

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

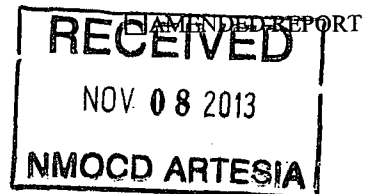
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

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

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised July 18, 2013



APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Kaiser-Francis Oil Company P. O. Box 21468, Tulsa, OK 74121-1468		² OGRID Number 012361
		³ API Number 30-015-26415
⁴ Property Code 22991	⁵ Property Name Malaga 1 Com	⁶ Well No. 1

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
C	1	24S	28E	⊙	660	North	1980	West	Eddy

*** Proposed Bottom Hole Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

9. Pool Information

Culebra Culebra Bluff South (Bone Springs)	Pool Name	Pool Code 15011
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Additional Well Information

¹¹ Work Type P	¹² Well Type G	¹³ Cable/Rotary R	¹⁴ Lease Type P	¹⁵ Ground Level Elevation 2956
¹⁶ Multiple No	¹⁷ Proposed Depth 12100	¹⁸ Formation 2nd Bone Springs	¹⁹ Contractor Unk.	²⁰ Spud Date 8/25/90
Depth to Ground water n/a		Distance from nearest fresh water well n/a		Distance to nearest surface water n/a

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17 1/2	13 3/8	48	615	775	Surf
Interm.	12 1/4	9 5/8	36 & 40	2550	1150	Surf
Prod.	8 3/4	7	26	10671	1400	4610

Casing/Cement Program: Additional Comments

Liner: 4 1/2", 15.1# set from 10328'-12098'. Cmt'd w/285 sxs. TOC @ 10328'.

22. Proposed Blowout Prevention Program

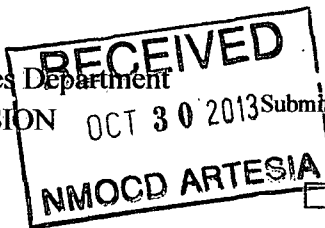
Type	Working Pressure	Test Pressure	Manufacturer

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> if applicable. Signature: <i>Charlotte Van Valkenburg</i> Printed name: Charlotte Van Valkenburg Title: Mgr., Regulatory Compliance E-mail Address: Charlottv@kfoc.net Date: 11/7/13		OIL CONSERVATION DIVISION Approved By: <i>T. C. Shepard</i> Title: "Geologist" Approved Date: <i>11/8/2013</i> Expiration Date: <i>11/8/2015</i> Conditions of Approval Attached
Phone: 918-491-4314		

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

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



☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 015-26415	² Pool Code 15011	³ Pool Name Culebra Bluff South (Bone Springs)
⁴ Property Code 22991	⁵ Property Name Malaga 1 Com	⁶ Well Number 1
⁷ OGRID No. 012361	⁸ Operator Name Kaiser-Francis Oil Company	⁹ Elevation 2956

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	1	24S	28E	-	660	North	1980	West	Eddy

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code -	¹⁵ Order No. -
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.	
	10-11-13 Signature Date Charlotte Van Valkenburg Printed Name Charlottv@kfoc.net E-mail Address	
	¹⁸ 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.	
	Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	

Kaiser-Francis Oil Company
2nd Bone Springs Recompletion Procedure
Malaga #1 Federal Com #1
Section 1, T24S, R28E
Eddy County, New Mexico
API # 30-015-26415

WELL DATA

Elevation: GL Elev. = 2956' KB Elev. = 2975

Surface Casing: 13-3/8" 48# @ 615', cemented w/ 775 sx, circ.

Intermediate Csg: 9 5/8" 36# & 40# K-55 @ 2,550', cemented w/ 1150 sx, circ.

Intermediate Csg: 7" 26# S-95 & N-80 @ 10,671', cemented w/ 1400 sx. TOC = 4610' (temp srvy)

Liner: 4 1/2" 15.1# C-75 FL-4S f/ 10,328' – 12,098', cmt'd w/ 285 sx.
CBL shows patchy cement f/ 11,430-TOL.

TD: 12,100' PBTD: 11,986'

Proposed Perfs: 2nd Bone Springs: 8756-64, 8779-90, 8802-12

Current perfs: 11,827'-37' Atoka A-3, 11,896' -905' Atoka Bank Lime

OD	Weight	Grade	Depth	Conn	Con OD	ID	Drift	Capacity	Burst (80%)	Coll. (80%)	Jt Str. (80%)
			0-								
7"	26#	S-95	10,671'	LT&C	-	6.276	6.151	0.038262	6880	4696	
4 1/2"	15.1#	C-75	10328-12098	LT&C	-	3.826	3.701	0.01422	7864	8312	
2 3/8"	4.7#	J-55	10330-11,750	8RD	3.063	1.995	1.901	0.003866	6160	6480	57384
2 7/8"	6.5#	N/L-80	0-10,328'	Nu-Lok	????	2.441	2.347	0.005788	8456	8456	115968
3 1/2"	10.2#	P-110		CS	3.916	2.922	2.797	0.008294	10672	9061	249600
3 1/2"	9.3#	P-110		CS	3.916	2.992	2.867	0.008696	10672	9061	228000

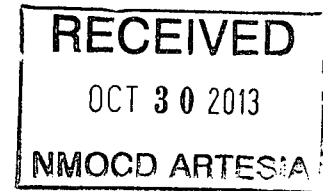
**Exact data for Nu-Lok tubing connections unknown-should be close to 8RD.

Annulus	Capacity
2 7/8" X 7"	0.030232
3 1/2" X 7"	0.026362
2 3/8" X 4 1/2"	0.00874
2 3/8" X 7"	0.032782

WELL DATA (cont'd):

Tubing String

160 jts 2 7/8" N-80 Nu-Lok
166 jts 2 7/8" N-80 Nu-Lok CB
3' X 2 7/8" pup joint
Lindsey Seal Assembly
44 jts 2 3/8" J-55
EOT @ 11,750'
1 1/4" CT inside 2 7/8"



PROCEDURE

- 1) MIRU 1 1/4" CT unit. Kill well w/ lease brine. ND CT wellhead. Weld on to 1 1/4" CT string and POOH. RDMO CTU.

Note: CT Grade in unknown

Note: Current FTP is 540#.

- 2) MIRU WOR and pump truck. Set pipe racks and cat walk. Note and report tubing and all annuli pressures on first report.
- 3) Kill well, as necessary, w/ lease brine. ND wellhead. NU BOP w/ 2 7/8" pipe rams. RU tubing scanners. Sting out of Lindsey seal assembly and TOO H w/ 2 7/8" Nu-Lok tubing scanning and standing back. LD joints w/ less than 70% remaining wall thickness. LD seal assembly and 2 3/8" tailpipe.
- 4) Round trip bit and scraper for 7", 26# casing to top of 4 1/2" liner at 10,328'. Flush casing w/ 40 bbls lease brine.
- 5) MIRU ELU and pack-off. RIH w/ GR/JB for 4 1/2", 15.1# casing. Carefully work tool through liner top and into liner to just above perfs at 11,800'. POOH. RIH w/ 4 1/2" 10K CIBP. Carefully work plug through liner top and into liner and set plug in above Atoka perfs at ~11,790'. POOH w/ setting tool. RIH w/ bailer and dump 35' cement on top of plug.

Note: take note of fluid level going in with plug.

Note: all depths correlated to SLB CN-LD log run #2 (10-1-90)

- 6) Load casing. RIH w/ CBL/VDL. Log cement f/ 10,170' to ~6000' w/ 1500# imposed on the well. Correlate CBL to SLB CN-LDL run #1 (9-15-90). Contact Ardmore/Tulsa if cement bond is at all questionable in the proposed perforation area.

Note: Send copies of log to: BillyW@KFOC.net, VinceD@KFCO.net and DavidZ@KFOC.net.

- 7) TIH w/ SN on O/E 2 7/8" tubing to 10,721'. MIRU cementers. Pump 45sx Class H cement plug f/ 10,721-10,278'. P/U out of cement and reverse string clean. WOC and tag plug to verify TOC is at 10,278' or higher.
- 8) Circulate hole w/ clean 2% KCl. Test plug and casing to 1500#. Swab FL down to ~7000'. TOOH w/ tubing –laying down.
- 9) MIRU ELU and lubricator. RIH and set 7", 10K CIBP above TOC at 10,270'. W/ the FL at 7000', RIH w/ 4" slick gun carrying 3325-321T or equivalent charges (0.41" EHD X 43.58" PEN). Perforate 2nd Bone Springs as follows: ✓

8756-64	2 SPF	120° phasing	17 holes
8779-90	2 SPF	120° phasing	23 holes
8802-12	2 SPF	120° phasing	21 holes

Note: all depths correlated to SLB CN-LDL log run #2 (2-17-90)

POOH w/ spent guns. Monitor for any pressure changes at the surface.

- 10) Take delivery of 3 ½", 10.3#, P-110, CS hydrill frac string. Strap and tally pipe. Change rams in BOP to accommodate 3 ½" tubing. RU tubing testers. P/U and TIH w/ the following BHA (B to T) on 3 ½" tubing to ~8720' testing to 10,000#:

- A. WLREG
- B. "XN" nipple (frac-hardened)
- C. 3 joints of tailpipe
- D. 10K treating packer
- E. On/Off tool w/ "X" Profile (frac-hardened)
- F. Remaining 3 ½" tubing to surface.

*Note: optimal make-up torque for 3 ½", 10.3# CS P-110 is 3375 ft/lbs (Max:3800 ft*lbs, Min: 3000 ft*lbs). Calibrate tongs before use.*

Note: Make and break connections using low tong speed to prevent gaulding.

Note: Dope pins only with proper pipe dope and use a stabbing guide to make up. Ensure thread protectors are collected, accounted-for and re-installed whenever pipe is picked up or laid down.

11) Set packer. Land hanger w/ string in compression (dependent on tube-move). ND BOP. NU 3 1/16' X 10M tree. Load annulus w/ 2% KCl. Test 3 1/2" X 7" annulus to 1500#.

12) Break 2nd Bone Springs perms down w/ 15 bbls 2% KCl. Report initial, 5 min, 10 min and 15 min SIPs. RDMO pump truck. RDMO WOR.

Note: impose 1500# on annulus and monitor throughout job.

13) R/U 10M tree-saver. Set steam-cleaned frac tanks and fill w/ 2% KCl (from powder, not substitute) water. RU FBE.

14) RU stimulation company. Pump fracture-stimulation on 2nd Bone Springs perms as per attached schedule. Report initial, 5 min, 10 min and 15 min SIPs. RDMO tree saver and stimulation provider.

Note: impose 1500# on annulus and monitor throughout job.

Note: max treating pressure will be limited to 9500#. Set pop-offs to release at 10K. Test same.

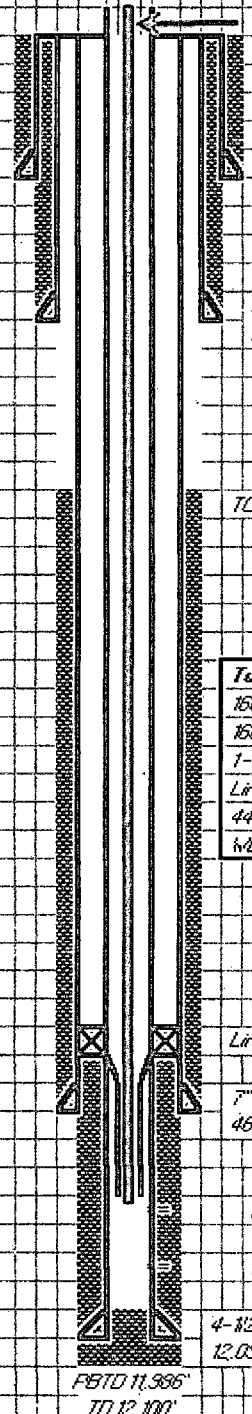
Note: install pop-off on 3 1/2" X 5 1/2" annulus. Test same.

15) Flow back well, monitor for gas and oil production. When well dies, MIRU WOR. Release pkr, run tailpipe down through perms to verify everything is clear and POOH. LD workstring.

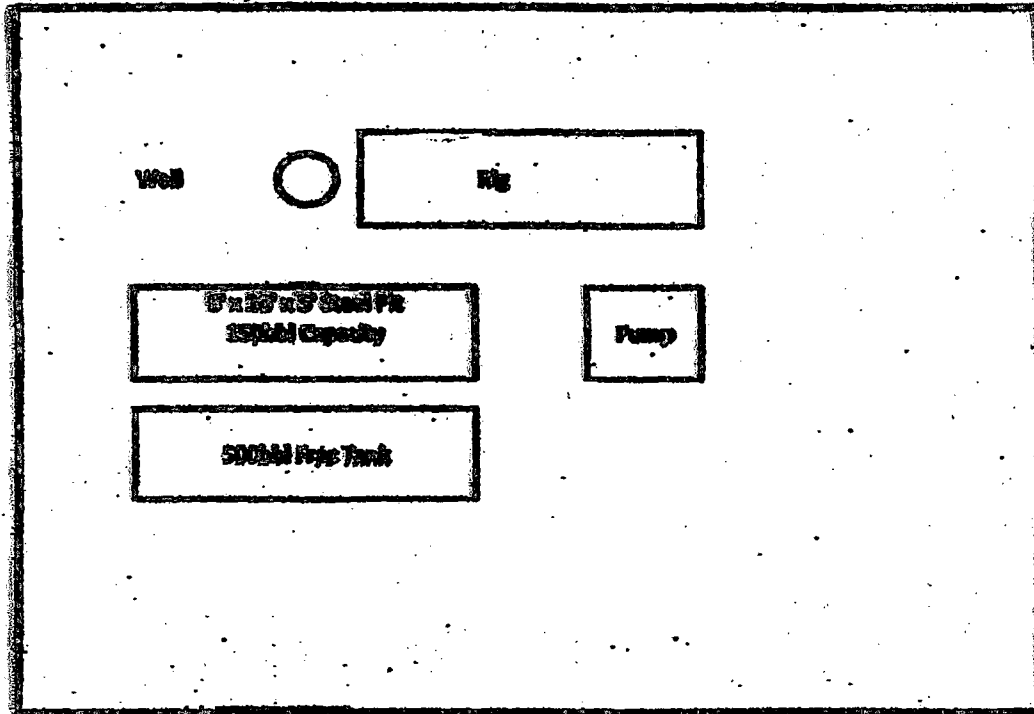
16) Take delivery of 2 7/8" N-80 production tubing. RIH w/ BP, MA, perf sub SN and TAC on 2 7/8" tubing. Place the SN @ ~8835 and TAC @ ~8650'. Make some swab runs to verify fluid is clean.

17) Run rods and pump (design forthcoming). Seat pump. Load and test tubing to 300#. Set unit and evaluate pump action. RDMO WOR.

18) Put well on production.

Kaiser-Francis		Malaga 1 Federal Com #1	
Location:	660' FNL, 1680' FWL, Section 1, T24S, R28E	API -	30-015-26415
County:	Eddy	Field:	Malaga
State:	New Mexico	Spud Date:	8/25/90
Elevation:	GL - 2956' KB - 2975'	Completed:	10/24/90
		Diagram:	Updated - 6/2013
		Work History:	
 <p>1-1 1/4" Coil Tbg @ 11,800'</p> <p>13-3/8" 49# @ 615' w/ 175 sk. TOC Surf</p> <p>9-5/8" 36# & 40# K55 @ 2550' w/ 1150 sk. Cmt circulated</p> <p>TOC @ 4610' TS</p> <p>Tubing Description: 160 lbs 2-7/8" N80 Nulock T&C 166 lbs 2-7/8" L80 Nulock T&C CB 1-3' L80 pup Lindsey seal assembly - 44.65' 44 lbs 2-3/8" J-55 WLEG-EDT @ 11,750'</p> <p>2-7/8" tbg set in FBR @ 10,328' & 2-3/8" tailpipe to 11,750'</p> <p>Lindsey liner hanger w/ FBR @ 10,328'</p> <p>7" 26# 535 @ 10,671' w/ 1400 sk. TOC @ 4610' by TS</p> <p>Perf Atoka A-3 sand 11,827'-37'</p> <p>Perf Atoka Bank Lime 11,896'-905'</p> <p>4-1 1/2" 15.5# C75 FL45 Liner 10,328-12,038' w/ 285 sk</p> <p>FBD 11,366' TD 12,100'</p>		8/25/90 - Spud well. 10/90 - Completion - Perf Atoka Bank 11,896'-905' w/ 4 SPF 60 deg phasing using a 3-3/8" csg gun, 37 .34" holes. Az w/ 2000 gal MOD 101, 47 ball sealers & 50 gal Musol A w/ 1000 SCF/bbl N2 in flush, AIR 2.6 BPM, ISIP 6470#, ATP 6950#. Flw 48 hrs, 1199 MCFD, FTP 665#, 5 day SITP 3220#. Acid Frac w/ 3000 gal GW, 4000 gal 20% HCl, 3500 gal GW, 7260 gal 20% HCl & 7000 gal GW, all w/ 20% CO2, AIR 9.5 BPM, ATP 7300, ISIP 5680, 15 min 4520. Jetted well in w/ CT and N2. Flw 24 hrs, 770 MCFD, FTP 600. Perf Atoka A-3 zone 11827-37' w/ 4 SPF, 41 holes. Test both zones @ 3300 mcfpd @ 1525# ETP. 2/01 - Clean out w/ 1-1/4" CT. CT stuck at 10,700', worked free and clean out to bottom perf. Az w/ 200 gals 15% NeFe, flush w/ KCl & N2. Well KO flwg 200 - 300 mcfpd. 8/04 - Swab, made 2 runs, rec'd 2 BW, RDMO 7/06 - Swab, MIRU, comp running, RDMO 11/09 - 20 hr SITP 414#. RIH w/ 1-5/8" gauge ring tag TD @ 11,997'. RIH with psi gauges made stops 2,4,6,8,10, 10,500' & 11,866' - BHP 645#. 1/10 - RIH w/ 1-1/4" coil tbg, circ 4 BW w/ N2 & set @ 11,800'. Start soap injection.	

Malaga 1 Com 1
Closed Loop System Diagram



State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary - Designate

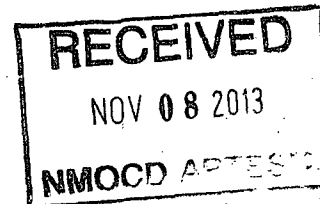
Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



October 31, 2013

Kaiser-Francis Oil Co.
P.O. Box 21468
Tulsa, OK 74121-1468



**NON-DENIAL OF APD(S) DESPITE NON-COMPLIANCE WITH
INACTIVE WELL REQUIREMENTS**

Re: Kaiser-Francis Oil Company, OGRID No. 12361

• Malaga 1 Com #1, C-1-T24S-R28E, 660' FNL & 1980' FWL, Eddy County, New Mexico

Dear Operator:

You have requested a permit to drill, deepen or plug back the well/s identified above. Unfortunately, according to the attached inactive well list, your company is out of compliance with 19.15.5.9(A) NMAC [Part 5.9(A)] due to having too many wells in violation of 19.15.25.8 NMAC [Part 25.8] (inactive well rule) that are not subject to an inactive well agreed compliance order ("ACOI"). See Part 5.9(A)(4) NMAC. As an operator of 50 wells, your company may have no more than 2 wells in violation of Part 25.8. Your company has 4 wells in violation.¹

The Director of the Oil Conservation Division ("OCD") or her designee may deny a permit to drill, deepen or plug back if the applicant is not in compliance with Part 5.9(A). See 19.15.14.10(A) NMAC.

An Operator is not in compliance with Part 5.9(A) if the Operator:

- does not meet the financial assurance requirements of 19.15.8 NMAC;
- is subject to a division or commission order finding the operator to be in violation of an order requiring corrective action;

¹ To check an operator's compliance with the inactive well rule, go to the OCD's website at www.emnrd.state.nm.us/ocd. On the left-hand side of the main window, click on "OCD Online"; select "E-Permitting"; click on "Compliance"; click on "Inactive Well List." Leave the search terms as "Exclude Wells Under ACOI," "Exclude Wells in Approved TA Period," and "15" months from last production or injection. Enter the operator's name or OGRID and select "Get Report." The report will list wells operated by that operator that are presumed to be out of compliance with the division's inactive well rule, and that will be considered in determining if the operator is out of compliance with Part 5.9(A).

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/ocd

- has a penalty assessment that has been unpaid for more than 70 days since the issuance of the order assessing the penalty; or
- has more than the allowed number of wells out of compliance with 19.15.25.8 NMAC (inactive well rule).

As the Director's designee I have decided not to deny your APD application on the basis of 5.9. However, my decision not to deny your APD on the basis of Part 5.9 does not constitute approval of your APD by the OCD District Office, which may impose specific requirements.

Please note, however, that the OCD cannot assign an allowable to a well or issue authorization to transport oil or natural gas from a well if the operator is out of compliance with Part 5.9. See 19.15.16.19(A) NMAC. Therefore, if your company is not in compliance with Part 5.9(A) at the time it requests an allowable and authorization to transport, its request will be denied.

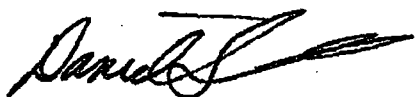
To come into compliance with Part 5.9(A) as to inactive wells you must reduce the number of wells on your inactive well list or otherwise demonstrate that you have no more than the tolerated number of wells out of compliance with the inactive well rule. A well will be removed from the inactive well list when you take one of the following actions:

1. plug the wellbore and file an approved C-103 reporting the plugging;
2. place the well on approved temporary abandonment status;
3. return the well to production or other beneficial use and file a C-115 reporting production or use; or
4. enter into an ACOI with the OCD covering the well.

An ACOI sets a schedule for returning the operator's inactive wells to compliance and imposes sanctions if the schedule is not met. If you would like to discuss entering into an ACOI for your non-compliant inactive wells, please contact OCD Compliance & Enforcement Manager, Daniel Sanchez at (505) 476-3493 or daniel.sanchez@state.nm.us.² Attached is an information sheet explaining Part 5.9.

This non-denial of your APD(s) for the above identified well(s) despite non-compliance with inactive well requirements automatically expires six months from today's date unless an APD for the above well(s) is approved within that time by the OCD District Office.

Respectfully yours,



Daniel Sanchez
OCD Enforcement & Compliance Manager

² Please note that Agreed Compliance Orders are offered at the discretion of the OCD, and that not all Operators are eligible to enter into such agreements.

November 7, 2013

State of New Mexico
Oil Conservation Division
811 S. First
Artesia, NM 88210

Re: Permit to Recomplete (Form C-101)
Malaga 1 Com 1
API 30-015-26415

Dear Sirs:

Please find attached form C-101 for the subject well. This was previously filed and denied due to the inactive well rule. I have also attached a letter from Mr. Daniel Sanchez stating his decision not to deny our application. We realize the well will not be assigned an allowable or issued authority to transport oil or natural gas until we are back in compliance. However, this recompletion is necessary to prevent loss of lease and Kaiser-Francis would therefore appreciate expedited approval.

Thank you for your cooperation in this matter. Should anything further be necessary, please feel free to contact me at 918-491-4314 or by email at Charlotv@kfoc.net.

Sincerely,



Charlotte Van Valkenburg
Mgr., Regulatory Compliance

Attachments