

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. _____

APPLICATION

Kaiser-Francis Oil Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the SE/4 of Section 20 and the SW/4 of Section 21, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the SE/4 of Section 20 and the SW/4 of Section 21, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to test the Wolfcamp formation:
 - (a) The Loving Townsite 2021 WC Well No. 1H, with a first take point in the NW/4SE/4 of Section 20, and a final take point in the NE/4SW/4 of Section 21;
 - (b) The Loving Townsite 2021 WA Well No. 1H, with a first take point in the NW/4SE/4 of Section 20, and a final take point in the NE/4SW/4 of Section 21;
 - (c) The Loving Townsite 2021 WC Well No. 2H, well with a first take point in the SW/4SE/4 of Section 20, and a final take point in the SE/4SW/4 of Section 21; and
 - (d) The Loving Townsite 2021 WA Well No. 2H, with a first take point in the SW/4SE/4 of Section 20, and a final take point in the SE/4SW/4 of Section 21.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE/4 of Section 20 and the SW/4 of Section 21 for the purposes set forth herein.

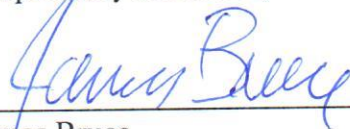
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation in the SE/4 of Section 20 and the SW/4 of Section 21, pursuant to NMSA 1978 §§70-2-17, 18.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 20 and the SW/4 of Section 21 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 mineral interests in the Wolfcamp formation underlying the SE/4 of Section 20 and the SW/4 of Section 21;
- 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 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,

A handwritten signature in blue ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
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Attorney for Kaiser-Francis Oil Company