100.00	0.00	0.00	9,090.64	176.36	134.19	-174.74	0.00	0.00	0.00
9,200.00	0.00	0.00	9,190.64	176.36	134.19	-174.74	0.00	0.00	0.00

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	Local Co-ordinate Reference:	Well #012H
Project:	Permian NM E'83	TVD Reference:	est.GL+KB @ 3625.00usft (planning)
Site:	Bell Lake Unit South 012H	MD Reference:	est.GL+KB @ 3625.00usft (planning)
Well:	#012H	North Reference:	Grid
Wellbore:	#012H OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 5k-14

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
9,299.36	0.00	0.00	9,290.00	176.36	134.19	-174.74	0.00	0.00	0.00	
Lower Avalon										
9,300.00	0.00	0.00	9,290.64	176.36	134.19	-174.74	0.00	0.00	0.00	
9,400.00	0.00	0.00	9,390.64	176.36	134.19	-174.74	0.00	0.00	0.00	
9,500.00	0.00	0.00	9,490.64	176.36	134.19	-174.74	0.00	0.00	0.00	
9,600.00	0.00	0.00	9,590.64	176.36	134.19	-174.74	0.00	0.00	0.00	
9,700.00	0.00	0.00	9,690.64	176.36	134.19	-174.74	0.00	0.00	0.00	
9,800.00	0.00	0.00	9,790.64	176.36	134.19	-174.74	0.00	0.00	0.00	
9,900.00	0.00	0.00	9,890.64	176.36	134.19	-174.74	0.00	0.00	0.00	
9,954.36	0.00	0.00	9,945.00	176.36	134.19	-174.74	0.00	0.00	0.00	
1st Bone Sprg Sand										
10,000.00	0.00	0.00	9,990.64	176.36	134.19	-174.74	0.00	0.00	0.00	
10,100.00	0.00	0.00	10,090.64	176.36	134.19	-174.74	0.00	0.00	0.00	
10,200.00	0.00	0.00	10,190.64	176.36	134.19	-174.74	0.00	0.00	0.00	
10,256.40	0.00	0.00	10,247.04	176.36	134.19	-174.74	0.00	0.00	0.00	
10,300.00	4.36	180.27	10,290.60	174.71	134.18	-173.08	10.00	10.00	0.00	
10,350.00	9.36	180.27	10,340.23	168.74	134.15	-167.11	10.00	10.00	0.00	
10,400.00	14.36	180.27	10,389.14	158.46	134.10	-156.84	10.00	10.00	0.00	
10,450.00	19.36	180.27	10,436.98	143.97	134.03	-142.34	10.00	10.00	0.00	
10,500.00	24.36	180.27	10,483.37	125.36	133.94	-123.74	10.00	10.00	0.00	
10,550.00	29.36	180.27	10,527.96	102.77	133.84	-101.15	10.00	10.00	0.00	
10,600.00	34.36	180.27	10,570.41	76.39	133.71	-74.77	10.00	10.00	0.00	
10,650.00	39.36	180.27	10,610.41	46.41	133.57	-44.80	10.00	10.00	0.00	
10,662.52	40.61	180.27	10,620.00	38.36	133.53	-36.75	10.00	10.00	0.00	
2nd Bone Sprg Sand										
10,700.00	44.36	180.27	10,647.63	13.05	133.41	-11.45	10.00	10.00	0.00	
10,750.00	49.36	180.27	10,681.81	-23.42	133.24	25.02	10.00	10.00	0.00	
10,800.00	54.36	180.27	10,712.68	-62.73	133.05	64.33	10.00	10.00	0.00	
10,850.00	59.36	180.27	10,740.01	-104.59	132.85	106.18	10.00	10.00	0.00	
10,900.00	64.36	180.27	10,763.58	-148.66	132.64	150.25	10.00	10.00	0.00	
10,950.00	69.36	180.27	10,783.22	-194.62	132.42	196.20	10.00	10.00	0.00	
11,000.00	74.36	180.27	10,798.79	-242.12	132.20	243.70	10.00	10.00	0.00	
11,050.00	79.36	180.27	10,810.15	-290.80	131.97	292.36	10.00	10.00	0.00	
11,100.00	84.36	180.27	10,817.23	-340.28	131.73	341.84	10.00	10.00	0.00	
11,150.00	89.36	180.27	10,819.96	-390.19	131.49	391.74	10.00	10.00	0.00	
11,156.40	90.00	180.27	10,820.00	-396.59	131.46	398.14	10.00	10.00	0.00	
11,200.00	90.00	180.27	10,820.00	-440.19	131.26	441.73	0.00	0.00	0.00	
11,300.00	90.00	180.27	10,820.00	-540.19	130.78	541.72	0.00	0.00	0.00	
11,400.00	90.00	180.27	10,820.00	-640.18	130.30	641.71	0.00	0.00	0.00	
11,500.00	90.00	180.27	10,820.00	-740.18	129.83	741.69	0.00	0.00	0.00	
11,600.00	90.00	180.27	10,820.00	-840.18	129.35	841.68	0.00	0.00	0.00	
11,700.00	90.00	180.27	10,820.00	-940.18	128.88	941.66	0.00	0.00	0.00	
11,800.00	90.00	180.27	10,820.00	-1,040.18	128.40	1,041.65	0.00	0.00	0.00	
11,900.00	90.00	180.27	10,820.00	-1,140.18	127.93	1,141.63	0.00	0.00	0.00	

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	Local Co-ordinate Reference:	Well #012H
Project:	Permian NM E'83	TVD Reference:	est.GL+KB @ 3625.00usft (planning)
Site:	Bell Lake Unit South 012H	MD Reference:	est.GL+KB @ 3625.00usft (planning)
Well:	#012H	North Reference:	Grid
Wellbore:	#012H OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 5k-14

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
12,000.00	90.00	180.27	10,820.00	-1,240.18	127.45	1,241.62	0.00	0.00	0.00	
12,100.00	90.00	180.27	10,820.00	-1,340.18	126.98	1,341.61	0.00	0.00	0.00	
12,200.00	90.00	180.27	10,820.00	-1,440.18	126.50	1,441.59	0.00	0.00	0.00	
12,300.00	90.00	180.27	10,820.00	-1,540.17	126.03	1,541.58	0.00	0.00	0.00	
12,400.00	90.00	180.27	10,820.00	-1,640.17	125.55	1,641.56	0.00	0.00	0.00	
12,500.00	90.00	180.27	10,820.00	-1,740.17	125.08	1,741.55	0.00	0.00	0.00	
12,600.00	90.00	180.27	10,820.00	-1,840.17	124.60	1,841.54	0.00	0.00	0.00	
12,700.00	90.00	180.27	10,820.00	-1,940.17	124.12	1,941.52	0.00	0.00	0.00	
12,800.00	90.00	180.27	10,820.00	-2,040.17	123.65	2,041.51	0.00	0.00	0.00	
12,900.00	90.00	180.27	10,820.00	-2,140.17	123.17	2,141.49	0.00	0.00	0.00	
13,000.00	90.00	180.27	10,820.00	-2,240.17	122.70	2,241.48	0.00	0.00	0.00	
13,100.00	90.00	180.27	10,820.00	-2,340.17	122.22	2,341.47	0.00	0.00	0.00	
13,200.00	90.00	180.27	10,820.00	-2,440.16	121.75	2,441.45	0.00	0.00	0.00	
13,300.00	90.00	180.27	10,820.00	-2,540.16	121.27	2,541.44	0.00	0.00	0.00	
13,400.00	90.00	180.27	10,820.00	-2,640.16	120.80	2,641.42	0.00	0.00	0.00	
13,500.00	90.00	180.27	10,820.00	-2,740.16	120.32	2,741.41	0.00	0.00	0.00	
13,600.00	90.00	180.27	10,820.00	-2,840.16	119.85	2,841.40	0.00	0.00	0.00	
13,700.00	90.00	180.27	10,820.00	-2,940.16	119.37	2,941.38	0.00	0.00	0.00	
13,800.00	90.00	180.27	10,820.00	-3,040.16	118.90	3,041.37	0.00	0.00	0.00	
13,900.00	90.00	180.27	10,820.00	-3,140.16	118.42	3,141.35	0.00	0.00	0.00	
14,000.00	90.00	180.27	10,820.00	-3,240.16	117.95	3,241.34	0.00	0.00	0.00	
14,100.00	90.00	180.27	10,820.00	-3,340.15	117.47	3,341.33	0.00	0.00	0.00	
14,200.00	90.00	180.27	10,820.00	-3,440.15	116.99	3,441.31	0.00	0.00	0.00	
14,300.00	90.00	180.27	10,820.00	-3,540.15	116.52	3,541.30	0.00	0.00	0.00	
14,400.00	90.00	180.27	10,820.00	-3,640.15	116.04	3,641.28	0.00	0.00	0.00	
14,500.00	90.00	180.27	10,820.00	-3,740.15	115.57	3,741.27	0.00	0.00	0.00	
14,600.00	90.00	180.27	10,820.00	-3,840.15	115.09	3,841.25	0.00	0.00	0.00	
14,700.00	90.00	180.27	10,820.00	-3,940.15	114.62	3,941.24	0.00	0.00	0.00	
14,800.00	90.00	180.27	10,820.00	-4,040.15	114.14	4,041.23	0.00	0.00	0.00	
14,900.00	90.00	180.27	10,820.00	-4,140.15	113.67	4,141.21	0.00	0.00	0.00	
15,000.00	90.00	180.27	10,820.00	-4,240.14	113.19	4,241.20	0.00	0.00	0.00	
15,100.00	90.00	180.27	10,820.00	-4,340.14	112.72	4,341.18	0.00	0.00	0.00	
15,200.00	90.00	180.27	10,820.00	-4,440.14	112.24	4,441.17	0.00	0.00	0.00	
15,300.00	90.00	180.27	10,820.00	-4,540.14	111.77	4,541.16	0.00	0.00	0.00	
15,400.00	90.00	180.27	10,820.00	-4,640.14	111.29	4,641.14	0.00	0.00	0.00	
15,500.00	90.00	180.27	10,820.00	-4,740.14	110.82	4,741.13	0.00	0.00	0.00	
15,600.00	90.00	180.27	10,820.00	-4,840.14	110.34	4,841.11	0.00	0.00	0.00	
15,700.00	90.00	180.27	10,820.00	-4,940.14	109.86	4,941.10	0.00	0.00	0.00	
15,800.00	90.00	180.27	10,820.00	-5,040.14	109.39	5,041.09	0.00	0.00	0.00	
15,900.00	90.00	180.27	10,820.00	-5,140.13	108.91	5,141.07	0.00	0.00	0.00	
16,000.00	90.00	180.27	10,820.00	-5,240.13	108.44	5,241.06	0.00	0.00	0.00	
16,100.00	90.00	180.27	10,820.00	-5,340.13	107.96	5,341.04	0.00	0.00	0.00	
16,200.00	90.00	180.27	10,820.00	-5,440.13	107.49	5,441.03	0.00	0.00	0.00	

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	Local Co-ordinate Reference:	Well #012H
Project:	Permian NM E'83	TVD Reference:	est.GL+KB @ 3625.00usft (planning)
Site:	Bell Lake Unit South 012H	MD Reference:	est.GL+KB @ 3625.00usft (planning)
Well:	#012H	North Reference:	Grid
Wellbore:	#012H OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 5k-14

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
16,300.00	90.00	180.27	10,820.00	-5,540.13	107.01	5,541.02	0.00	0.00	0.00	
16,400.00	90.00	180.27	10,820.00	-5,640.13	106.54	5,641.00	0.00	0.00	0.00	
16,500.00	90.00	180.27	10,820.00	-5,740.13	106.06	5,740.99	0.00	0.00	0.00	
16,600.00	90.00	180.27	10,820.00	-5,840.13	105.59	5,840.97	0.00	0.00	0.00	
16,700.00	90.00	180.27	10,820.00	-5,940.12	105.11	5,940.96	0.00	0.00	0.00	
16,800.00	90.00	180.27	10,820.00	-6,040.12	104.64	6,040.95	0.00	0.00	0.00	
16,900.00	90.00	180.27	10,820.00	-6,140.12	104.16	6,140.93	0.00	0.00	0.00	
17,000.00	90.00	180.27	10,820.00	-6,240.12	103.68	6,240.92	0.00	0.00	0.00	
17,100.00	90.00	180.27	10,820.00	-6,340.12	103.21	6,340.90	0.00	0.00	0.00	
17,200.00	90.00	180.27	10,820.00	-6,440.12	102.73	6,440.89	0.00	0.00	0.00	
17,300.00	90.00	180.27	10,820.00	-6,540.12	102.26	6,540.87	0.00	0.00	0.00	
17,400.00	90.00	180.27	10,820.00	-6,640.12	101.78	6,640.86	0.00	0.00	0.00	
17,500.00	90.00	180.27	10,820.00	-6,740.12	101.31	6,740.85	0.00	0.00	0.00	
17,600.00	90.00	180.27	10,820.00	-6,840.11	100.83	6,840.83	0.00	0.00	0.00	
17,700.00	90.00	180.27	10,820.00	-6,940.11	100.36	6,940.82	0.00	0.00	0.00	
17,800.00	90.00	180.27	10,820.00	-7,040.11	99.88	7,040.80	0.00	0.00	0.00	
17,900.00	90.00	180.27	10,820.00	-7,140.11	99.41	7,140.79	0.00	0.00	0.00	
18,000.00	90.00	180.27	10,820.00	-7,240.11	98.93	7,240.78	0.00	0.00	0.00	
18,100.00	90.00	180.27	10,820.00	-7,340.11	98.46	7,340.76	0.00	0.00	0.00	
18,200.00	90.00	180.27	10,820.00	-7,440.11	97.98	7,440.75	0.00	0.00	0.00	
18,300.00	90.00	180.27	10,820.00	-7,540.11	97.51	7,540.73	0.00	0.00	0.00	
18,400.00	90.00	180.27	10,820.00	-7,640.11	97.03	7,640.72	0.00	0.00	0.00	
18,500.00	90.00	180.27	10,820.00	-7,740.10	96.55	7,740.71	0.00	0.00	0.00	
18,600.00	90.00	180.27	10,820.00	-7,840.10	96.08	7,840.69	0.00	0.00	0.00	
18,706.82	90.00	180.27	10,820.00	-7,946.92	95.57	7,947.50	0.00	0.00	0.00	

Casing Points					
Measured Depth (usft)	Vertical Depth (usft)	Name	Casing Diameter (")	Hole Diameter (")	
1,318.00	1,318.00	13 3/8"	13-3/8	17-1/2	
5,240.00	5,240.00	9 5/8"	9-5/8	12-1/4	

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	Local Co-ordinate Reference:	Well #012H
Project:	Permian NM E'83	TVD Reference:	est.GL+KB @ 3625.00usft (planning)
Site:	Bell Lake Unit South 012H	MD Reference:	est.GL+KB @ 3625.00usft (planning)
Well:	#012H	North Reference:	Grid
Wellbore:	#012H OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 5k-14

Formations						
Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)	
1,258.00	1,258.00	Rustler				
1,830.00	1,830.00	Salado				
3,735.00	3,735.00	Base of Salt				
5,140.00	5,140.00	Delaware				
8,554.36	8,545.00	Brushy Canyon				
8,929.36	8,920.00	Upper Avalon				
9,299.36	9,290.00	Lower Avalon				
9,954.36	9,945.00	1st Bone Sprg Sand				
10,662.52	10,620.00	2nd Bone Sprg Sand				

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

Date: 07/02/2018

☒ Original
☐ Amended - Reason for Amendment: _____

Operator & OGRID No.: Kaiser-Francis Oil Company, 12361

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location	Footages	Expected MCF/D	Flared or Vented		Comments
Bell Lake Unit South 012H		H-6-24S-34E	2276' FNL 547' FEL	2000			

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to Targa and will be connected to Targa low/high pressure gathering system located in Lea County, New Mexico. It will require 11,000' of pipeline to connect the facility to low/high pressure gathering system. Kaiser-Francis Oil Company provides (periodically) to Targa a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Kaiser-Francis Oil Company and Targa have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Targa Processing Plant located in Sec. 36, Twn. 19S, Rng. 36E, Lea County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on Targa system at that time. Based on current information, it is Kaiser-Francis Oil Company's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

OCD – HOBBS
12/04/2020
RECEIVED

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-48171		² Pool Code 98264		³ Pool Name Bell Lake; Bone Spring, South	
⁴ Property Code 316706		⁵ Property Name BELL LAKE UNIT SOUTH			⁶ Well Number 012H
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			⁹ Elevation 3600.2
¹⁰ Surface Location					
UL or lot no. H	Section 6	Township 24 S	Range 34 E	Lot Idn 2276	Feet from the NORTH 547 East/West line EAST County LEA
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. P	Section 7	Township 24 S	Range 34 E	Lot Idn 330	Feet from the SOUTH 530 East/West line EAST County LEA
¹² Dedicated Acres 480		¹³ Joint or Infill		¹⁴ Consolidation Code	
				¹⁵ Order No. R-14600	

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>NW CORNER SEC. 6 LAT. = 32.2538418°N LONG. = 103.5175255°W NMSP EAST (FT) N = 457039.15 E = 793532.70</p> <p>SW CORNER SEC. 6 LAT. = 32.2393361°N LONG. = 103.5175208°W NMSP EAST (FT) N = 451762.01 E = 793574.23</p> <p>W/4 CORNER SEC. 7 LAT. = 32.2320807°N LONG. = 103.5175191°W NMSP EAST (FT) N = 449122.52 E = 793594.79</p> <p>SW CORNER SEC. 7 LAT. = 32.2248219°N LONG. = 103.5175153°W NMSP EAST (FT) N = 446481.79 E = 793616.04</p>		<p>N89°35'39"E 2602.38 FT N/4 CORNER SEC. 6 LAT. = 32.2538378°N LONG. = 103.5091094°W NMSP EAST (FT) N = 457057.57 E = 796134.50</p> <p>S18°20'01"E 417.92 FT L 1 L 2 L 3 L 4 L 5 L 6 L 7</p> <p>BELL LAKE UNIT SOUTH 012H ELEV. = 3600.2' LAT. = 32.2475817°N (NAD83) LONG. = 103.5023195°W NMSP EAST (FT) N = 454797.76 E = 798251.18</p> <p>FIRST TAKE POINT 2800' FSL 420' FEL LAT. = 32.2484888°N LONG. = 103.5019042°W NMSP EAST (FT) N = 454401.17 E = 798382.64</p> <p>S/4 CORNER SEC. 6 LAT. = 32.2393388°N LONG. = 103.5090568°W NMSP EAST (FT) N = 451782.92 E = 796191.23</p> <p>S89°32'28"W 2617.60 FT S89°30'51"W 2838.85 FT S00°16'20"W 7551.78 FT</p> <p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE. VERTICAL DATUM NAD83.</p> <p>BOTTOM OF HOLE LAT. = 32.2257369°N LONG. = 103.5022092°W NMSP EAST (FT) N = 446850.95 E = 796346.75</p> <p>S89°31'30"W 2632.48 FT S89°31'30"W 2632.48 FT</p>		<p>NE CORNER SEC. 6 LAT. = 32.2538369°N LONG. = 103.5005766°W NMSP EAST (FT) N = 457077.27 E = 798772.36</p> <p>E/4 CORNER SEC. 6 LAT. = 32.2466023°N LONG. = 103.5005464°W NMSP EAST (FT) N = 454445.73 E = 798802.12</p> <p>SE CORNER SEC. 6 LAT. = 32.2393444°N LONG. = 103.5005242°W NMSP EAST (FT) N = 451805.34 E = 798829.47</p> <p>S00°32'45"E 2640.60 FT S00°32'45"E 2640.60 FT S00°32'45"E 2640.60 FT S00°32'45"E 2640.60 FT</p>	
<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Melanie Wilson</i> 01/20/2020 Signature Date Melanie Wilson Printed Name mjp1692@gmail.com E-mail Address</p>					
<p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. APRIL 8, 2019 Date of Survey FILMON F. JARAMILLO Signature and Seal of Professional Surveyor Certificate Number: FILMON F. JARAMILLO, PLS 12797 SURVEY NO. 6752A</p>					

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit Original
to Appropriate
District Office

OCD - HOBBS
12/04/2020
RECEIVED

GAS CAPTURE PLAN

Date: 07/02/2018

☒ Original

Operator & OGRID No.: Kaiser-Francis Oil Company, 12361

☐ Amended - Reason for Amendment: _____

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location	Footages	Expected MCF/D	Flared or Vented		Comments
Bell Lake Unit South 012H	30-025-48171	H-6-24S-34E	2276' FNL 547' FEL	2000			

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to Targa and will be connected to Targa low/high pressure gathering system located in Lea County, New Mexico. It will require 11,000' of pipeline to connect the facility to low/high pressure gathering system. Kaiser-Francis Oil Company provides (periodically) to Targa a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Kaiser-Francis Oil Company and Targa have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Targa Processing Plant located in Sec. 36, Twn. 19S, Rng. 36E, Lea County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on Targa system at that time. Based on current information, it is Kaiser-Francis Oil Company's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

District I

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Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
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District III

1000 Rio Brazos Rd., Aztec, NM 87410
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District IV

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Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 12305

CONDITIONS OF APPROVAL

Operator:	KAISER-FRANCIS OIL CO	P.O. Box 21468	Tulsa, OK74121	OGRID:	12361	Action Number:	12305	Action Type:	FORM 3160-3
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OCD Reviewer	Condition
pkautz	Will require a directional survey with the C-104
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
pkautz	Oil base muds are not to be used until freshwater zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system.