

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

**APPLICATION OF KAISER-FRANCIS
OIL COMPANY FOR AMENDMENT OF
POOL CREATION AND SPECIAL
RULES, BELL LAKE; BONE SPRING,
SOUTH POOL, LEA COUNTY, NEW
MEXICO**

CASE NO. _____

APPLICATION

Kaiser-Francis Oil Company (“KFOC” or “Applicant”), OGRID No. 12361 through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) to (1) re-open Case No. 15821 (Order No. R-14600) which created a pool and special rules and regulations for the Bone Spring Formation within the Bell Lake Unit – South Block (the “Unit”), (2) to re-approve Order No. R-14600 with the below proposed amendments to the Bell Lake; Bone Spring, South Pool [No. 98264], and (3) approve amended Order No. R-14600 with an effective date as of June 27, 2018, for the entirety of the Unit lands in compliance with 19.15.16.15.E.(3).¹

In support of its Application, KFOC states the following:

1. KFOC is the designated Unit operator and is an interest owner of the following acreage in Lea County, New Mexico:

Township 23 South, Range 33 East, N.M.P.M.

Section 36: All

Township 23 South, Range 34 East, N.M.P.M.

Section 31: All

¹ 19.15.16.15.(E)(3) NMAC provides: “Provisions of statewide rules or special pool rules in effect on June 26, 2018, save and except the special provisions for the Purple Sage; Wolfcamp (Gas) Pool in ordering paragraphs (1) through (7) of division order R-14262, that conflict with any of any provisions in 19.15.16.15 NMAC do not apply to horizontal wells. Special pool orders or amendments thereto adopted after June 26, 2018, shall prevail over rules as provided in 19.15.2.9 NMAC.”

Section 32: All

Township 24 South, Range 33 East, N.M.P.M.

Section 1: All

Section 12: All

Township 24 South, Range 34 East, N.M.P.M.

Section 5: All

Section 6: All

Section 7: All

Section 8: All

The foregoing acreage is contained in the Unit, comprised of 5,747.56 acres of Federal, State, and Fee land.

2. When reinstated, the Bell Lake; Bone Spring, South Pool would cover all oil and gas production from the Bone Spring formation within the Unit and would (again) be limited to lands within the Unit boundaries.

3. When reinstated, the Special Rules will apply to all lands within the Unit without regard to whether those lands are committed or uncommitted to the Unit.

4. KFOC requests the Division remove Special Rule(s) 5 and 6 related to production allocation within the Unit, and in their place, apply statewide rules 19.15.16.15.D. NMAC.

5. KFOC requests the following Special Rules be reinstated and made effective as of June 27, 2018, and made to apply only to horizontal wells within the Unit boundaries that develop or that will develop the Bell Lake; Bone Spring, South Pool:

Rule 1: Each horizontal well drilled and completed in the Bell Lake; Bone Spring, South Pool shall be produced in accordance with the Special Rules hereinafter set forth. The Pool and Special Rules for the Pool shall not extend beyond the boundaries of the Bell Lake Unit - South Block.

Rule 2: The completed interval of a horizontal well shall be located no closer than 100 feet from the side line of a standard horizontal well unit and no closer than 330 feet from the exterior boundary of the Bell Lake Unit - South Block.

Rule 3: A standard horizontal oil spacing unit shall consist of approximately 480 acres, comprising three contiguous governmental quarter sections, aligned in a North/South or stand-up orientation.

Rule 4: The surface location and bottom hole location of vertical or horizontal wells shall be no closer than 10 feet from a quarter-quarter section line.

Rule 5: Vertically drilled and completed wells within the Pool shall not be subject to rules specific herein to horizontal wells and shall remain governed by otherwise applicable Division Rules.

Rule 6: The procedures for obtaining exceptions to these Special Rules shall be as provided under Division rules.

6. KFOC requests the Division adopt the prior findings of Case No. 15821 (re-opened) and Order No. R-14600, as applicable to the relief requested herein, and as further provided in **Exhibit A.**

7. The reinstatement of the proposed amended Special Rules for the Bell Lake; Bone Spring, South Pool within the Unit as of June 27, 2018, will avoid the drilling of unnecessary wells, prevent waste, protect correlative rights, and allow KFOC to continue orderly development of the Unit under longstanding Special Rules.

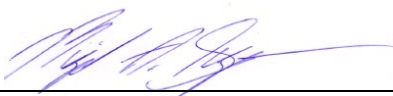
WHEREFORE, KFOC requests this Application be set for hearing on October 8, 2026, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the re-opening of Case No. 15821 (Order No. R-14600) for pool creation and special rules and regulations for the Bone Spring formation as to the lands comprising the Bell Lake Unit-South Block,
- B. Re-approving Order No. R-14600 with the proposed amendments to the Bell Lake; Bone Spring, South Pool [No. 98264], and associated Special Pool Rules, and

- C. Approving an effective date for the amended and reinstated special pool rules as of June 27, 2018, for the entirety of the Unit lands in compliance with 19.15.16.15.E.(3)
- D. After notice and hearing, the Division grant the relief requested above.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By: 

Miguel A. Suazo

James P. Parrot

Jacob L. Everhart

Ryan McKee

Raj Lahoti

500 Don Gaspar Ave.,

Santa Fe, NM 87505

(505) 946-2090

msuazo@bwenergylaw.com

jparrot@bwenergylaw.com

jeverhart@bwenergylaw.com

rmckee@bwenergylaw.com

rlahoti@bwenergylaw.com

Attorneys for Kaiser-Francis Oil Company

Application of Kaiser-Francis Oil Company Seeking to Re-Open Case No. 15821 for Amendment of Pool Creation and Special Pool Rules for the Bell Lake; Bone Spring, South Pool, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division to (1) Re-open Case No. 15821 (Order No. R-14600) which created a pool and special rules and regulations for the Bone Spring Formation within the Bell Lake Unit – South Block (the “Unit”), (2) Re-approve Order No. R-14600 with amendments to the Bell Lake; Bone Spring, South Pool [No. 98264], and (3) approve an effective date as of June 27, 2018, for the entirety of the Unit lands in compliance with 19.15.16.15.E.(3). Unit lands include Section 36 of Township 23 South, Range 33 East, Sections 31 and 32 of Township 23 South, Range 34 East, Sections 1 and 12 of Township 24 South, Range 33 East, and Sections 5-8 of Sections 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The wells and lands are located approximately 20 miles northwest of Jal, New Mexico.