

PTGW

DATE IN 3.2.12	SUSPENSE	ENGINEER RE	LOGGED IN 3.2.12	TYPE PLC	APP NO. 1206228265
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Kaiser-Francis Oil Co.
 12361

Bell Lake Unit # 21 & #22

ADMINISTRATIVE APPLICATION CHECKLIST 30-025-35118

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

30-025-35118

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

L-32-225-34E

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

P-31-225-34E

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

state & Fed

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Charlotte Van Valkenburg
 Print or Type Name

Charlotte Van Valkenburg
 Signature

Technical Coordinator
 Title

2-28-12
 Date

Charlotv@kfoc.net
 e-mail Address

PLC-355

KAISER-FRANCIS OIL COMPANY

P. O. BOX 21468

TULSA, OKLAHOMA 74121-1468

RECEIVED OGD

6733 South Yale Avenue, 74136
(918) 494-0000

2012 MAR -1 P 12:19

February 28, 2012

Mr. Terry Warnell
State of New Mexico
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Application for Surface Commingling
Bell Lake #21 (API 025-35118)
Bell Lake #22 (API 025-35592)
Lea Co., NM

Dear Sir:

This is to correct my prior letter application dated January 10, 2012 to Mr. Will Jones. It was stated that both wells produce from the Ojo Chiso West, Morrow (Gas) field. This is incorrect. The #21 well produces from the Bell Lake, Delaware NE field and the #22 well produces from the Ojo Chiso, Morrow West field as shown on attached form C-107-B. Interests are different.

I apologize for any confusion.

Sincerely,



Charlotte Van Valkenburg
Technical Coordinator

Attachments

District I
1625 N. French Drive, 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

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Kaiser-Francis Oil Company

OPERATOR ADDRESS: P. O. Box 21468, Tulsa, OK 74121-1468

APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes
Bell Lake; Delaware NE 97630	1444	1057	\$33./PD	10 - 15 MCF/D
Ojo Chiso; Morrow West 96665	1052		\$1535./PD	575 MCF/D

- (2) Are any wells producing at top allowables? Yes No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
 (4) Measurement type: Metering Other (Specify)
 (5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code. Same as above
 (2) Is all production from same source of supply? Yes No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
 (4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
 (2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
 (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
 (3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: *C. Jay Valkenburg* TITLE: Technical Coordinator DATE: 2-28-12
 TYPE OR PRINT NAME: Charlotte Van Valkenburg TELEPHONE NO.: 918-491-4314
 E-MAIL ADDRESS: _____

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 025-35118		² Pool Code 97630		³ Pool Name Bell Lake; Delaware, Northeast					
⁴ Property Code 005437		⁵ Property Name Bell Lake Unit					⁶ Well Number 21		
⁷ OGRID No. 012361		⁸ Operator Name Kaiser-Francis Oil Company					⁹ Elevation 3431 GR		
¹⁰ Surface Location									
UL or lot no. L	Section 32	Township 22S	Range 34E	Lot Idn -	Feet from the 1340	North/South line South	Feet from the 660	East/West line West	County 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
¹² Dedicated Acres 40		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No. NSL - 6061			

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 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 style="text-align: right;">2-28-12 <i>Charlotte Van Valkenburg</i> Signature Date</p> <p>Charlotte Van Valkenburg Printed Name</p> <p>Charlotv@kfoc.net 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.</p> <p>Date of Survey _____ Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>

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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 025-35592		² Pool Code 96665		³ Pool Name Ojo Chiso; Morrow West	
⁴ Property Code 005437		⁵ Property Name Bell Lake			⁶ Well Number 22
⁷ OGRID No. 012361		⁸ Operator Name Kaiser-Francis Oil Company			⁹ Elevation, 3441 GR

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
P	31	22S	34E	-	660	South	990	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

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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 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>Charlotte Van Valkenburg</i> 2-28-12 Signature</p> <p>Charlotte Van Valkenburg Printed Name</p> <p>Charlotv@kfoc.net 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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
	<p>Certificate Number</p>

Kaiser-Francis Oil Company
Bell Lake #21 & #22
Lea Co., NM
Attachment to Surface Commingling Application

Details of allocation method:

MMBTU is calculated by each well's volume times each well's BTU factor per each well's BTU analysis.
A percentage allocation is then used.

Good

JK

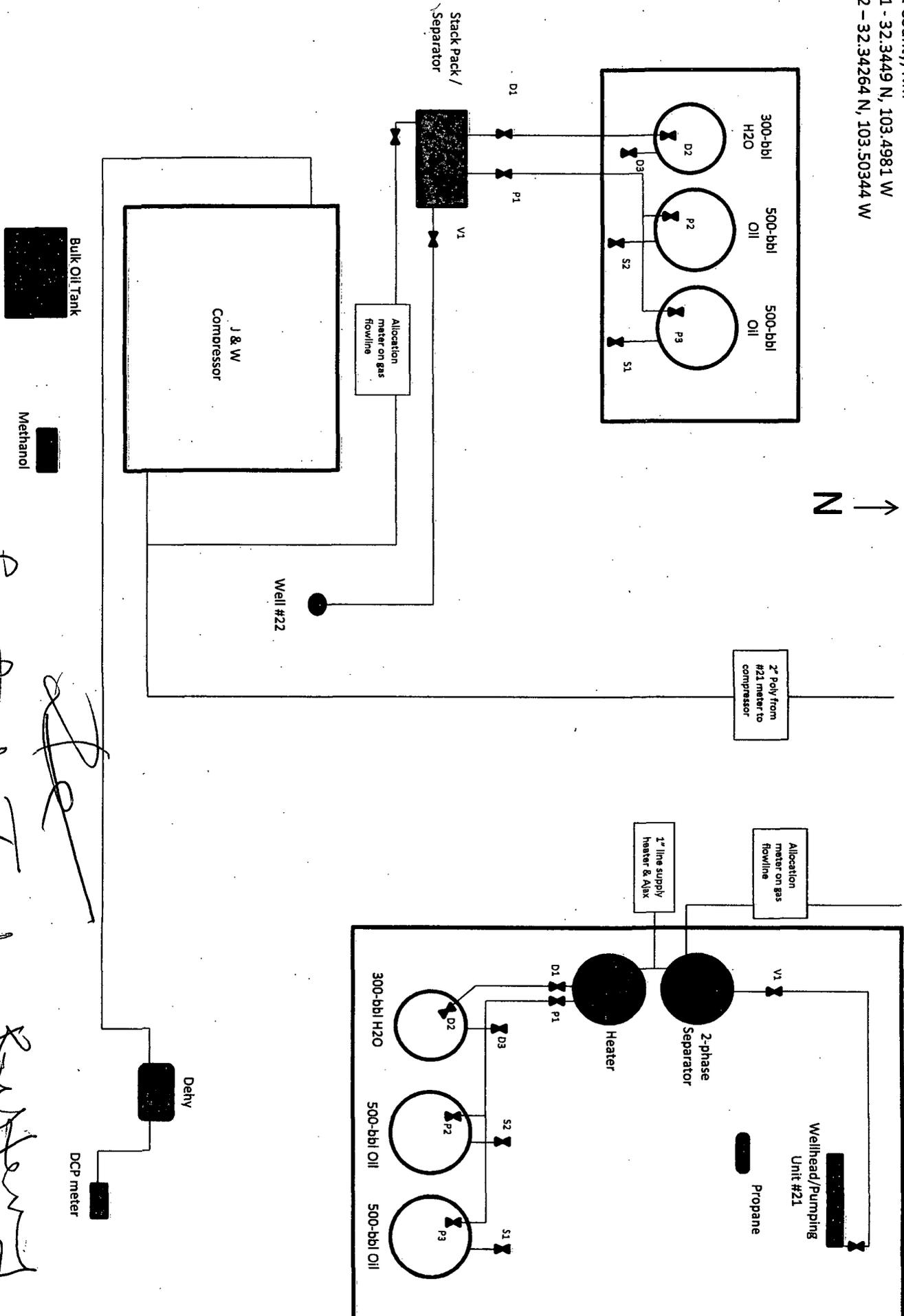
KAISER-FRANCIS OIL COMPANY

Bell Lake 21 & 22 (Devon)

Lea County, NM

#21 - 32.3449 N, 103.4981 W

#22 - 32.34264 N, 103.50344 W



Handwritten notes:
 New Control Tank Buttons
 CTR, Unit 1, Sec 32, 223, 34E

BELL LAKE #21

Producing

V1, P1, D1, P2, P3, D2 – Open
S1, S2, D3 – Closed/Sealed

Oil Sales

S1, S2 – Open
P3, P2, D2, D3, P1, D1 – Closed/Sealed

Hauling Water

D3 – Open
P1, P2, P3, D1, D2, S1, S2 – Closed/Sealed

BELL LAKE #22

Producing

V1, P1, D1, D2, P2, P3 – Open
S1, S2, D3 - Closed/Sealed

Oil Sales

S1, S2 – Open
P3, P2, D2, D3, D1, P1 – Closed/Sealed

Hauling Water

D3 – Open
D2, D1, P1, P2, P3, S1, S2 – Closed/Sealed

AFFIDAVIT OF MAILING

I, Charlotte Van Valkenburg, Technical Coordinator, duly states that notice of application for surface commingling by Kaiser-Francis Oil Company for the Bell Lake #21 and the Bell Lake #22 wells, was sent by certified mail on or about February 28, 2012 to the following interest owners:

Zorro Partners Ltd.
616 Texas St.
Ft. Worth, TX 76102-4696

Scott W. Tanberg
2502 Keswick Rd.
Midland, TX 79705-2635

Moore & Shelton
P. O. Box 3070
Galveston, TX 77552

Robert E. Landreth
110 W. Louisiana, Ste. 404
Midland, TX 79701-3486

Edward R. Hudson Trust 4
% Mary T. Ard Trustee
222 W. 4th St., Ph. 5
Ft. Worth, TX 76102-3948

Lindys Living Trust
% Francis Hudson Trustee
6300 Ridgelea Pl., Ste. 1005-A
Ft. Worth, TX 76116-5763

Mark Shidler Inc.
1313 Campbell Rd., Ste. D
Houston, TX 77055-6429

ConocoPhillips Co.
1060 Plaza Office Building
Bartlesville, OK 74004

Delmar Hudson Lewis Living Trust
P. O. Drawer 832407
Dallas, TX 75283-2407

Robert Kruse
P. O. Box 327
Key West, FL 33041-0327

Edward R. Hudson Trusts 1,2,3
616 Texas St.
Ft. Worth, TX 76102-4696

Hayes Land LP
P. O. Box 51510
Midland, TX 79710-1510

Hayes Land & Production Co.
P. O. Box 51407
Midland, TX 79710

Apache Corp.
6120 S. Yale, Suite 1500
Tulsa, OK 74136-4231

Devon Energy Production Co., LP
20 N. Broadway
Oklahoma City, OK 73102-8260

New Mexico State Land Office
P. O. Box 1148
Santa Fe, NM 87504

Bureau of Land Management
414 W. Taylor
Hobbs, NM 88240-1157

*****CERTIFICATION*****

I declare that the data and facts stated herein are true, correct and complete to the best of my knowledge.


Charlotte Van Valkenburg

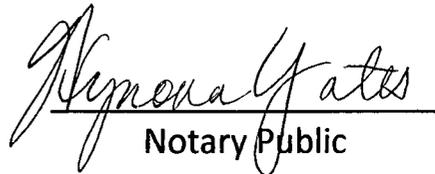
2-28-12
Date

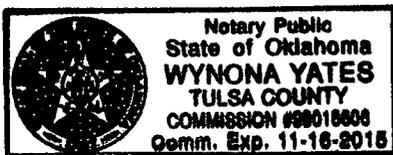
Company: Kaiser-Francis Oil Company

Telephone: 918-491-4314

Signed and sworn to before me this 28th day of February, 2012.

My Commission Expires: 11-16-2015

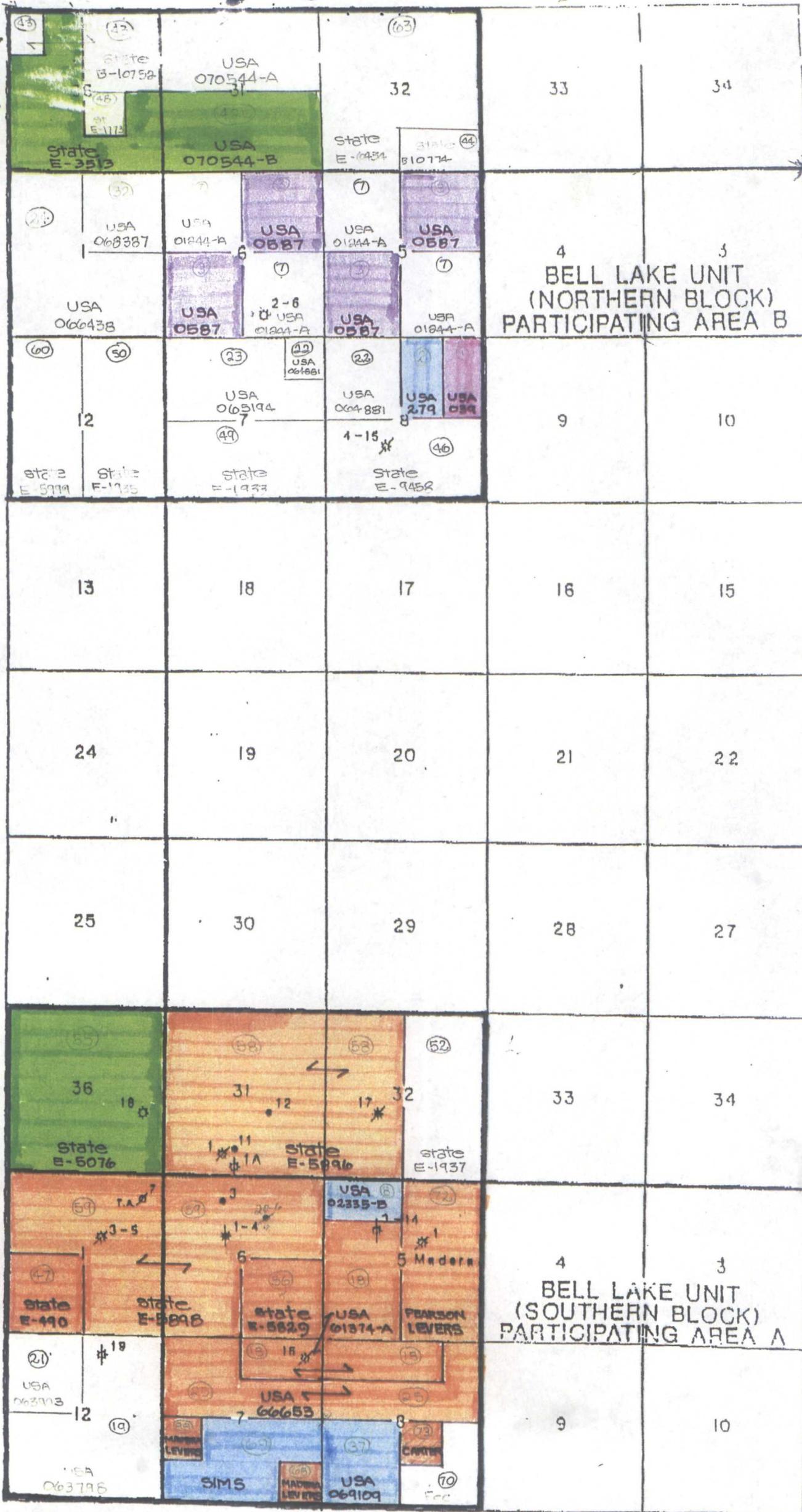

Notary Public



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- EXXON
- AMINOIL
- UMC
- ARCO
- CONOCO

R33E

R34E

PRODUCTION DEPARTMENT **CONOCO** HOBBS DIVISION

/// SFC-BASE OF DEVONIAN
 ⊗ = T-FACT #

BELL LAKE UNIT

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

Operator Copy

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

<p>1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other</p>	<p>5. Lease Serial No. Multiple--See Attached</p>
<p>2. Name of Operator DEVON ENERGY PRODUCTION CO E</p>	<p>6. If Indian, Allottee or Tribe Name</p>
<p>3a. Address 20 NORTH BROADWAY SUITE 1500 OKLAHOMA CITY, OK 73102</p>	<p>7. If Unit or CA/Agreement, Name and/or No. 891001066F / <i>NUM 68292F</i></p>
<p>3b. Phone No. (include area code) Ph: 918-491-4314</p>	<p>8. Well Name and No. Multiple--See Attached</p>
<p>4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached</p>	<p>9. API Well No. Multiple--See Attached</p>
	<p>10. Field and Pool, or Exploratory OJO CHISO</p>
	<p>11. County or Parish, and State LEA COUNTY, NM</p>

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

1. This is to request approval to surface commingle gas production for the Bell Lake #22 with the Bell Lake #21 (API #30-025-35118) located in Sec. 32-22S-34E, Lea Co., NM.
2. Production allocation: Each well has its own wellhead meter.
3. Facility diagram is attached.
4. Reason for commingling: Commingling the two wells would help to avoid pollution & unnecessary economic loss. The low production for the Bell Lake #21 (10-15 MCF/d) does not warrant setting a separate compressor. We would like to avoid flaring/venting for pollution reasons.

Diagram Attached Does not meet onshore order #3 Requirement Submit correct Diagram. within 30 days.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #125804 verified by the BLM Well Information System
For DEVON ENERGY PRODUCTION CO LP, sent to the Hobbs
Committed to AFMSS for processing by JAMES (JIM) HUGHES on 12/20/2011 (12JLH0073SE)

Name (Printed/Typed) CHARLOTTE VAN VALKENBURG	Title TECHNICAL COORDINATOR
Signature (Electronic Submission)	Date 12/15/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By DUNCAN WHITLOCK	Title LEAD PET	Date 12/26/2011
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Conditions of approval, if any, are attached. Approval of this notice 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.

Office Hobbs

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.

Additional data for EC transaction #125804 that would not fit on the form

5. Lease Serial No., continued

NMLC070544B
STATE

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM68292F	NMLC070544B	BELL LAKE UNIT 22	30-025-35592-00-S1	Sec 31 T22S R34E SESE 660FSL 990FEL
NMNM68292F	STATE	BELL LAKE UNIT 21	30-025-35118-00-S1	Sec 32 T22S R34E SWNW 1340FSL 660FWL
NMNM68292F		FAC A #22 BELL LAKE UNIT		Sec 31 T22S R34E Mer NMP SESE
NMNM68292F		FAC B #21 BELL LAKE UNIT		Sec 32 T22S R34E Mer NMP SWNW