

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. _____

APPLICATION

Kaiser-Francis Oil Company applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the SE/4 of Section 5 and the E/2 of Section 8, Township 24 South, Range 34 East, N.M.P.M., and in support thereof, states:

1. Applicant is an interest owner in the SE/4 of Section 5 and the E/2 of Section 8, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to depths sufficient to test the Bone Spring formation, and dedicate the SE/4 of Section 5 and the E/2 of Section 8, containing 480.00 acres, to the wells:

(a) The Bell Lake Unit South Well No. 217H, with a first take point in the NW/4SE/4 of Section 5 and a last take point in the SW/4SE/4 of Section 8; and

(b) The Bell Lake Unit South Well No. 218H, with a first take point in the NE/4SE/4 of Section 5 and a last take point in the SE/4SE/4 of Section 8.

The wells are in the Bell Lake; Bone Spring, South Pool (Pool Code 98264)

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation underlying the SE/4 of Section 5 and the E/2 of Section 8 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to

the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the SE/4 of Section 5 and the E/2 of Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling all mineral interest owners in the Bone Spring formation underlying the SE/4 of Section 5 and the E/2 of Section 8 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the SE/4 of Section 5 and the E/2 of Section 8;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping the wells and allocating the cost among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a cost plus 200% charge for the risk involved in drilling, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Kaiser-Francis Oil Company