

2 June 2016

Jack A. Nicholson, Trustee, POA  
Pauline A. Nicholson Family Trust  
1779 110<sup>th</sup> Avenue  
Ellis, Kansas 67637-9511

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2016 JUN -6 PM 3:22

Attn.: Examiner, Case No. 15499  
Oil Conservation Division, Hearings  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

RE: Restrict Damages, Branex Federal Com No. 15H Well, Application Item 8. F.

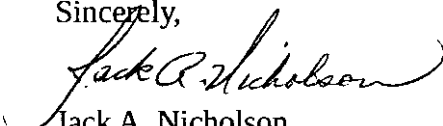
Dear Oil Conservation Division Hearing Examiner:

This letter formally requests denial or substantial limitation of 200% penalty for risk requested as part of Brandex Federal Com No. 15H Well Application, Item 8. F., "... against any working interest owner who does not voluntarily participate in the drilling of the well."

This request does not stipulate a limitation amount of penalty, any escrow or oversight of interest owner monies, any provision of time limit the penalty accumulates, any time for the termination point of withholding funds, and the surrender of said funds to working interest owners. This request is a financial black hole, and as such is illegal.

I have found it very difficult obtaining business answers from this company, and very little feedback from any inquiry, including whether I was a working interest owner due royalties (this has been resolved for a while, but there was a lot of evasive language, no return calls, repeated requests for proof). For this reason, I also ask you to clarify costs charged to working interest owners to produce the well, which often include significant, continuing costs in horizontal wells, which are beyond those charged for vertical wells, and assumed to be part of developing the vertical well and are paid for by the driller and/or operator, and are not withheld from working interest royalties.

Sincerely,

  
Jack A. Nicholson  
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