



563

PATRICK H. LYONS  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

May 11, 2006

Kaiser-Francis Oil Company  
P.O. Box 21468  
Tulsa, Oklahoma 74121-1468

Attn: Mr. Robert Major

Re: 2006 Plan of Development  
Bell Lake Unit  
Lea County, New Mexico

2006 MAY 12 PM 1 19

Dear Mr. Major:

The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

*John H. Beniz for/*  
BY:  
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

PL/JB/cpm  
xc: Reader File

OCD

BLM

**-State Land Office Beneficiaries -**

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State

PLAN OF OPERATION/DEVELOPMENT  
FOR CALENDAR YEAR 2006  
BELL LAKE SOUTH UNIT (CR: NM68292X)  
LEA COUNTY, NEW MEXICO

BUREAU OF LAND MANAGEMENT  
2909 W. 2<sup>nd</sup> St.  
ROSWELL, NEW MEXICO 88201  
ATTN: MINERALS

2006 APR 17 PM 12 50

COMMISSIONER OF PUBLIC LANDS (3)  
STATE OF NEW MEXICO  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87501

OIL CONSERVATION DIVISION (2)  
DEPARTMENT OF ENERGY & MINERALS  
STATE OF NEW MEXICO  
1220 S. SAINT FRANCIS DR.  
SANTA FE, NEW MEXICO 87505-4000

Gentlemen:

In compliance with Section 10 of the Bell Lake Agreement dated May 12, 1953, Kaiser-Francis, as Unit Sub-Operator, hereby submits for approval a Plan of Operation/Development for the year 2005.

SUMMARY OF 2005 OPERATIONS

The participating area "A" produced gas and liquids during 2005 as shown below:

| <u>Participating Area "A"</u> | <u>For Year Through 12/31</u> |             | <u>Daily AVG.</u> |             |
|-------------------------------|-------------------------------|-------------|-------------------|-------------|
|                               | <u>MCF</u>                    | <u>Bbls</u> | <u>MCF</u>        | <u>Bbls</u> |
| Atoka                         | 136,628                       | 1588        | 374.3             | 4.4         |
| Morrow                        | 283,654                       | 904         | 777.1             | 2.5         |
| Bone Springs                  | 4,752                         | 1581        | 13.0              | 4.3         |
| Cherry Canyon                 | 4,754                         | 1541        | 13.0              | 4.2         |
| Delaware                      | 56,455                        | 11,084      | 154.7             | 30.4        |
| Devonian                      | 203,753                       | 0           | 558.2             | 0           |

Plan of Operation/Development  
For Calendar Year 2006  
Bell Lake South Unit (CR: NM68292X)  
Page 2

#### ACTIVITY IN 2005

We took over operations on the Bell Lake N. 2-6 from ConocoPhillips during 2005.

#### DEVELOPMENT IN 2006

We will either P&A the Bell Lake #19 or test and produce the Bone Springs or Delaware zone.

#### OFFSET OBLIGATIONS

Unit owners will take appropriate action within their control to prevent drainage of unitized substances from lands subject to the Bell Lake Unit Agreement or, pursuant to applicable regulations, fair and reasonable compensatory royalty will be paid as provided in Section 18 of said Agreement. There have been no wells drilled in recent years offsetting the South Bell Lake Unit.

#### MODIFICATION

It is understood that portions of the Plan of Operation/Development outlined above are dependent upon certain information to be obtained subsequent to work done in the past as well as other contingencies, and for these reasons, this Plan of Operation/Development may be modified from time to time, with like approval to meet changing conditions.

#### EFFECTIVE DATE

This Plan of Operation/Development shall be effective upon approval by the Supervisor, Commissioner, and Division.

Date: April 13, 2006

#### TERM

This Plan of Operation/Development is submitted for the period ending December 31, 2006. Subsequent to that date, another Plan of

... Operation/Development will be submitted for approval.

Plan of Operation/Development  
For Calendar Year 2006  
Bell Lake South Unit (CR: 68292X)  
Page 3

Submitted by:

*Robert Major*

Robert Major  
Production Records Manager  
Kaiser-Francis Oil Company  
Bell Lake South Unit Sub-Operator  
Tulsa, Oklahoma

Approved:

\_\_\_\_\_  
Bureau of Land Management

\_\_\_\_\_  
Date

\_\_\_\_\_  
Commissioner of Public Lands

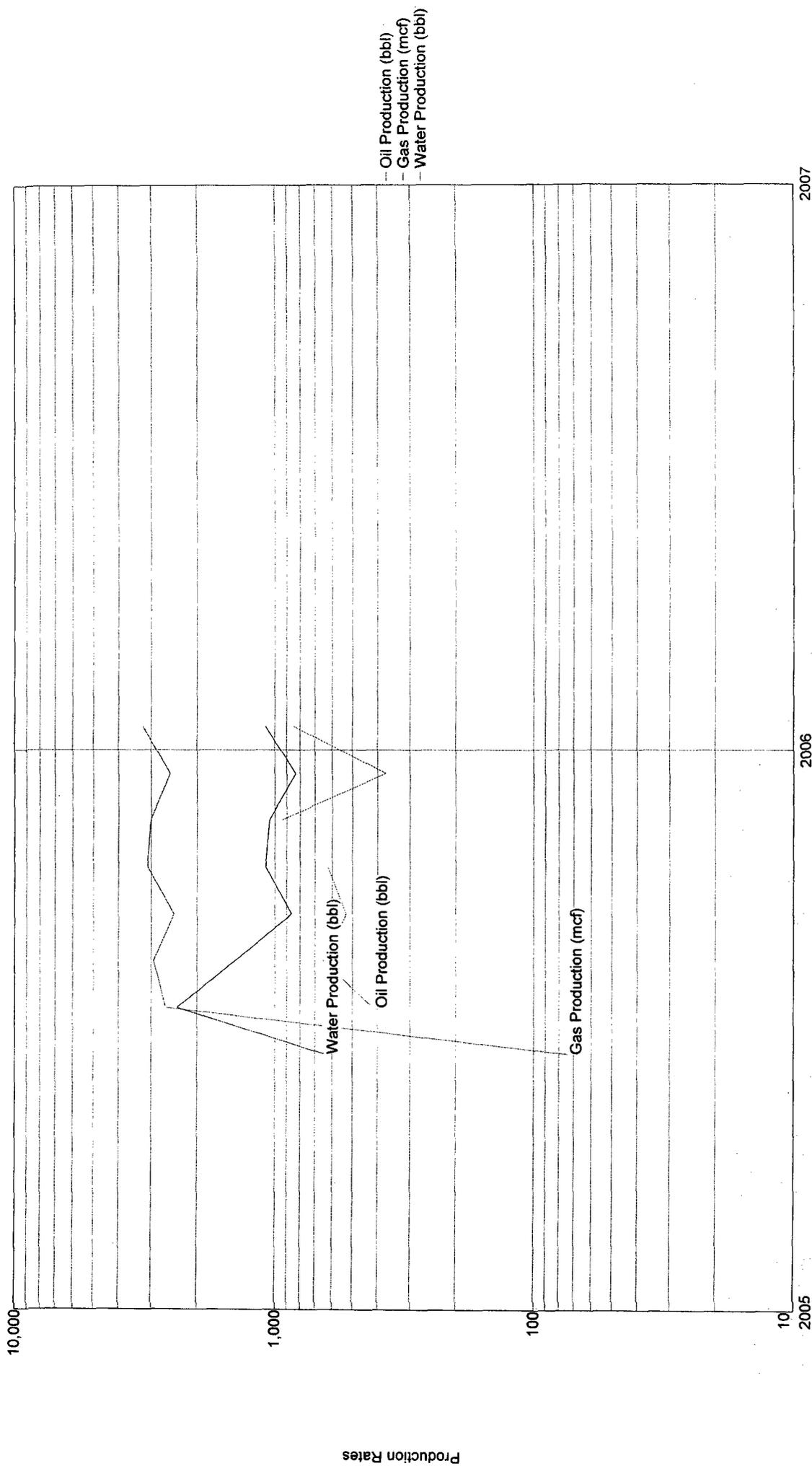
\_\_\_\_\_  
Date

\_\_\_\_\_  
New Mexico Oil Conservation Division

\_\_\_\_\_  
Date

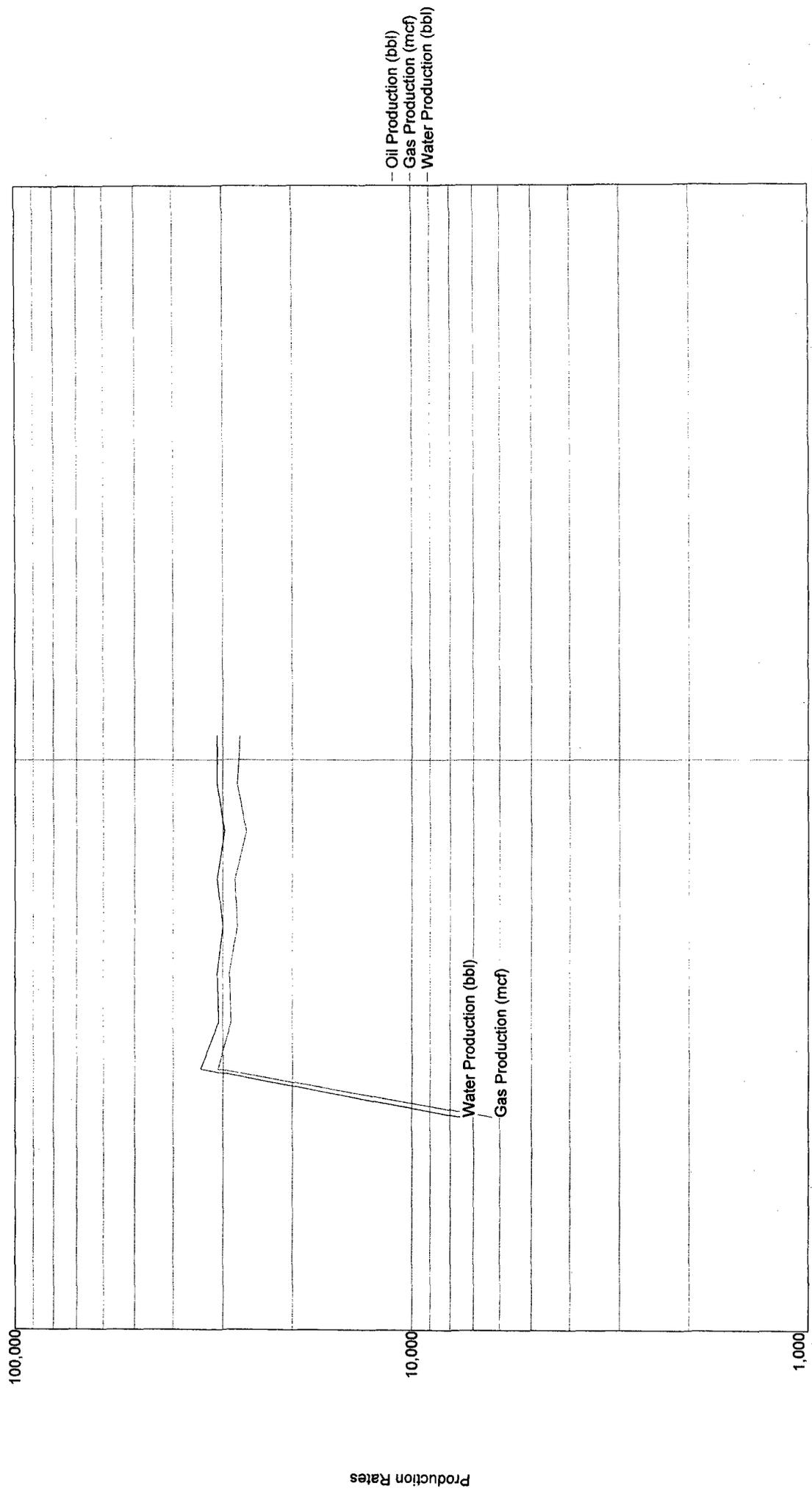
Lease Name: BELL LAKE 21-6  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir:  
Location: 6 24S 34E

### BELL LAKE 21-6 - BELL LAKE



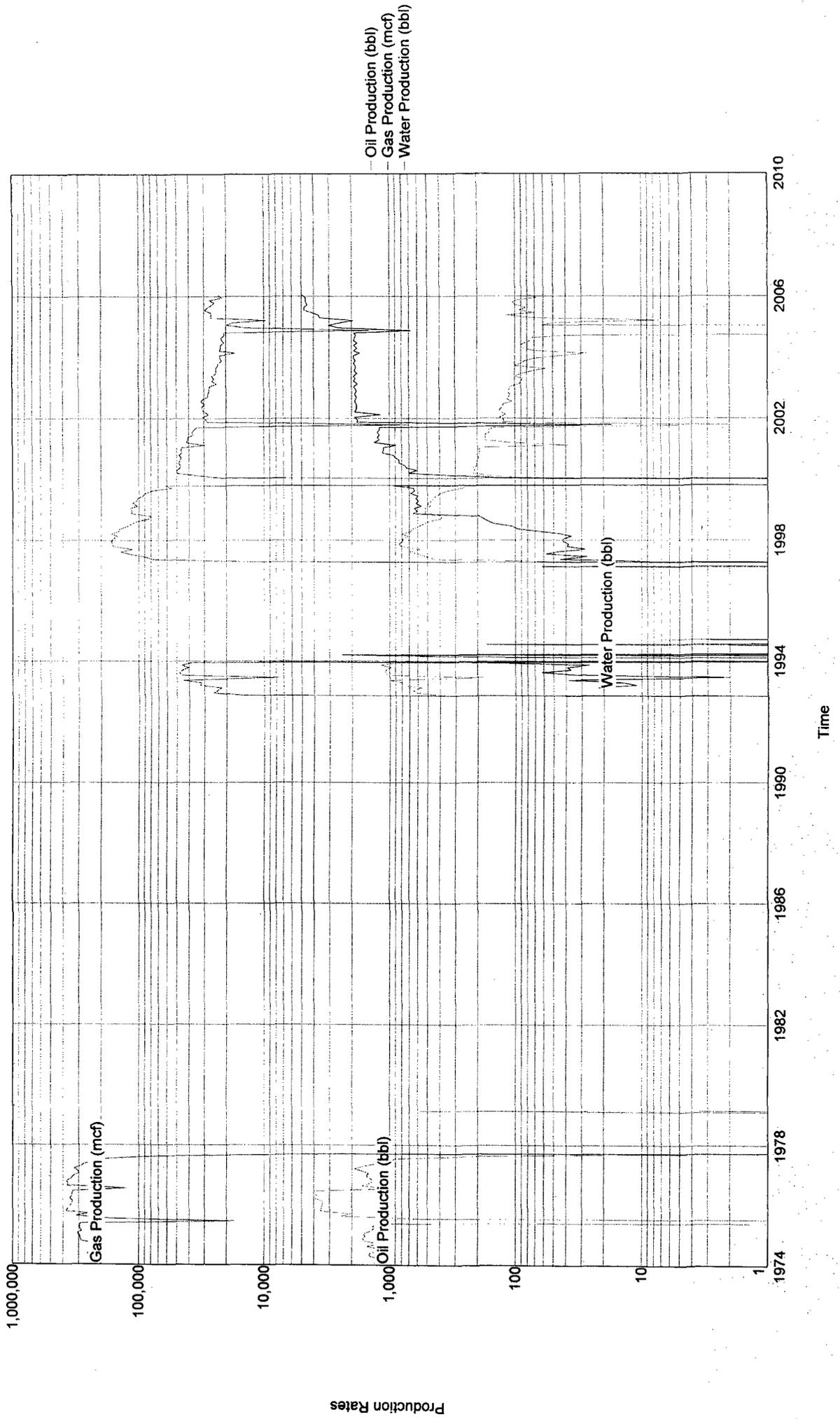
Lease Name: BELL LAKE N 2-6  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir:  
Location: 6 23S 34E

BELL LAKE N 2-6 - BELL LAKE



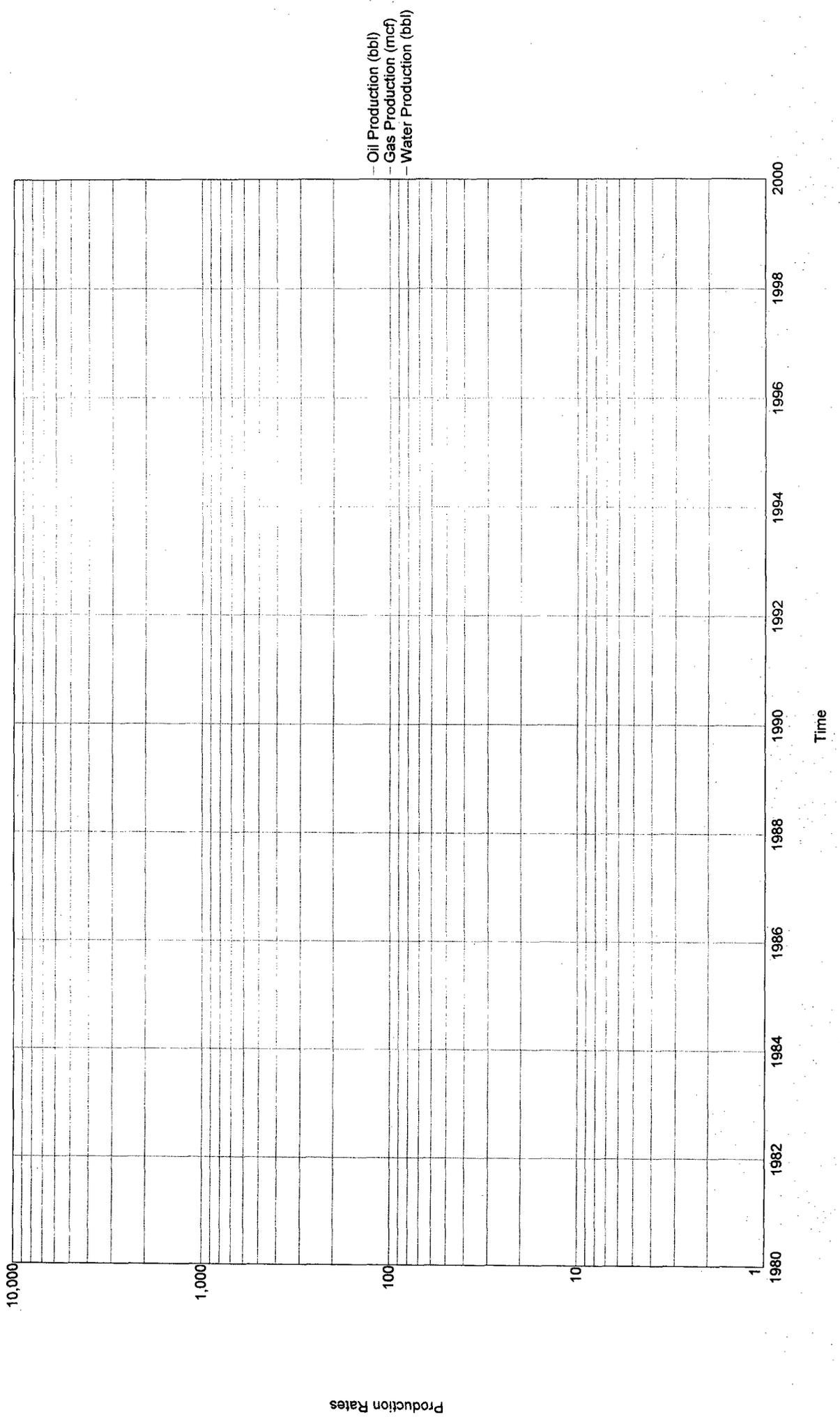
Lease Name: BELL LAKE S 1 4  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: MORROW  
Location: 6 24S 34E

BELL LAKE S 1 4 - BELL LAKE



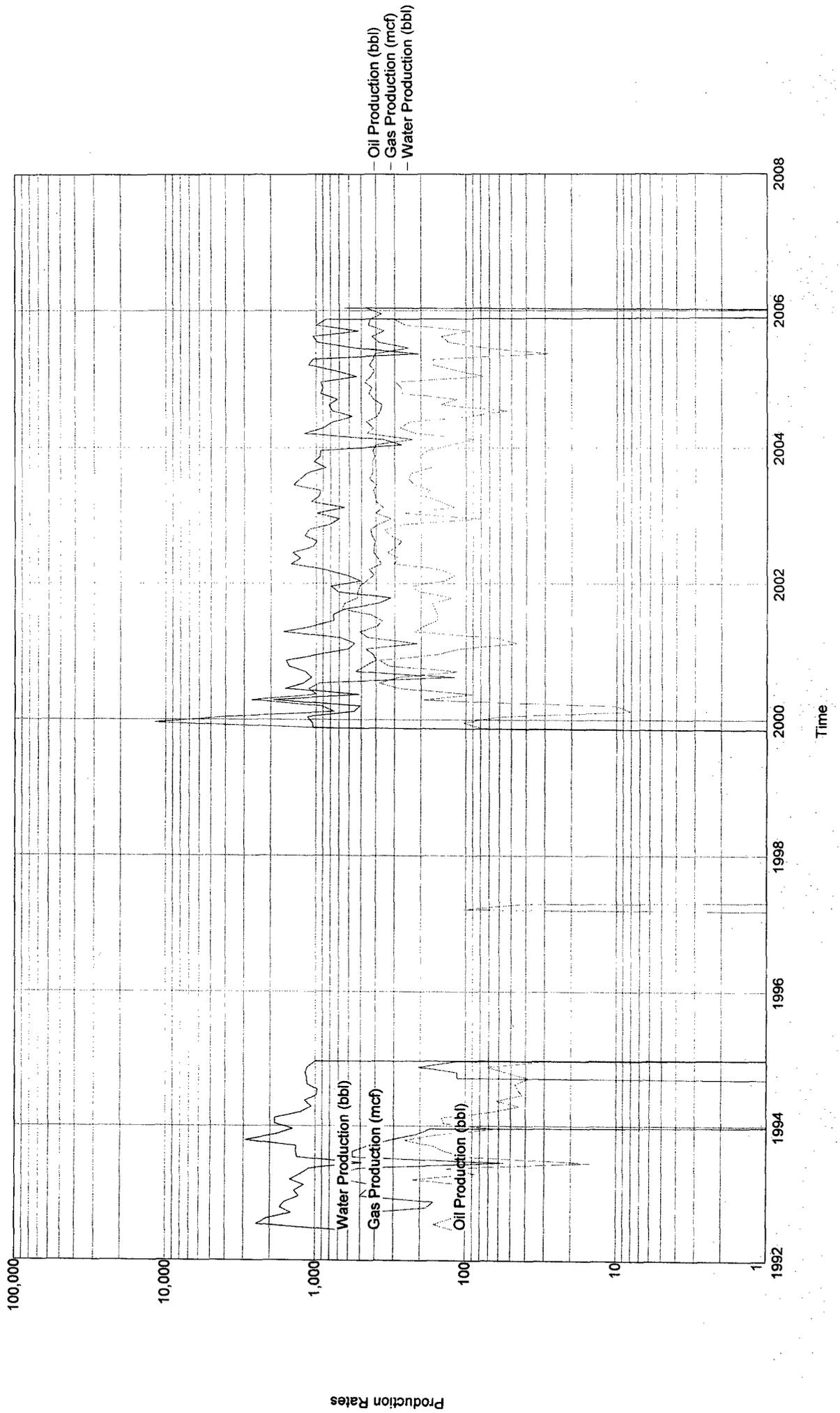
Lease Name: BELL LAKE S 19  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: MORROW  
Location: 12 24S 33E

BELL LAKE S 19 - BELL LAKE



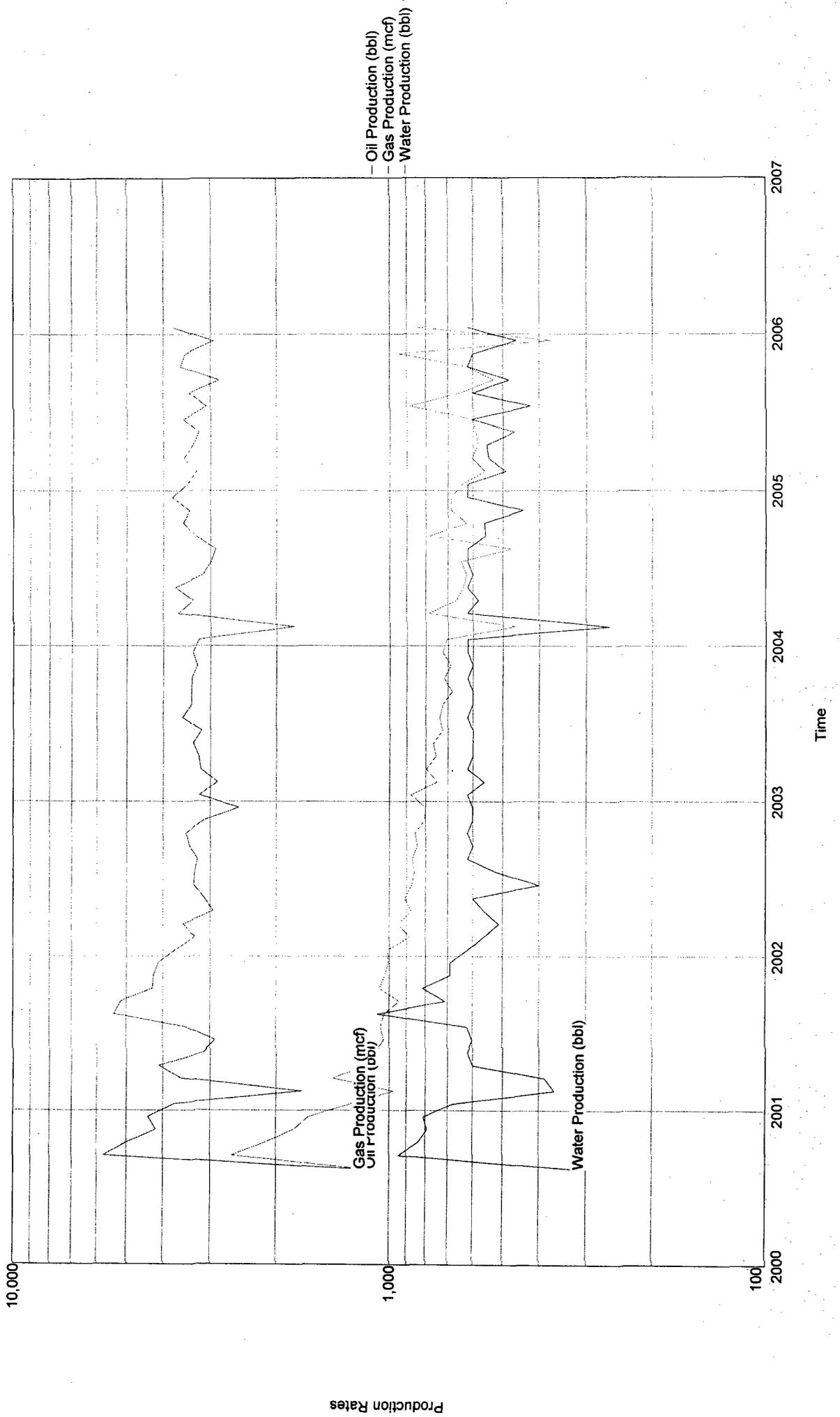
Lease Name: BELL LAKE S 1A&12 (CHERRY CANY  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: CHERRY CANYO  
Location: 31 23S 34E

BELL LAKE S 1A&12 (CHERRY CANY - BELL LAKE



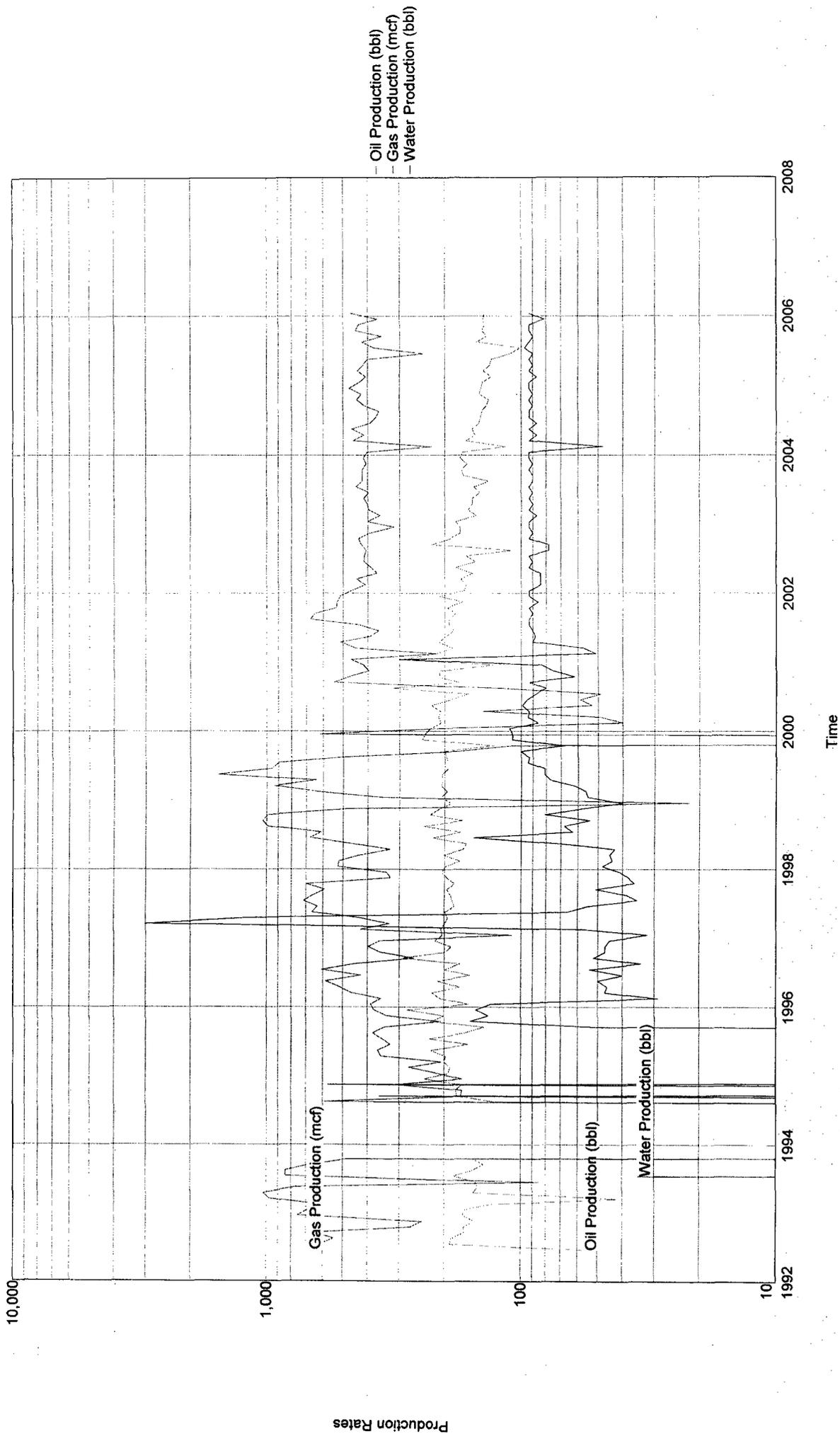
Lease Name: BELL LAKE S 20-6  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: DELAWARE BRU  
Location: 6 24S 34E

BELL LAKE S 20-6 - BELL LAKE



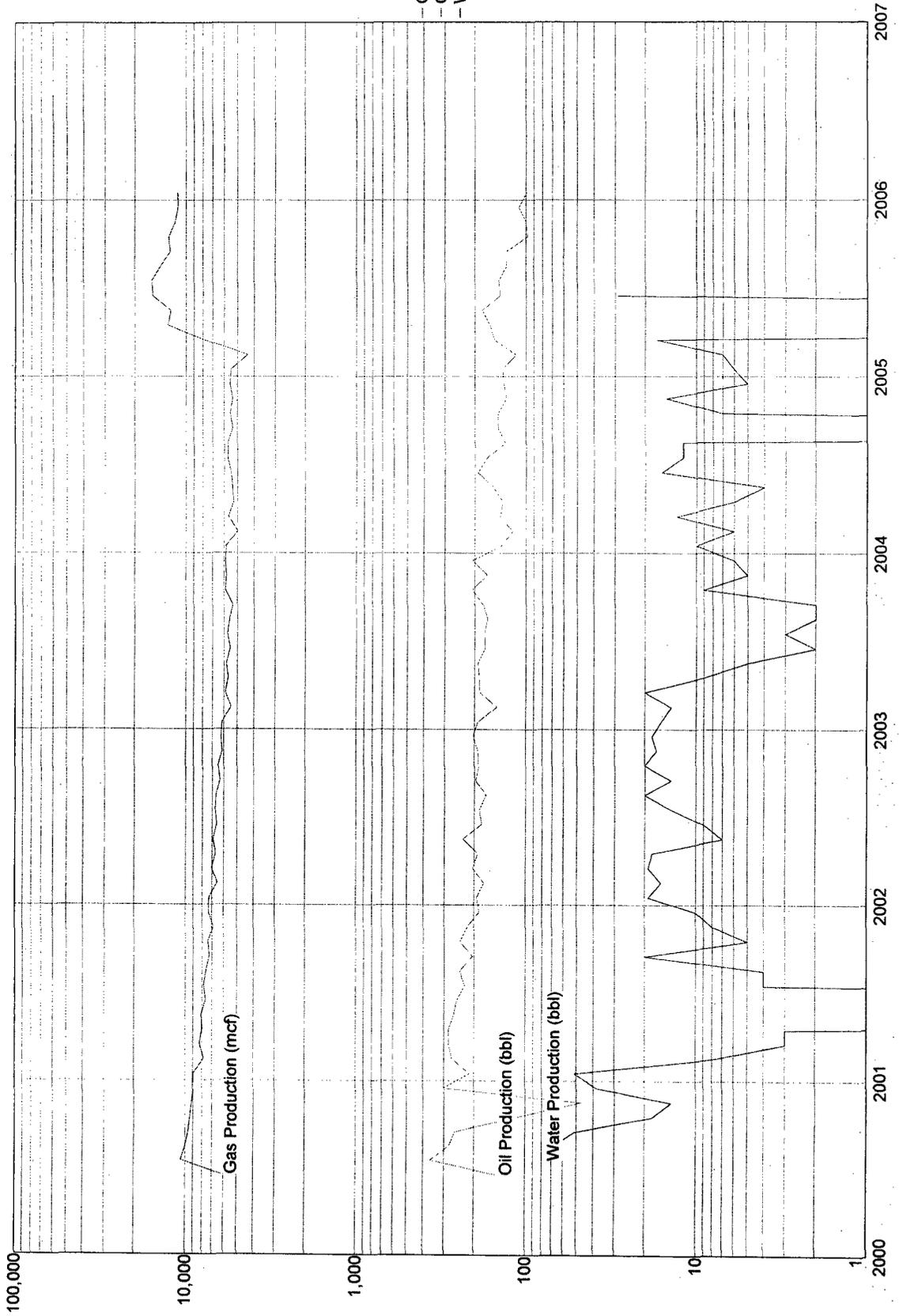
Lease Name: BELL LAKE S 3 (BONE SPRINGS)  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: BONE SPRINGS  
Location: 6 24S 34E

### BELL LAKE S 3 (BONE SPRINGS) - BELL LAKE



Lease Name: BELL LAKE S 3 14  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: ATOKA  
Location: 5 24S 34E

BELL LAKE S 3 14 - BELL LAKE



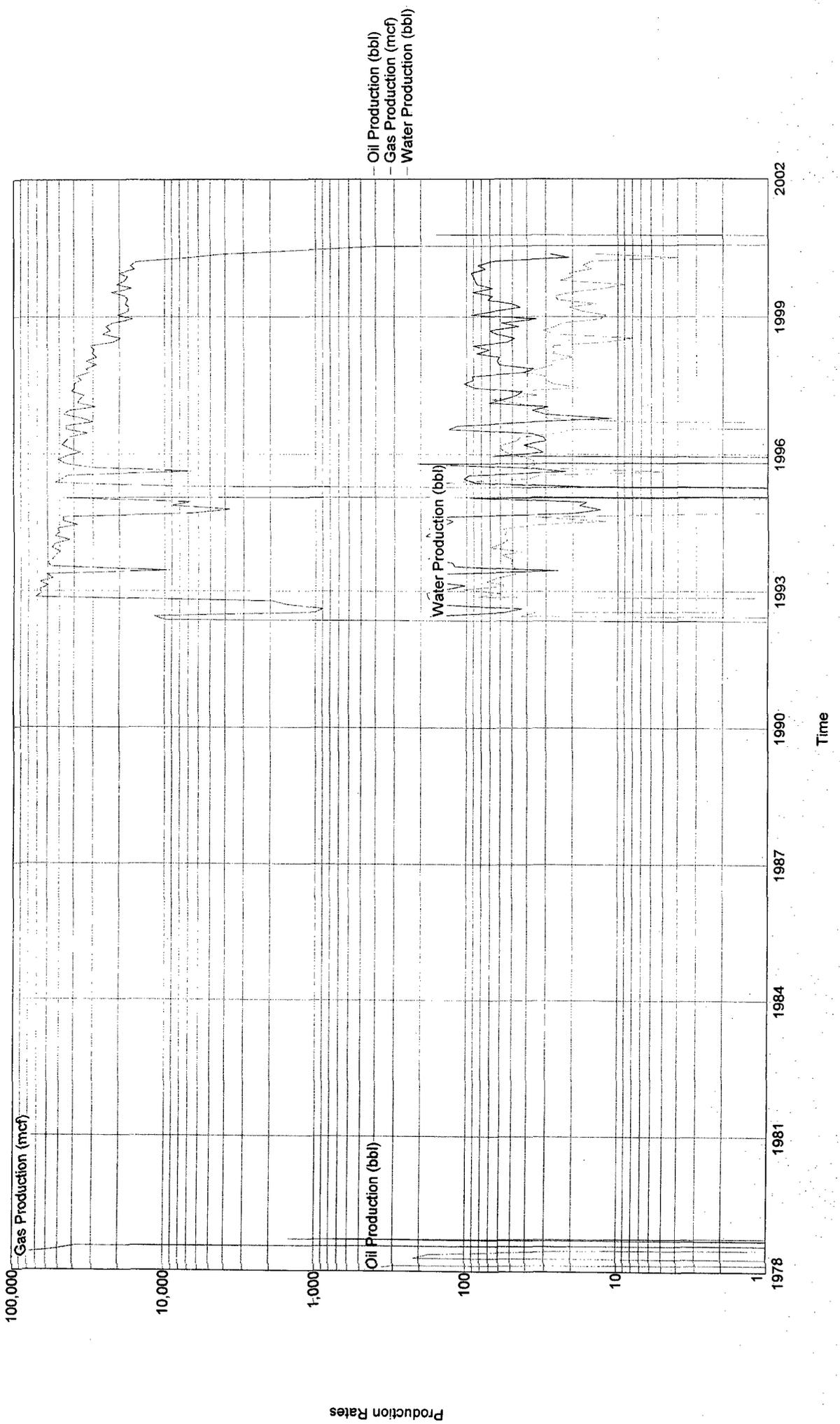
Production Rates

Time

Oil Production (bbl)  
Gas Production (mcf)  
Water Production (bbl)

Lease Name: BELL LAKE S 3 18  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: MORROW  
Location: 36 23S 33E

BELL LAKE S 3 18 - BELL LAKE



PLAN OF OPERATION/DEVELOPMENT  
FOR CALENDAR YEAR 2004  
SOUTH BELL LAKE UNIT (NO. 14-08-001-1066)  
LEA COUNTY, NEW MEXICO

BUREAU OF LAND MANAGEMENT  
2909 W. 2<sup>nd</sup> St.  
ROSWELL, NEW MEXICO 88201  
ATTN: MINERALS

RECEIVED

APR 02 2004

COMMISSIONER OF PUBLIC LANDS (3)  
STATE OF NEW MEXICO  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87501

Oil Conservation Division  
1220 S. Saint Francis Drive  
Santa Fe, NM 87505

OIL CONSERVATION DIVISION (2)  
DEPARTMENT OF ENERGY & MINERALS  
STATE OF NEW MEXICO  
1220 S. SAINT FRANCIS DR.  
SANTA FE, NEW MEXICO 87505-4000

Gentlemen:

In compliance with Section 10 of the Bell Lake Agreement dated May 12, 1953, Kaiser-Francis, as Unit Sub-Operator, hereby submits for approval a Plan of Operation/Development for the year 2003.

SUMMARY OF 2003 OPERATIONS

The participating area "A" produced gas and liquids during 2003 as shown below:

| <u>Participating Area "A"</u> | <u>For Year Through 12/31</u> |             | <u>Daily AVG.</u> |             |
|-------------------------------|-------------------------------|-------------|-------------------|-------------|
|                               | <u>MCF</u>                    | <u>Bbls</u> | <u>MCF</u>        | <u>Bbls</u> |
| Atoka                         | 68,615                        | 2162        | 188.0             | 5.9         |
| Morrow                        | 289,289                       | 1014        | 792.6             | 2.8         |
| Bone Springs                  | 4898                          | 1898        | 13.4              | 5.2         |
| Cherry Canyon                 | 4900                          | 2317        | 13.4              | 6.3         |
| Delaware                      | 39,202                        | 8,911       | 107.4             | 24.4        |

Plan of Operation/Development  
For Calendar Year 2004  
South Bell Lake Unit (No. 14-08-001-1066)  
Page 2

ACTIVITY IN 2003

No new activity during 2003

DEVELOPMENT IN 2004

We are evaluating and, if justifiable, will propose recompleting the Bell Lake S 3 #18 in the Bone Springs or Delaware.

OFFSET OBLIGATIONS

Unit owners will take appropriate action within their control to prevent drainage of unitized substances from lands subject to the Bell Lake Unit Agreement or, pursuant to applicable regulations, fair and reasonable compensatory royalty will be paid as provided in Section 18 of said Agreement. There have been no wells drilled in recent years offsetting the South Bell Lake Unit.

MODIFICATION

It is understood that portions of the Plan of Operation/Development outlined above are dependent upon certain information to be obtained subsequent to work done in the past as well as other contingencies, and for these reasons, this Plan of Operation/Development may be modified from time to time, with like approval to meet changing conditions.

EFFECTIVE DATE

This Plan of Operation/Development shall be effective upon approval by the Supervisor, Commissioner, and Division.

Date: March 30, 2004

TERM

This Plan of Operation/Development is submitted for the period ending December 31, 2004. Subsequent to that date, another Plan of Operation/Development will be submitted for approval.

Plan of Operation/Development  
For Calendar Year 2004  
South Bell Lake Unit (No. 14-08-001-1066)  
Page 3

Submitted by:



Robert Major  
Production Records Manager  
Kaiser-Francis Oil Company  
South Bell Lake Unit Sub-Operator  
Tulsa, Oklahoma

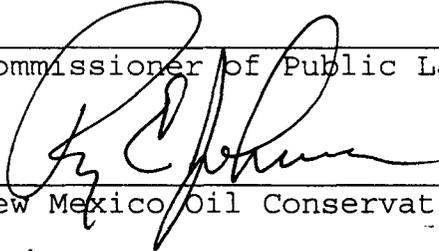
Approved:

\_\_\_\_\_  
Bureau of Land Management

\_\_\_\_\_  
Date

\_\_\_\_\_  
Commissioner of Public Lands

\_\_\_\_\_  
Date

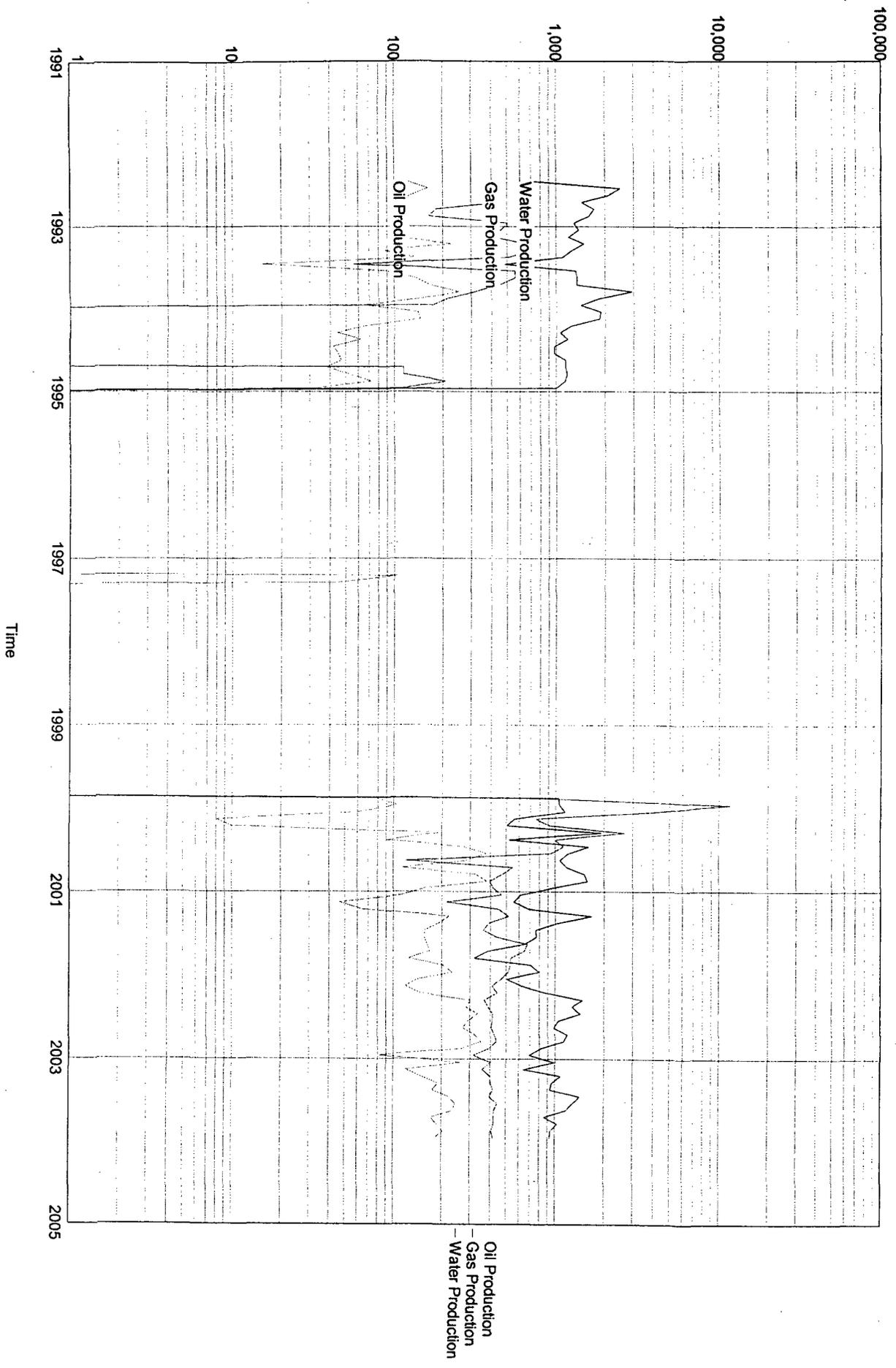
  
\_\_\_\_\_  
New Mexico Oil Conservation Division

\_\_\_\_\_  
Date

4/13/04

Lease Name: BELL LAKE S 1A&12 (CHERRY CANY  
County: State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: CHERRY CANYO  
Location: 31 23S 34E

BELL LAKE S 1A&12 (CHERRY CANY - BELL LAKE



Production Rates

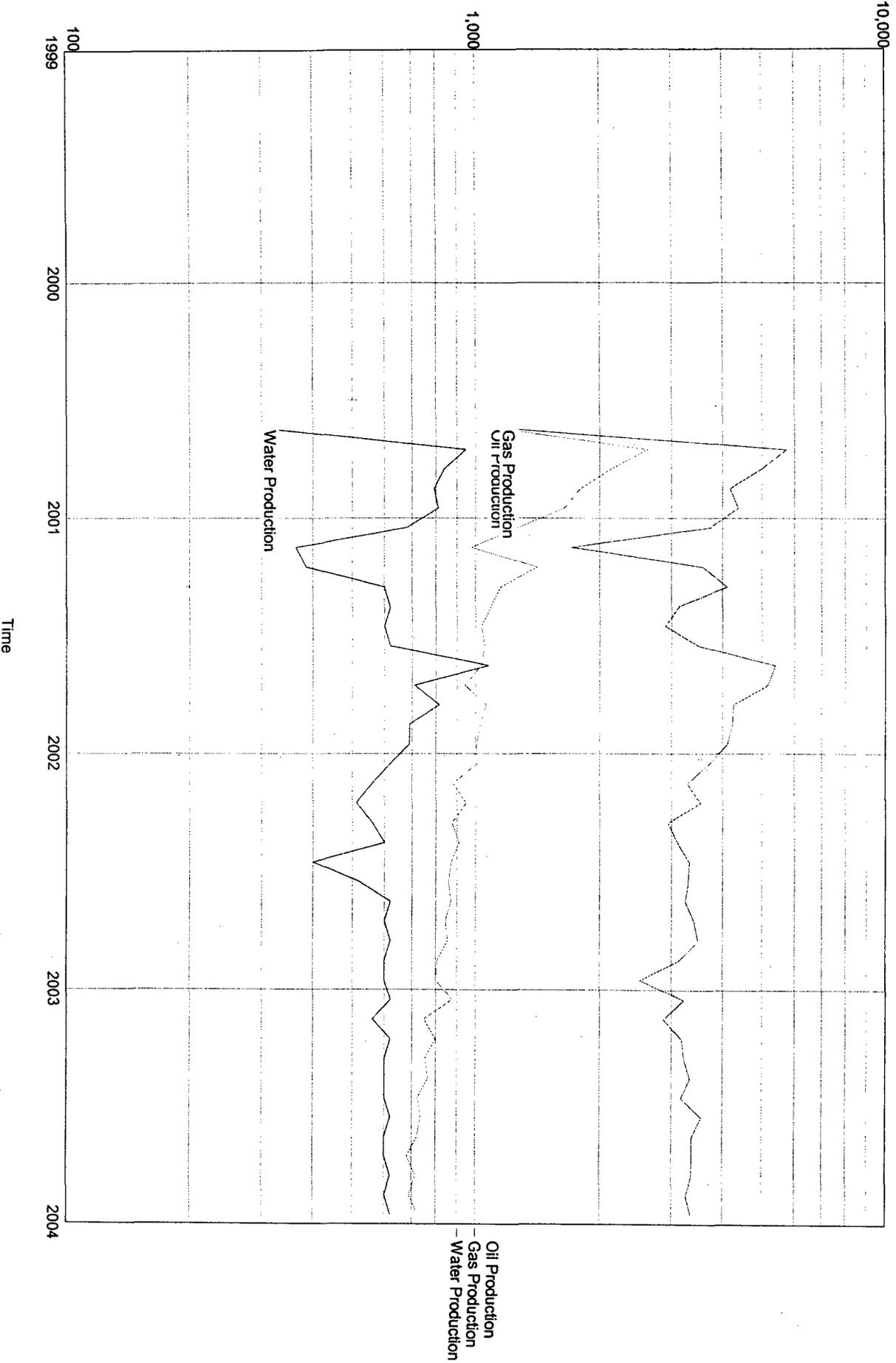
Oil Production  
Gas Production  
Water Production

Time

Lease Name: BELL LAKE S 20-6  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: DELAWARE BRU  
Location: 6 22S 34E

BELL LAKE S 20-6 - BELL LAKE

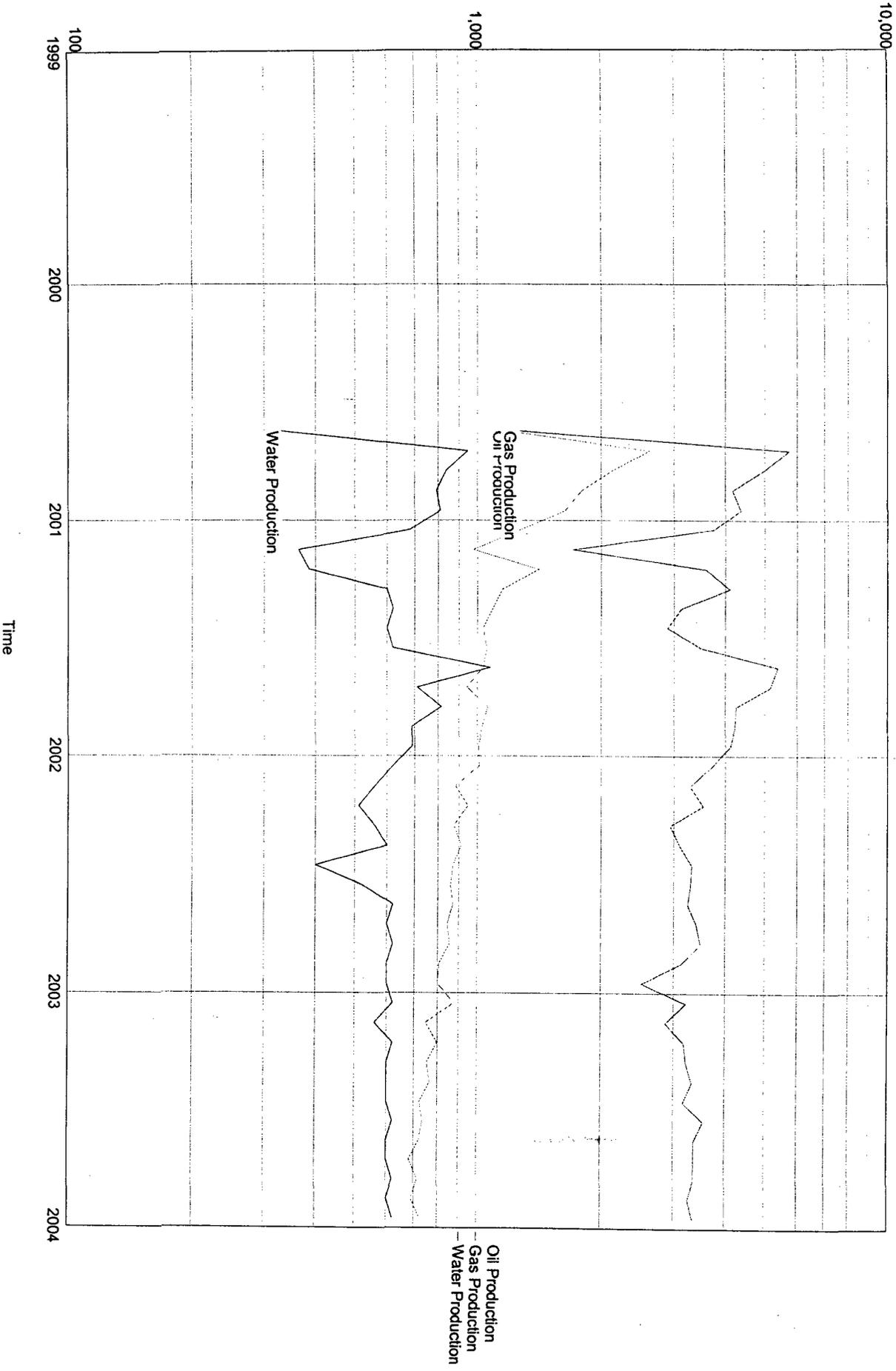
Production Rates



Lease Name: BELL LAKE S 20-6  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: DELAWARE BRU  
Location: 6 22S 34E

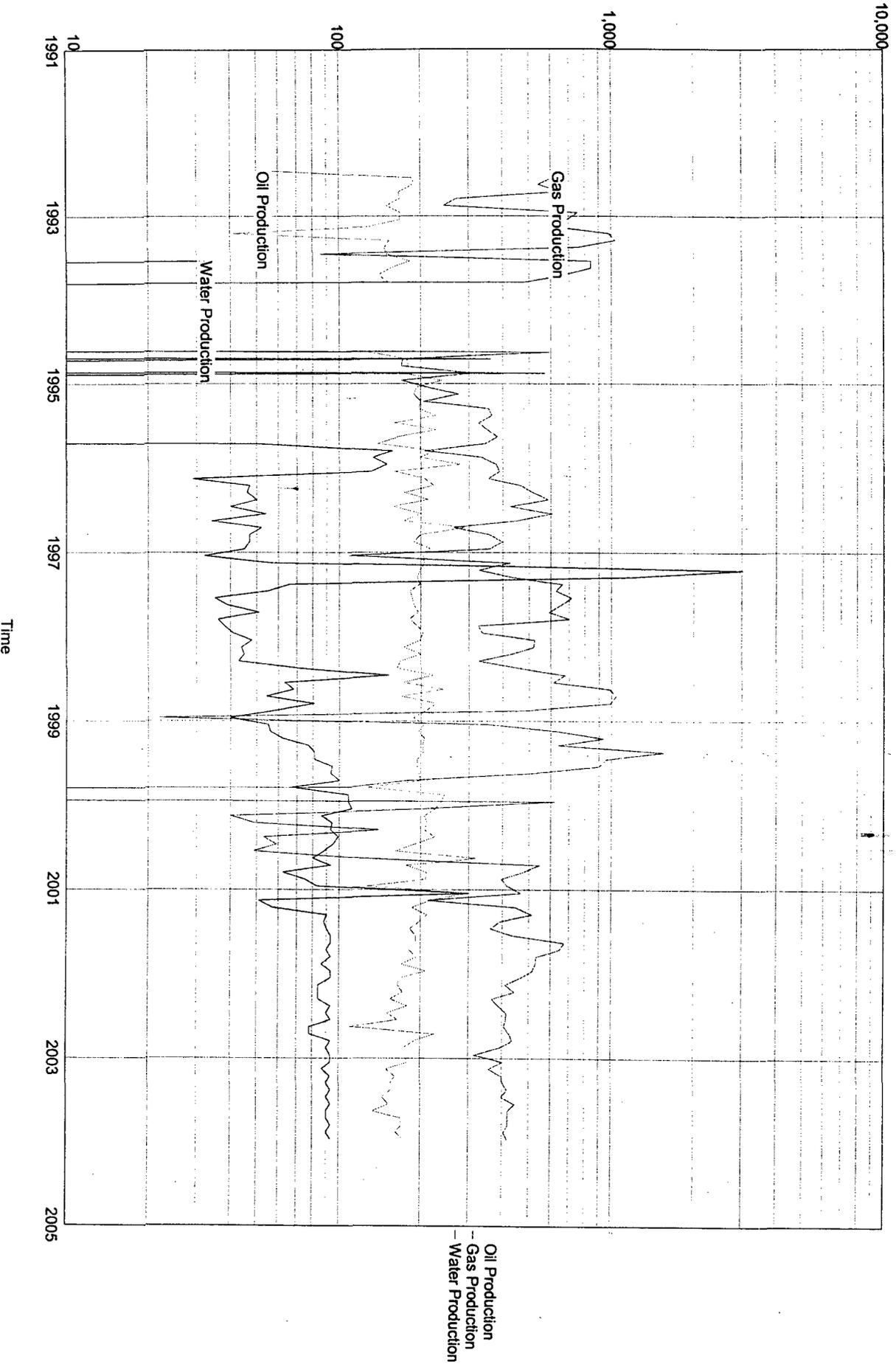
BELL LAKE S 20-6 - BELL LAKE

Production Rates



Lease Name: BELL LAKE S 3 (BONE SPRINGS)  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: BONE SPRINGS  
Location: 6 24S 34E

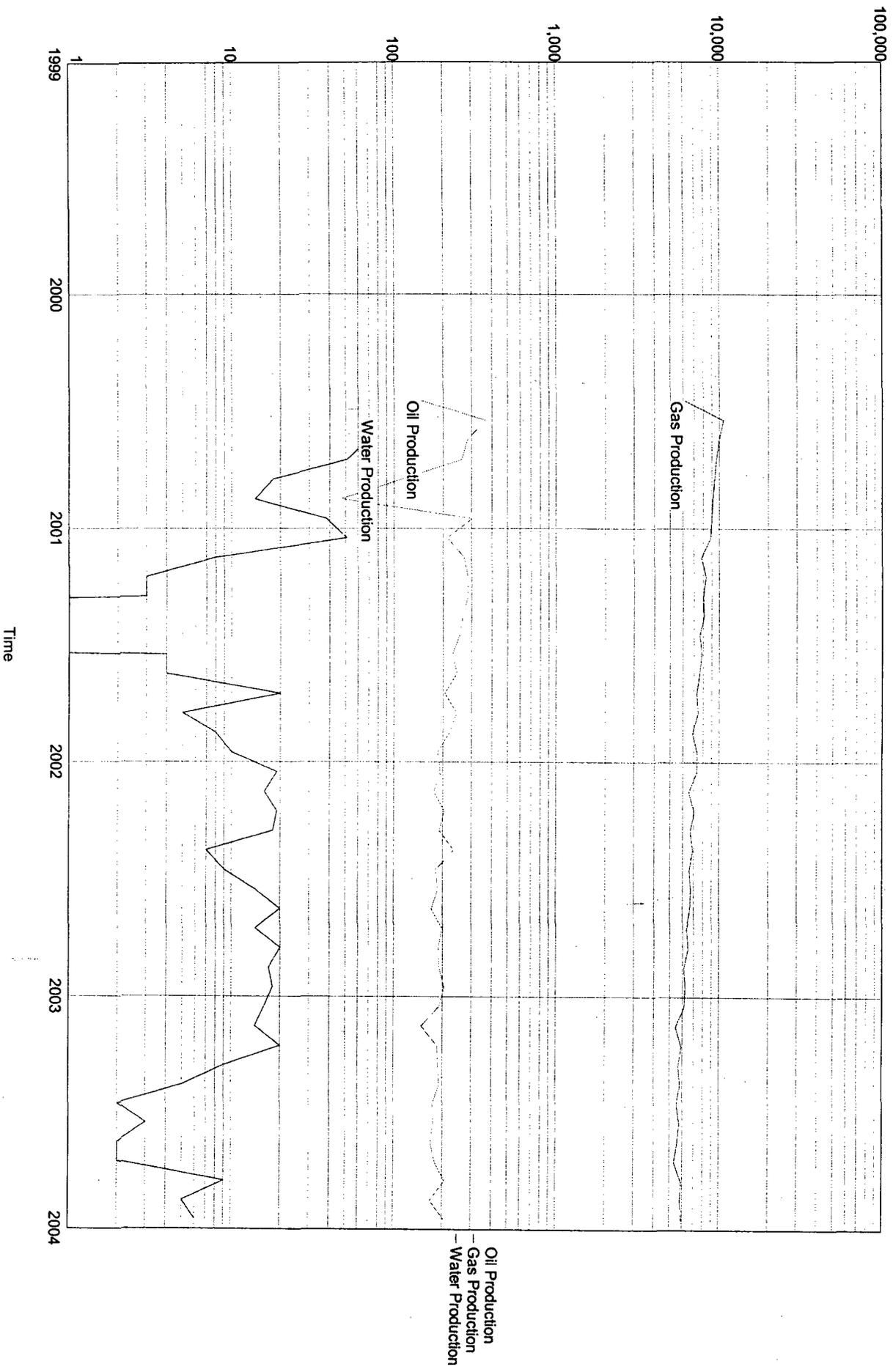
BELL LAKE S 3 (BONE SPRINGS) - BELL LAKE



Lease Name: BELL LAKE S 3 14  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: ATOKA  
Location: 5 24S 34E

BELL LAKE S 3 14 - BELL LAKE

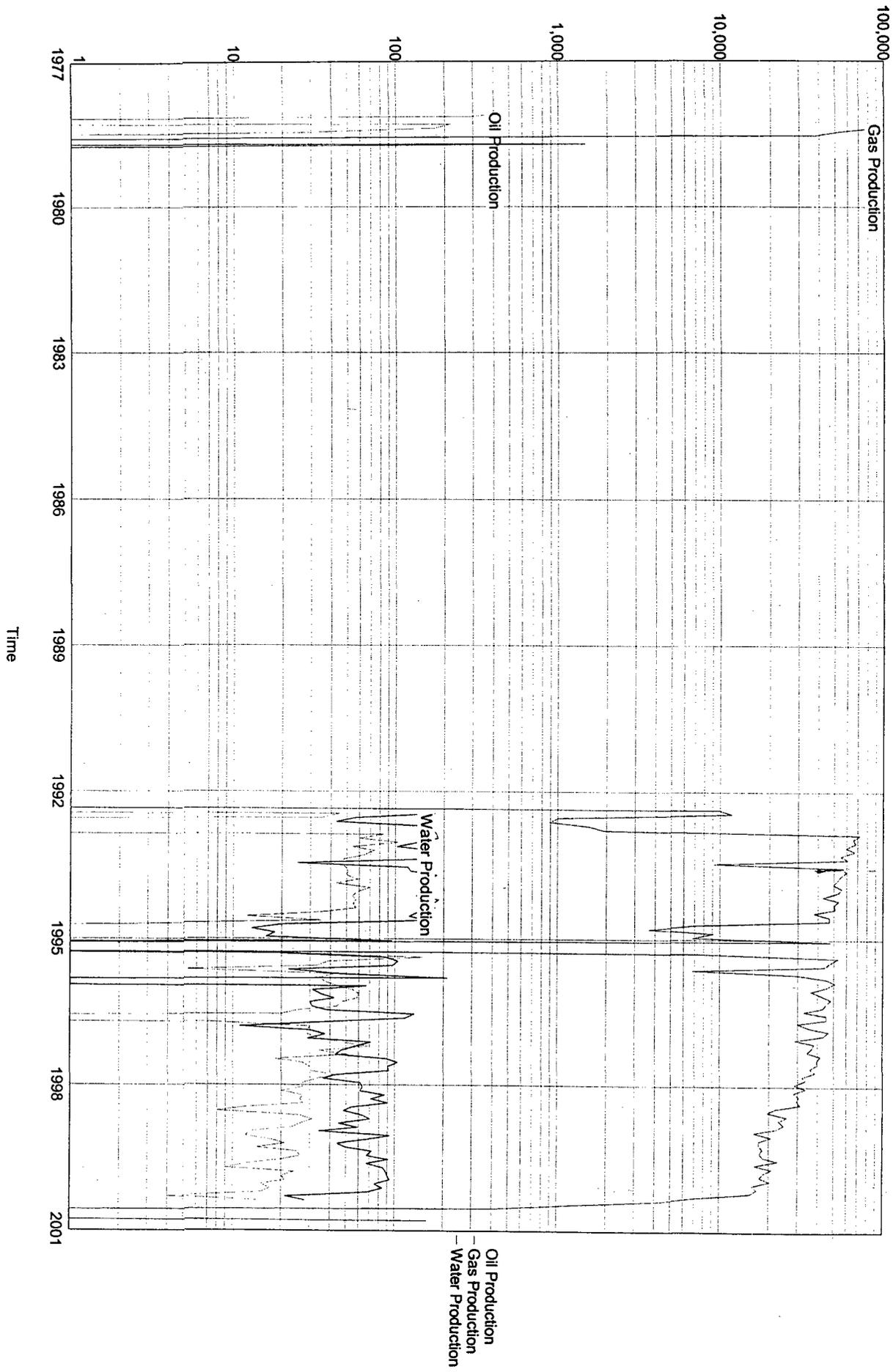
Production Rates



Lease Name: BELL LAKE S 3 18  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir: MORROW  
Location: 36 23S 33E

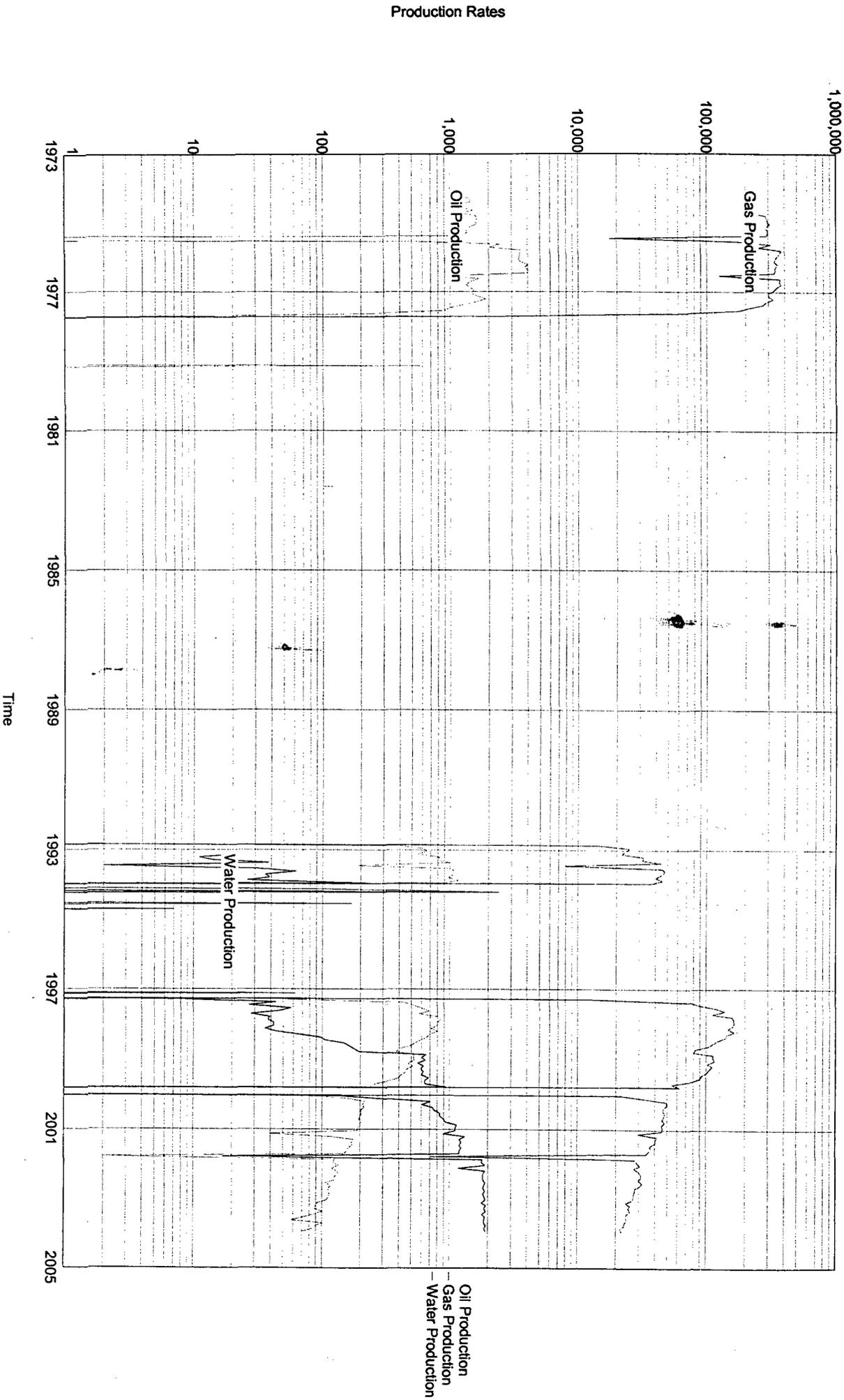
BELL LAKE S 3 18 - BELL LAKE

Production Rates



Lease Name: BELL LAKE S 1 4  
County, State: LEA, NM  
Operator: KAISER-FRANCIS  
Field: BELL LAKE  
Reservoir:  
Location: 6 24S 34E

BELL LAKE S 1 4 - BELL LAKE





PATRICK H. LYONS  
COMMISSIONER

**LIVED** State of New Mexico  
Commissioner of Public Lands

FEB 23 2004

310 OLD SANTA FE TRAIL  
P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

Oil Conservation Division  
Francis Drive  
NM 87505  
February 20, 2004

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

Kaiser-Francis Oil Company  
P.O. Box 21468  
Tulsa, Oklahoma 74121-1468

Attn: Mr. Robert Major

Re: 2003 Plan of Development  
Bell Lake Unit  
Lea County, New Mexico

Dear Mr. Major:

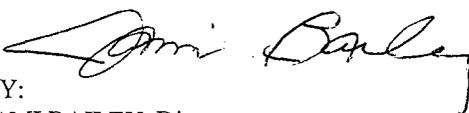
The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the unit area and the need for further development of the unit may exist. You may be contacted at a later date regarding these possibilities.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS



BY:  
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

PL/JB/cpm  
xc: Reader File

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BLM

RECEIVED



JUL 06 2004

PATRICK H. LYONS  
COMMISSIONER

OIL CONSERVATION  
DIVISION

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

June 30, 2004

Kaiser-Francis Oil Company  
P.O. Box 21468  
Tulsa, Oklahoma 74121-1468

Attn: Mr. Robert Major

Re: 2004 Plan of Development  
Bell Lake Unit  
Lea County, New Mexico

Dear Mr. Major:

The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the unit area and the need for further development of the unit may exist. You may be contacted at a later date regarding these possibilities.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

A handwritten signature in cursive script, appearing to read "Jami Bailey".

BY:  
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

PL/JB/cpm  
xc: Reader File

OCD

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PATRICK H. LYONS  
COMMISSIONER

State of New Mexico  
Commissioner of Public Lands

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

APR 21 2005  
COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org  
CONSERVATION  
DIVISION

April 20, 2005

ConocoPhillips  
P.O. Box 2197  
Three Westlake Park – 3WL 5058  
Houston, Texas 77252-2197

Attn: Ms. Linda H. Hicks

Re: Designation of Sub-Operator  
Bell Lake Unit  
Lea County, New Mexico

Dear Ms. Hicks:

We are in receipt of your letter of April 15, 2005 together with a Designation of Sub-Operator for the Bell Lake Unit.

This instrument designates Kaiser-Francis Oil Company as the sub-operator with respect to drilling, testing, completing, operating and producing the Bell Lake Unit, Devonian Participating Area wells in Lea County, New Mexico.

The Commissioner of Public Lands has this date approved the above-mentioned Designation of Sub-Operator. It is our understanding that this Designation of Sub-Operator does not relieve the unit operator of responsibility for compliance with the terms of the unit agreement and the oil and gas regulations.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

PL/JB/cpm  
xc: Reader File

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-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University