

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR A NON-STANDARD GAS SPACING AND PRORATION
UNIT AND COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

Case No. 16311

APPLICATION

Kaiser-Francis Oil Company applies for an order approving a 480 acre non-standard gas spacing and proration unit in the Wolfcamp formation comprised of the E/2 of Section 19 and the NE/4 of Section 30, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E/2 of Section 19 and the NE/4 of Section 30, and has the right to drill a well thereon.
2. Applicant proposes to drill the Wright Fee WC Well No. 2H, a horizontal well with a surface location in the SW/4NE/4 of Section 30, and a terminus in the NE/4NE/4 of Section 19. The beginning and end of the producing interval of the well will be orthodox. Applicant seeks to dedicate the E/2 of Section 19 and the NE/4 of Section 30 to the well to form a non-standard 480 acre gas spacing and proration unit in the Wolfcamp formation.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2 of Section 19 and the NE/4 of Section 30 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 well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

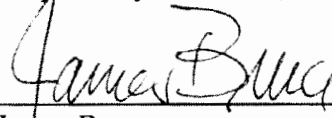
Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the E/2 of Section 19 and the NE/4 of Section 30, pursuant to NMSA 1978 §§70-2-17, 18.

5. The approval of the non-standard spacing and proration unit, and the pooling of all mineral interests in the Wolfcamp formation underlying the E/2 of Section 19 and the NE/4 of Section 30, 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. Approving a non-standard gas spacing and proration unit in the Wolfcamp formation comprised of the E/2 of Section 19 and the NE/4 of Section 30;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 19 and the NE/4 of Section 30;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
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Attorney for Kaiser-Francis Oil Company

PROPOSED ADVERTISEMENT

Case No. 16311:

Application of Kaiser-Francis Oil Company for a nonstandard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Kaiser-Francis Oil Company seeks an order approving a 480 acre non-standard gas spacing and proration unit in the Wolfcamp formation comprised of the E/2 of Section 19 and the NE/4 of Section 30, Township 23 South, Range 29 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the Wright Fee WC Well No. 2H, a horizontal well with a surface location in the SW/4NE/4 of Section 30, and a terminus in the NE/4NE/4 of Section 19. The beginning and end of the producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 2-1/2 miles north of Harroun, New Mexico.

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