

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

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF KAISER-FRANCIS OIL  
COMPANY COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO.**

**Case No. 20052**

**VERIFIED STATEMENT OF BARBARA COURTNEY**

Barbara Courtney, being duly sworn upon her oath, deposes and states:

1. I am a landman for Kaiser-Francis Oil Company ("KFOC"), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.

2. The following information is submitted in support of the compulsory pooling application filed herein:

(a) The purpose of this application is to force pool working interest owners into the Bone Spring horizontal spacing unit described below, and in the well to be drilled in the unit.

(b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests to the well.

(c) A Midland Map Co. plat outlining the unit being pooled is attached hereto as Attachment A. KFOC seeks an order approving a 480 horizontal spacing unit in the Bone Spring formation comprised of the SE/4 of Section 6 and the E/2 of Section 7, Township 24 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the 1<sup>st</sup> Bone Spring zone, to be dedicated to the Bell Lake Unit – South Block Well No. 212H. The well is horizontal well with a first take point in the NE/4SE/4 of Section 6 and a final take point in the SE/4SE/4 of Section 7. A C-102 for the well is attached as Attachment B.

There is no depth severance in the Bone Spring formation.

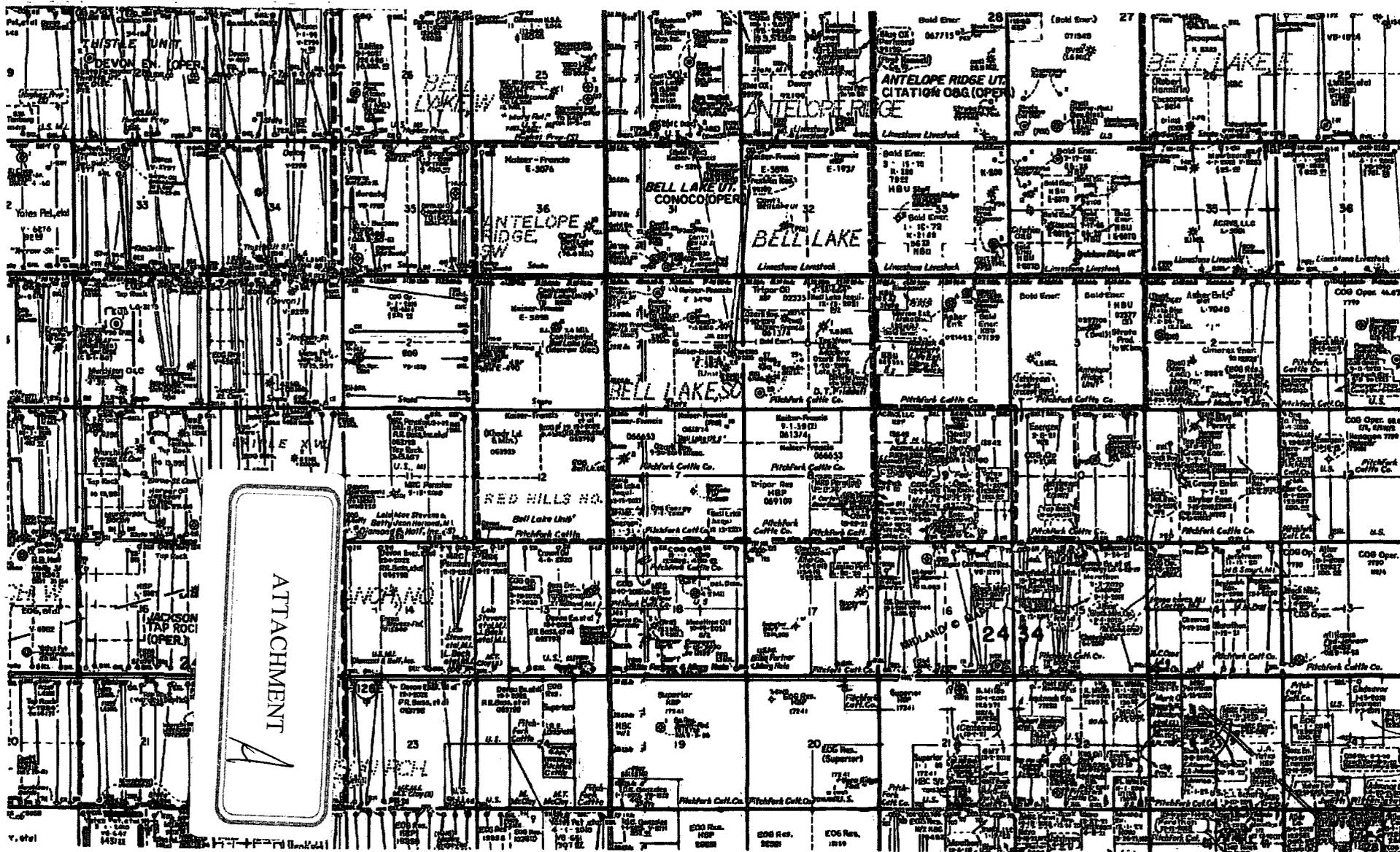
(d) The parties being pooled and their interests are set forth in Attachment C. Their current and correct addresses are also set forth.

EXHIBIT /

- (e) There are no unlocatable interest owners.
- (f) Attachment D contains a summary of contacts or attempted contacts with the interest owners, together with copies of the proposal letters sent to the interest owners.
- (g) KFOC has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed wells.
- (h) KFOC has the right to pool the overriding royalty owners in the well unit.
- (i) Attachment E contains the Authorizations for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depth and length drilled in this area of Lea County.
- (j) KFOC requests overhead and administrative rates of \$8000/month for a drilling well and \$800/month for a producing well. These rates are fair, and are comparable to the rates charged by other operators for wells of this type in this portion of Lea County. They are also the rates set forth in the Joint Operating Agreement for the well unit. KFOC requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- (k) KFOC requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (l) KFOC requests that it be designated operator of the well.
- (m) The attachments to this affidavit were prepared by me, or compiled from company business records.
- (n) The granting of this application is in the interests of conservation and the prevention of waste.



Attachment A



**Attachment B**

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

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

**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

□ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code	Pool Name
Property Code	Property Name <b>BELL LAKE SOUTH</b>	Well Number <b>212H</b>
OGRID No.	Operator Name <b>KAISER-FRANCIS OIL COMPANY</b>	Elevation <b>3597'</b>

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	247	EAST	LEA

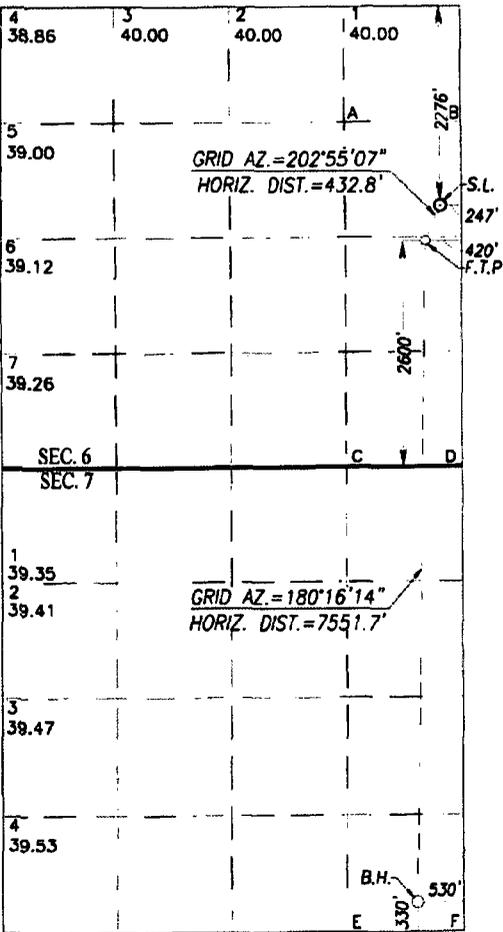
Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A

**ATTACHMENT B**



SCALE: 1"=2000'

<b>GEODETIC COORDINATES</b> NAD 83 NME SURFACE LOCATION Y= 454799.6 N X= 798551.4 E LAT.=32.247580° N LONG.=103.501348° W	<b>GEODETIC COORDINATES</b> NAD 27 NME SURFACE LOCATION Y= 454740.7 N X= 757367.5 E LAT.=32.247457° N LONG.=103.500870° W
<b>FIRST TAKE POINT</b> NAD 83 NME Y= 454401.1 N X= 798382.9 E LAT.=32.246489° N LONG.=103.501903° W	<b>FIRST TAKE POINT</b> NAD 27 NME Y= 454342.2 N X= 757199.0 E LAT.=32.246365° N LONG.=103.501425° W
<b>CORNER COORDINATES TABLE</b> NAD 27 NME	
A - Y= 455691.7 N, X= 756284.6 E	
B - Y= 455702.2 N, X= 757603.9 E	
C - Y= 451735.2 N, X= 756327.3 E	
D - Y= 451746.4 N, X= 757647.2 E	
E - Y= 446455.2 N, X= 756372.0 E	
F - Y= 446466.8 N, X= 757695.7 E	
<b>CORNER COORDINATES TABLE</b> NAD 83 NME	
A - Y= 455750.7 N, X= 797468.4 E	
B - Y= 455761.2 N, X= 798787.8 E	
C - Y= 451794.1 N, X= 797511.3 E	
D - Y= 451805.3 N, X= 798831.3 E	
E - Y= 446514.0 N, X= 797556.3 E	
F - Y= 446525.6 N, X= 798880.0 E	
<b>BOTTOM HOLE LOCATION</b> NAD 83 NME Y= 446850.9 N X= 798347.2 E LAT.=32.225737° N LONG.=103.502208° W	<b>BOTTOM HOLE LOCATION</b> NAD 27 NME Y= 446792.1 N X= 757163.0 E LAT.=32.225613° N LONG.=103.501731° W

I hereby certify that the information furnished to me 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Printed Name \_\_\_\_\_  
 E-mail Address \_\_\_\_\_

**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.

SEPTEMBER 11, 2017

Date of Survey \_\_\_\_\_  
 Signature of Professional Surveyor: *Ronald J. Eidson*

Certificate Number: 12641  
 Ronald J. Eidson 3239

ACK REL. W.O. 17110848 JWSC W.O.: 18.13.1142

## ATTACHMENT C

### BELL LAKE SOUTH #212H WELL

SE/4 Section 6-24S-34E & E/2 Section 7 -24S-34E, Lea County, New Mexico , containing 480 acres

<u>OWNERS TO BE POOLED</u>	<u>TYPE INTEREST</u>	<u>ACRES</u>	<u>WI BPO</u>
Burlington Resources Oil & Gas Company, LP ConocoPhillips Company 600 North Dairy Ashford Road Houston, TX 77079 ATTENTION: WEST PERMIAN LAND SUPERVISOR <u>RSCGPBULand@Conocophillips.com</u>	Mineral Interest	25.7143	5.35715%
EOG Resources, Inc. 5509 Champions Drive Midland, TX 79706 ATTENTION: MATTHEW GRAY <u>Matthew_Gray@eogresources.com</u>	Mineral Interest	20.0000	4.16667%
Mobil Producing Texas & New Mexico, Inc. c/o XTO Energy Land Dept. Loc. 115 22777 Springswood Village Parkway Spring, TX 77389-1425 ATTENTION: KEITH SAWYER <u>Keith_Sawyer@xtoenergy.com</u>	Leasehold Interest	13.8776	2.89117%
		59.5919	12.41498%

## ATTACHMENT D

### BURLINGTON RESOURCES OIL & GAS COMPANY, LP CONOCO PHILLIPS

7/31/18 Forwarded well proposal and AFE  
8/18 Visited with Judy Webb in their office explaining Burlington's ownership and forwarding title information and providing them a copy of our title opinion. Was advised that they were going to forward to their asset team for their review  
9/18 Visited with Judy Webb several times regarding a JOA which Burlington requested  
10/2/18 Forwarded proposed JOA to Judy Webb. At some point Judy advised that Joey Moppert was going to be handling from this point forward.  
10/9/18 Followed up with Joey Moppert to make sure that he had the JOA and advising that we were going to need to file the pooling.  
10/15 Followed up with Joey Moppert to see if they had the opportunity to review the JOA. He advised that they would like to put the JOA on a disc so that they could more easily see the changes made to the Model Form. He was going to try to look through the JOA that week to see if they had a problem with any changes or additions to the JOA.  
10/26/18 Received signed AFE but their cover letter stated their participation is subject to a mutual agreement of an operating agreement which Burlington has not signed as yet  
11/9/18 Provided a copy of the Compulsory Pooling Application via email to Joey Moppert and Waiver of Notice asking that they sign and return.  
11/12/18 Talked to Joey Moppert who advised that they would not sign the waiver but they would not protest the hearing. They fully intend to execute our JOA but understand our going forward with the hearing.

### MOBIL PRODUCING TEXAS & NEW MEXICO INC. XTO ENERGY

7/31/18 Forwarded well proposal and AFE  
8/7/18 XTO acknowledged receipt and requested title information which was provided. They advised that they would set up for processing  
8 or 9/18 Had a conversation with Keith Sawyer regarding the unit. He advised that they would want a JOA but he understood that we might have to file pooling.  
10/2/18 Forwarded proposed JOA to Keith Sawyer  
10/9/18 Send email to Keith Sawyer to make sure that he received the JOA and advising that we were going to have to move the spud date up.  
10/15/18 Sent email advising that we had scheduled the pooling hearing for 11/15.  
10/16/18 Keith Sawyer advised that he had not had the opportunity to review the JOA and asked that I send again which I did. Keith Sawyer advised that he would submit for internal review.

11/9/18 Provided a copy of the Compulsory Pooling Application via email and Waiver of Notice asking that they sign and return. Keith Sawyer tried to call me and I was not in office  
11/12/18 Left message for Keith Sawyer and sent email telling him that I was in the office available to talk

#### EOG RESOURCES

7/31/2018 Sent AFE and well proposal but apparently the address was incorrect  
8/13/18 Left message regarding receipt of well proposal  
8/17/18 Left message regarding receipt of well proposal  
8/20/18 Had phone conversation with Matthew Gray who advised that they had not received the well proposal. Forwarded via email well proposal and AFE.  
9/9/18 Sent email to Matthew Gray requesting Chuck Bassett's email because at one point was told that Chuck Bassett would be handling.  
9/28/18 Left phone message with either Matthew Gray or Chuck Bassett that JOA would be forwarded soon and that we were going to proceed to file pooling  
Sent email to Chuck Bassett  
10/2/2018 Forwarded JOA to Matthew Gray and advising that we are having to move well forward due to rig scheduling  
10/9/18 Sent email asking if they had received JOA and advising that we were going to go ahead and file for pooling and schedule for November 15 docket  
10/18/18 Sent follow up email asking if they had reviewed JOA  
11/9/18 Provided a copy of the Compulsory Pooling Application via email and Waiver of Notice asking that they sign and return.  
11/12/18 Talked to Matthew Gray who advised that he still did not have the well proposal. It was emailed on 9/28 and I reforwarded. He later found in spam. He advised that they have the JOA and he would run by his team. I advised that the hearing is scheduled for 9/15

Barbara A. Courtney  
918-491-4257 - Office  
918-638-5951 - Cell  
[barbarac@kfoc.net](mailto:barbarac@kfoc.net)

July 31, 2018

**CERTIFIED MAIL -- RETURN RECEIPT REQUESTED**

Burlington Resources Oil & Gas Company, LP  
600 N. Dairy Ashford Road  
Houston, TX 77079

ATTENTION: LAURA HANAGARNE

Re: Bell Lake Unit - South Block #212H Well  
SE/4 Section 6-24S-34E  
E/2 Section 7-24S-34E  
Lea County, New Mexico

Gentlemen:

Kaiser-Francis Oil Company hereby proposes the drilling of a 18,500' MD, 10,700' TVD 2<sup>nd</sup> Bone Springs Well within the 480 state spacing unit described as SE/4 Section 6-24S-34E and E/2 Section 7-24S-34E. Per the attached AFE dry hole costs are anticipated to be \$2,980,703 with completed well costs of \$9,703,979.

According to our title opinion, Burlington Resources Oil & Gas Company, LP owns 25.7143 acres of unleased mineral interest. Please note that this interest is subject to a 1/8 non-participating royalty interest.

Kaiser-Francis anticipates a spud date of June, 2019.

Please execute and return the enclosed AFE's within thirty (30) days of your receipt of this letter. Please be advised that Kaiser-Francis plans to file an application to pool this unit with the New Mexico Oil and Gas Conservation Division.

Should you have questions please feel free to call me at the number above or email at the email address above.

Yours truly,



Barbara A. Courtney  
Landman

Enclosure

Barbara A. Courtney  
918-491-4257 - Office  
918-638-5951 - Cell  
[barbarac@kfoc.net](mailto:barbarac@kfoc.net)

July 31, 2018

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Mobil Producing Texas & New Mexico, Inc.  
c/o XTO Energy, Inc.  
Land Dept. Loc. 115  
22777 Springwoods Village Parkway  
Spring, TX 77389-1425

ATTENTION: KEITH SAWYER

Re: Bell Lake Unit - South Block #212H Well  
SE/4 Section 6-24S-34E  
E/2 Section 7-24S-34E  
Lea County, New Mexico

Gentlemen:

Kaiser-Francis Oil Company hereby proposes the drilling of a 18,500' MD, 10,700' TVD 2<sup>nd</sup> Bone Springs Well within the 480 state spacing unit described as SE/4 Section 6-24S-34E and E/2 Section 7-24S-34E. Per the attached AFE dry hole costs are anticipated to be \$2,980,703 with completed well costs of \$9,703,979.

According to our title opinion, Mobil Producing Texas & New Mexico, Inc. owns 13.8776 acres of leasehold in this unit.

Kaiser-Francis anticipates a spud date of June, 2019.

Please execute and return the enclosed AFE's within thirty (30) days of your receipt of this letter. Please be advised that Kaiser-Francis plans to file an application to pool this unit with the New Mexico Oil and Gas Conservation Division.

Should you have questions please feel free to call me at the number above or email at the email address above.

Yours truly,



Barbara A. Courtney  
Landman

Enclosure

Barbara A. Courtney  
918-491-4257 - Office  
918-638-5951 - Cell  
[barbarac@kfoc.net](mailto:barbarac@kfoc.net)

September 28, 2018

Email – [matthew\\_gray@eogresources.com](mailto:matthew_gray@eogresources.com)

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706

ATTENTION: MATTHEW GRAY

Re: Bell Lake Unit - South Block #212H Well  
SE/4 Section 6-24S-34E  
E/2 Section 7-24S-34E  
Lea County, New Mexico

Gentlemen:

Kaiser-Francis Oil Company hereby proposes the drilling of a 18,500' MD, 10,700' TVD 2<sup>nd</sup> Bone Springs Well within the 480 state spacing unit described as SE/4 Section 6-24S-34E and E/2 Section 7-24S-34E. Per the attached AFE dry hole costs are anticipated to be \$2,980,703 with completed well costs of \$9,703,979.

According to our title opinion, EOG owns 20 acres unleased minerals in this unit.

Kaiser-Francis anticipates a spud date of June, 2019.

Please execute and return the enclosed AFE's within thirty (30) days of your receipt of this letter. Please be advised that Kaiser-Francis plans to file an application to pool this unit with the New Mexico Oil and Gas Conservation Division.

Should you have questions please feel free to call me at the number above or email at the email address above.

Yours truly,



Barbara A. Courtney  
Landman

Enclosure

**Kaiser-Francis Oil Company**  
**Authority for Expenditure**

OPERATOR: Kaiser-Francis Oil Company  
 WELL NAME & NO: Bell Lake Unit South #212H  
 PROSPECT NAME:  
 LOCATION:  
 PROPOSED TD: 18,500 MD 10,700' TVD  
 OBJECTIVE HORIZON: 2nd Bone Springs Horizontal  
 OBJECTIVE: Drill and complete new horizontal well / 7500' lateral

DATE: 2018-06-14  
 FIELD: Bell Lake  
 PSH/COUNTY: Lea  
 STATE: NM  
 PREPARER: R Sanford / D Zerger

Classification of Account	DRILLING	COMPLETION	EQPT/CONST	TOTAL
<b>INTANGIBLE DRILLING &amp; COMPLETION</b>				
500/600 Location / Road Expense / Earthen Pit / Frac Pit Construction	\$90,000	\$14,000	\$44,000	\$148,000
501/**** Cond, Rat Hole, Mouse Hole Services	\$32,000			\$32,000
502/602 Location Damages	\$20,000			\$20,000
504/604 Drilling Rig Turnkey Completion Rig		\$12,000		\$12,000
Footage @ per foot				\$0
Daywork 24 days at \$23,500	\$564,000			\$564,000
505/605 Coiled Tubing & Related Services		\$250,000		\$250,000
506/606 Rig Mob / Demob	\$328,000			\$328,000
507/**** Directional Drilling Services	\$266,000			\$266,000
508/608 Bits & Reamers	\$108,000			\$108,000
510/610 Fuel/Power	\$108,000			\$108,000
512/612 Drilling Water / Completion Fluid	\$42,000	\$688,500		\$740,500
514/614 Mud & Chemicals	\$120,000	\$15,000		\$135,000
515/615 Closed Loop System / Mud & Cuttings Disposal/SWD	\$145,000	\$20,000		\$165,000
516/616 Surface Equipment Rental / Inspection	\$253,020	\$77,370		\$330,390
517/617 Downhole Equipment Rental / Inspection	\$46,350	\$55,000		\$101,350
518/618 Transportation & Loading	\$38,000	\$63,000		\$101,000
520/**** DST, Coring & Analysis				\$0
522/622 Open Hole Logs / Cased Hole Logs & Perforating / Slickline / Plugs		\$246,000		\$246,000
523/**** Mud Logging / Geosteering / LWD	\$22,800			\$22,800
524/624 Cementing & Squeezing	\$59,000	\$90,000		\$149,000
526/626 Casing Crews & Equipment	\$29,500	\$17,000		\$46,500
528/628 Plug & Abandon				\$0
630 Stimulation		\$3,822,000		\$3,822,000
532/632 Geological & Engineering		\$10,000		\$10,000
534/634 Supervision	\$112,800	\$45,750		\$158,550
536/636 Miscellaneous Contract Labor	\$32,000	\$60,000	\$45,000	\$137,000
538/638 Prof. Fees & Abstracts				\$0
541/641 Liability Insurance / Bonds				\$0
542/642 Drilling Overhead / Completion Overhead	\$28,000	\$5,250		\$33,250
544/644 Miscellaneous & Unforeseen	\$214,510	\$275,044	\$4,450	\$494,004
<b>TOTAL INTANGIBLE DRILLING &amp; COMPLETION</b>	<b>\$2,658,980</b>	<b>\$5,776,814</b>	<b>\$83,450</b>	<b>\$8,528,344</b>
<b>WELL AND LEASE EQUIPMENT</b>				
700 Conductor 20" / pipe incl in conductor/cellar costs 80				\$0
701 Surface Casing 13-3/8" 54.50# J-55 STC 1450	\$48,525			\$48,525
702 Intermediate Casing 9-5/8" 40# P-110 HC LTC 5300	\$184,950			\$184,950
702 Intermediate Casing				\$0
704 Drilling Liner (BCP)				\$0
703 Production Liner (ACP)				\$0
706 Production Casing (ACP) 5 1/2" 20# P110 GBCD 18500		\$302,500		\$302,500
710 Tubing 2-7/8" 6.5# L-80 EUE to KOP 11500		\$51,750		\$51,750
721/720 Wellhead Equip. BCP/ACP	\$35,000	\$40,000		\$75,000
724 Packers & Downhole Equipment		\$20,000		\$20,000
726 Rods & Pumps				\$0
737 Line Pipe / Fittings / Pipeline			\$60,000	\$60,000
747 Valves			\$40,000	\$40,000
752 Tanks & Walkways			\$117,000	\$117,000
765 Heaters / Treaters / Separator / VRU			\$35,000	\$35,000
768 Artificial Lift / Compressor			\$70,000	\$70,000
770 Gas Sales Unit / Dehy / Line Heater / Flare			\$20,000	\$20,000
775/774 Transportation and Freight BCP/ACP		\$2,000	\$50,000	\$52,000
777/776 Inspect/Test Tubulars BCP/ACP	\$24,000	\$5,000		\$29,000
779/778 Non-Controllable Equipment BCP/ACP	\$29,248	\$21,063	\$19,600	\$69,910
<b>TOTAL WELL AND LEASE EQUIPMENT</b>	<b>\$321,723</b>	<b>\$442,313</b>	<b>\$411,600</b>	<b>\$1,175,636</b>
<b>TOTAL DRILLING AND COMPLETION COST</b>	<b>\$2,980,703</b>	<b>\$6,219,226</b>	<b>\$505,050</b>	<b>\$9,704,979</b>
	<b>Drilling</b>	<b>Completion</b>	<b>Eqpt/Const</b>	<b>Total</b>

This AFE is only an *estimate* of costs and the *actual* costs incurred may be less or greater than stated.

APPROVED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

Attachment E