

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

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

Case No. 20051

VERIFIED STATEMENT OF MICHAEL MAXEY

Michael Maxey, being duly sworn upon his oath, deposes and states:

1. I am a landman for Kaiser-Francis Oil Company ("KFOC"), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.
2. The following information is submitted in support of the compulsory pooling application filed herein:
 - (a) The purpose of this application is to force pool working interest owners into the Wolfcamp horizontal spacing unit described below, and in the well to be drilled in the unit.
 - (b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests to the well.
 - (c) A Midland Map Co. plat outlining the unit being pooled is attached hereto as Attachment A. KFOC seeks an order approving a 238.80 horizontal spacing unit in the Wolfcamp formation comprised of Lots 3 and 4 (the W/2SW/4) of Section 31, Township 25 South Range 33 East, NMPM and Lots 1-4 (the W/2W/2) of Section 6, Township 26 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Pool Code: 98097 Pool Name: Sanders Tank; Upper Wolfcamp, to be dedicated to the Red Hills Well No. 401H. The well is a horizontal well with a first take point in Lot 3 of Section 31 and a final take point in Lot 4 of Section 6. A C-102 for the well is attached as Attachment B. There is no depth severance in the Wolfcamp formation.
 - (d) The parties being pooled and their interests are set forth in Attachment C. Their current and correct addresses are also set forth.
 - (e) There are no unlocatable interest owners.

- (f) Attachment D contains a summary of contacts or attempted contacts with the interest owners, together with copies of the proposal letters sent to the interest owners.
- (g) KFOC has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well.
- (h) KFOC has the right to pool the overriding royalty owners in the well unit.
- (i) Attachment E contains the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the cost of other wells of similar depth and length drilled in this area of Lea County.
- (j) KFOC requests overhead and administrative rates of \$8,000.00/month for a drilling well and \$800.00/month for a producing well. These rates are fair, and are comparable to the rates charged by other operators for wells of this type in this portion of Lea County. They are also the rates set forth in the Joint Operating Agreement for the well unit. KFOC requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- (k) KFOC requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (l) KFOC requests that it be designated operator of the well.
- (m) The attachments to this affidavit were prepared by me, or compiled from company business records.
- (n) The granting of this application is in the interests of conservation and the prevention of waste.

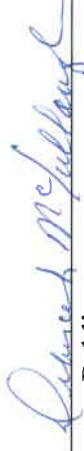
VERIFICATION

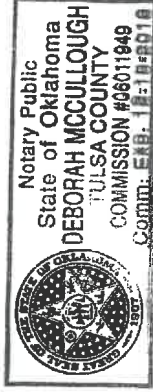
STATE OF OKLAHOMA)
) ss.
COUNTY OF Tulsa)

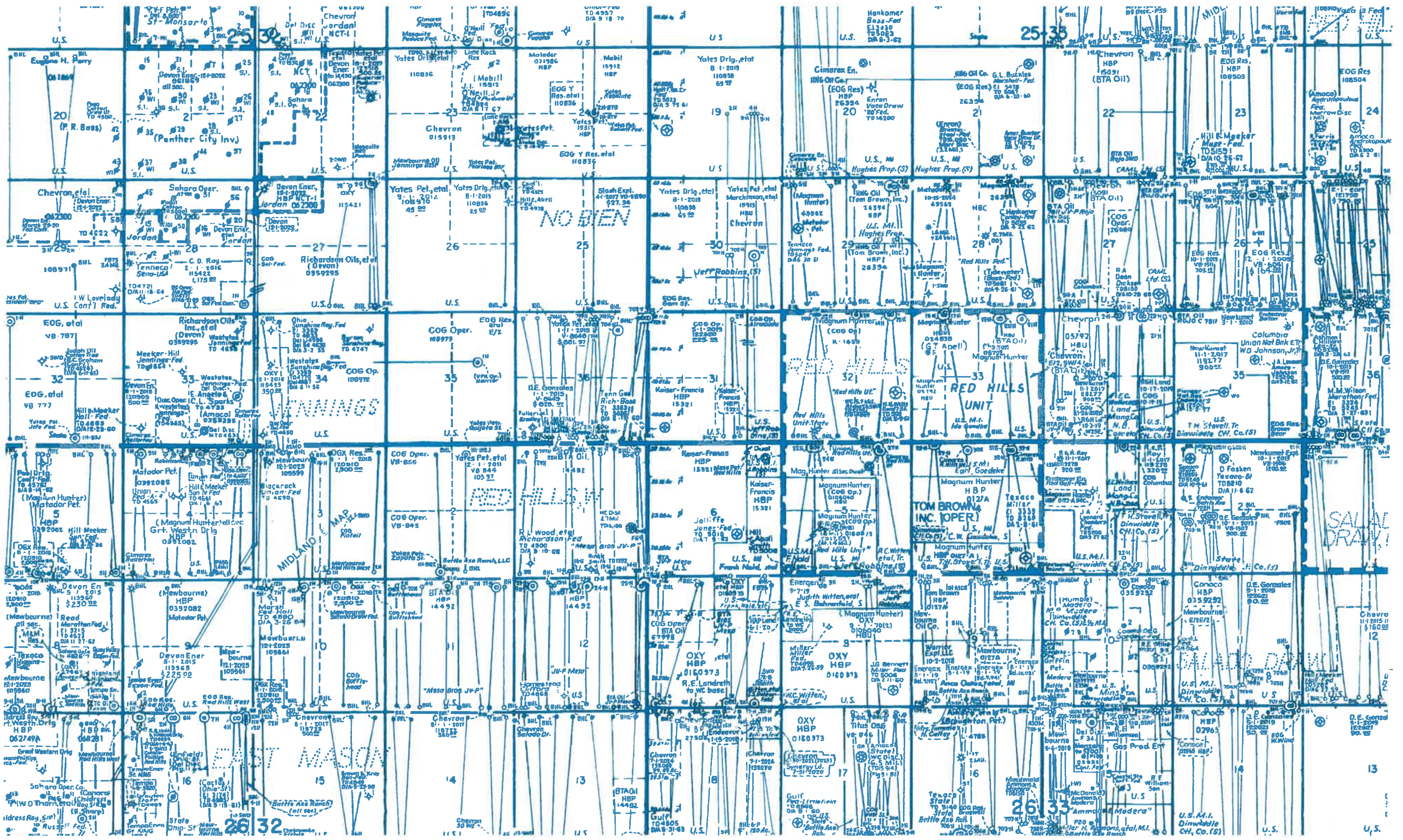
Michael Maxey, being duly sworn upon his oath, deposes and states that: He is a landman for Kaiser-Francis Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.


Michael Maxey

SUBSCRIBED AND SWORN TO before me this 13th day of November, 2018 by
Michael Maxey.

My Commission Expires: 12-15-18

Notary Public





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 & 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	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name	⁶ Well Number
⁷ OGRD No. 12361	RED HILLS ⁸ Operator Name KAISER-FRANCIS OIL COMPANY	401H ⁹ Elevation 3305.4

¹⁰ Surface Location				
UL or lot no.	Section	Township	Range	Lot Idn
4	31	25 S	33 E	2250
			North/South line	Feet from the
			SOUTH	390
			East/West line	County
			WEST	LEA

¹¹ Bottom Hole Location If Different From Surface				
UL or lot no.	Section	Township	Range	Lot Idn
M	6	26 S	33 E	330
			North/South line	Feet from the
			SOUTH	350
			East/West line	County
			WEST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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.

NW CORNER SEC. 31 LAT. = 32.0943129°N LONG. = 103.6199197°W NMSP EAST (FT) N = 398778.60 E = 762263.04		N/4 CORNER SEC. 31 LAT. = 32.0943196°N LONG. = 103.6113623°W NMSP EAST (FT) N = 398798.70 E = 764913.09		NE CORNER SEC. 31 LAT. = 32.0943209°N LONG. = 103.602853°W NMSP EAST (FT) N = 398816.91 E = 767547.55	
W/4 CORNER SEC. 31 LAT. = 32.0870551°N LONG. = 103.6199216°W NMSP EAST (FT) N = 396138.31 E = 762279.92		TURN POINT 350' SURFACE LOCATION 390' TURN POINT LAT. = 32.0869434°N LONG. = 103.6187813°W NMSP EAST (FT) N = 396100.00 E = 762630.25		E/4 CORNER SEC. 31 LAT. = 32.0870895°N LONG. = 103.6028547°W NMSP EAST (FT) N = 396178.96 E = 767565.60	
SECTION CORNER LAT. = 32.0797952°N LONG. = 103.6198947°W NMSP EAST (FT) N = 393498.44 E = 762305.72		TURN POINT 350' SURFACE LOCATION 390' TURN POINT LAT. = 32.0859814°N (NAD83) ELEV. = 3407.9' LONG. = 103.6186586°W NMSP EAST (FT) N = 395750.33 E = 762673.66		SECTION CORNER LAT. = 32.0797953°N LONG. = 103.6028596°W NMSP EAST (FT) N = 393532.70 E = 767582.02	
W/4 CORNER SEC. 6 LAT. = 32.0724271°N LONG. = 103.6198663°W NMSP EAST (FT) N = 390816.98 E = 762331.92		L1 L2 LATITUDE AND LONGITUDE VALUES ARE NAD 83 STATE PLANE VALUES ARE NMSP EAST GRID		E/4 CORNER SEC. 6 LAT. = 32.0725247°N LONG. = 103.6028542°W NMSP EAST (FT) N = 390887.75 E = 767801.57	
SW CORNER SEC. 6 LAT. = 32.0652928°N LONG. = 103.6198337°W NMSP EAST (FT) N = 388221.69 E = 762357.64		L3 L4 33.36 AC BHL 350' S/4 CORNER SEC. 6 SCALED		SE CORNER SEC. 6 LAT. = 32.0652983°N LONG. = 103.6028496°W NMSP EAST (FT) N = 388258.92 E = 767620.79	

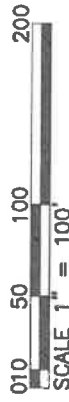
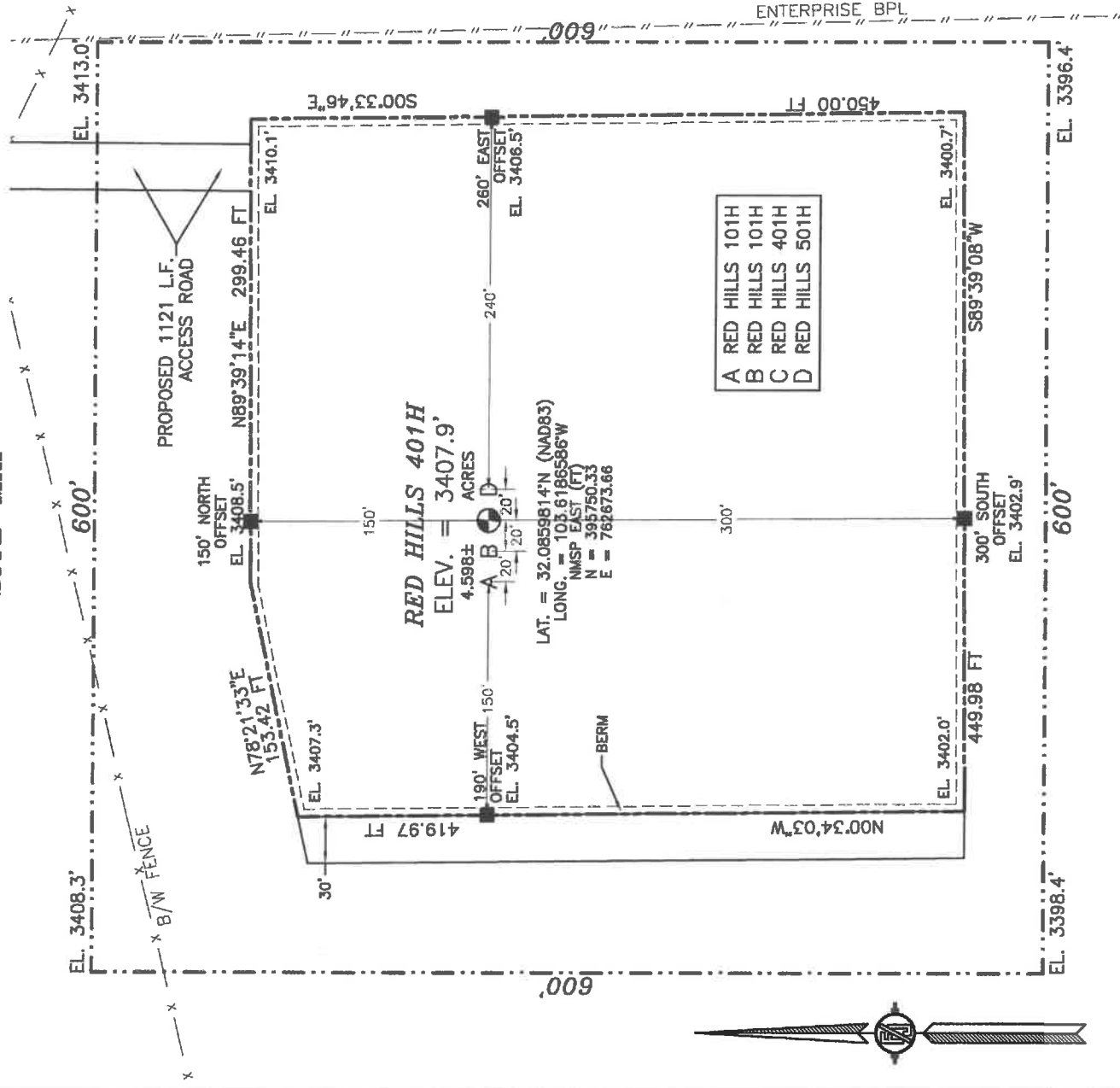
¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unless mineral interest in the land including the proposed bottom hole location or has a right to 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.

Signature _____ Date _____
Printed Name _____
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.

MAY 4, 2018
Date of Survey
Signature _____
Printed Name _____
E-mail Address _____
Certificate Number: _____
SURVEY NO. 5944A

SECTION 31, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
SITE MAP



SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CR. 1 (ORLA HWY.) AND MONSANTO ROAD, GO SOUTH ON CR. 1 2.1 MILES TO A CALICHE ROAD ON LEFT (EAST), TURN LEFT AND GO EAST ON CALICHE ROAD 2.72 MILES TO A "Y" INTERSECTION, BEAR RIGHT (SOUTHEAST) AND GO SOUTHEAST 0.57 MILE TO A ROAD SURVEY ON RIGHT (SOUTH), FOLLOW ROAD SURVEY SOUTH 1121' TO THE NORTHEAST PAD CORNER FOR THIS LOCATION.

KAISER-FRANCIS OIL COMPANY
RED HILLS 401H

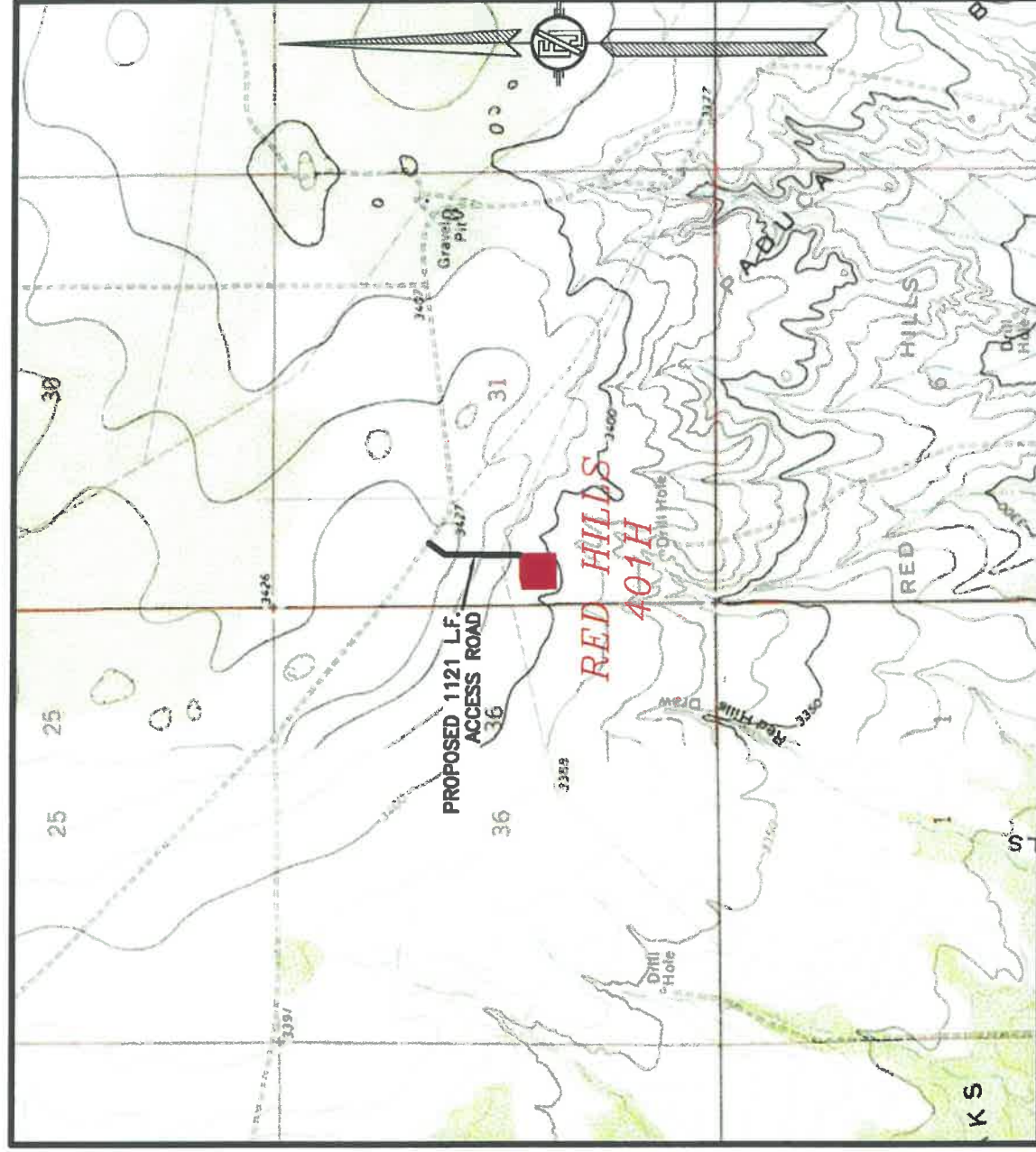
LOCATED 2250 FT. FROM THE SOUTH LINE
AND 390 FT. FROM THE WEST LINE OF
SECTION 31, TOWNSHIP 25 SOUTH,
RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MAY 4, 2018

SURVEY NO. 5944

MADRON SURVEYING, INC. CARLSBAD, NEW MEXICO

SECTION 31, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
LOCATION VERIFICATION MAP



USGS QUAD MAP:
PADUCA BREAKS EAST

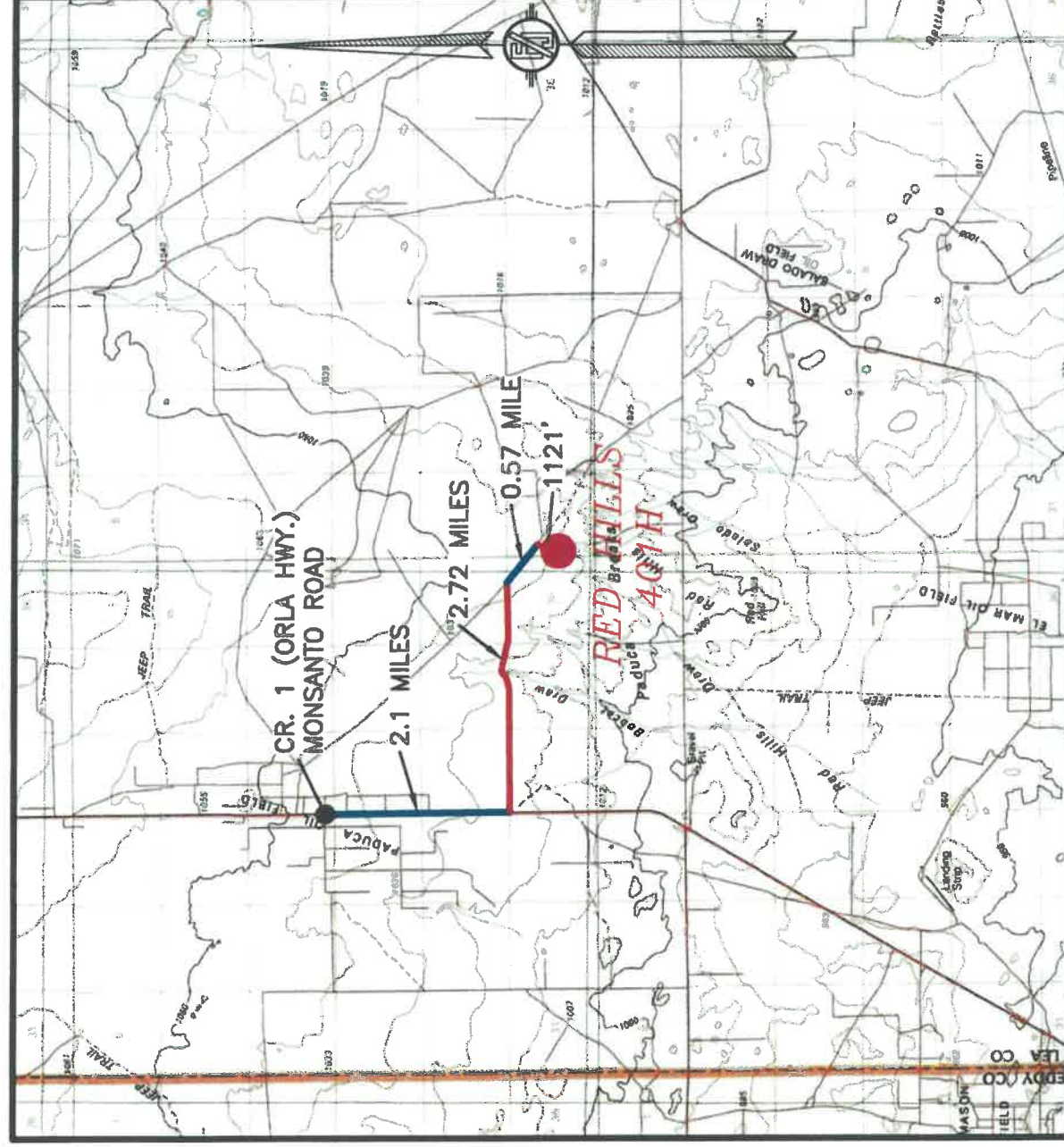
NOT TO SCALE

KAISER-FRANCIS OIL COMPANY
RED HILLS 401H
LOCATED 2250 FT. FROM THE SOUTH LINE
AND 390 FT. FROM THE WEST LINE OF
SECTION 31, TOWNSHIP 25 SOUTH,
RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MAY 4, 2018

MADRON SURVEYING, INC. 301 SOUTH CANAL SURVEY NO. 5944
(505) 234-3341 CARLSBAD, NEW MEXICO

SECTION 31, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
VICINITY MAP



DISTANCES IN MILES

NOT TO SCALE

DIRECTIONS TO LOCATION
FROM THE INTERSECTION OF CR. 1 (ORLA HWY.) AND
MONSANTO ROAD, GO SOUTH ON CR. 1 2.1 MILES TO
A CALICHE ROAD ON LEFT (EAST), TURN LEFT AND GO
EAST ON CALICHE ROAD 2.72 MILES TO A "Y"
INTERSECTION, BEAR RIGHT (SOUTHEAST) AND GO
SOUTHEAST 0.57 MILE TO A ROAD SURVEY ON RIGHT
(SOUTH). FOLLOW ROAD SURVEY SOUTH 1121' TO THE
NORTHEAST PAD CORNER FOR THIS LOCATION.

KAISER-FRANCIS OIL COMPANY
RED HILLS 401H
LOCATED 2250 FT. FROM THE SOUTH LINE
AND 990 FT. FROM THE WEST LINE OF
SECTION 31, TOWNSHIP 25 SOUTH,
RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MAY 4, 2018

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341
SURVEY NO. 5944
CARLSBAD, NEW MEXICO

SECTION 31, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
AERIAL PHOTO



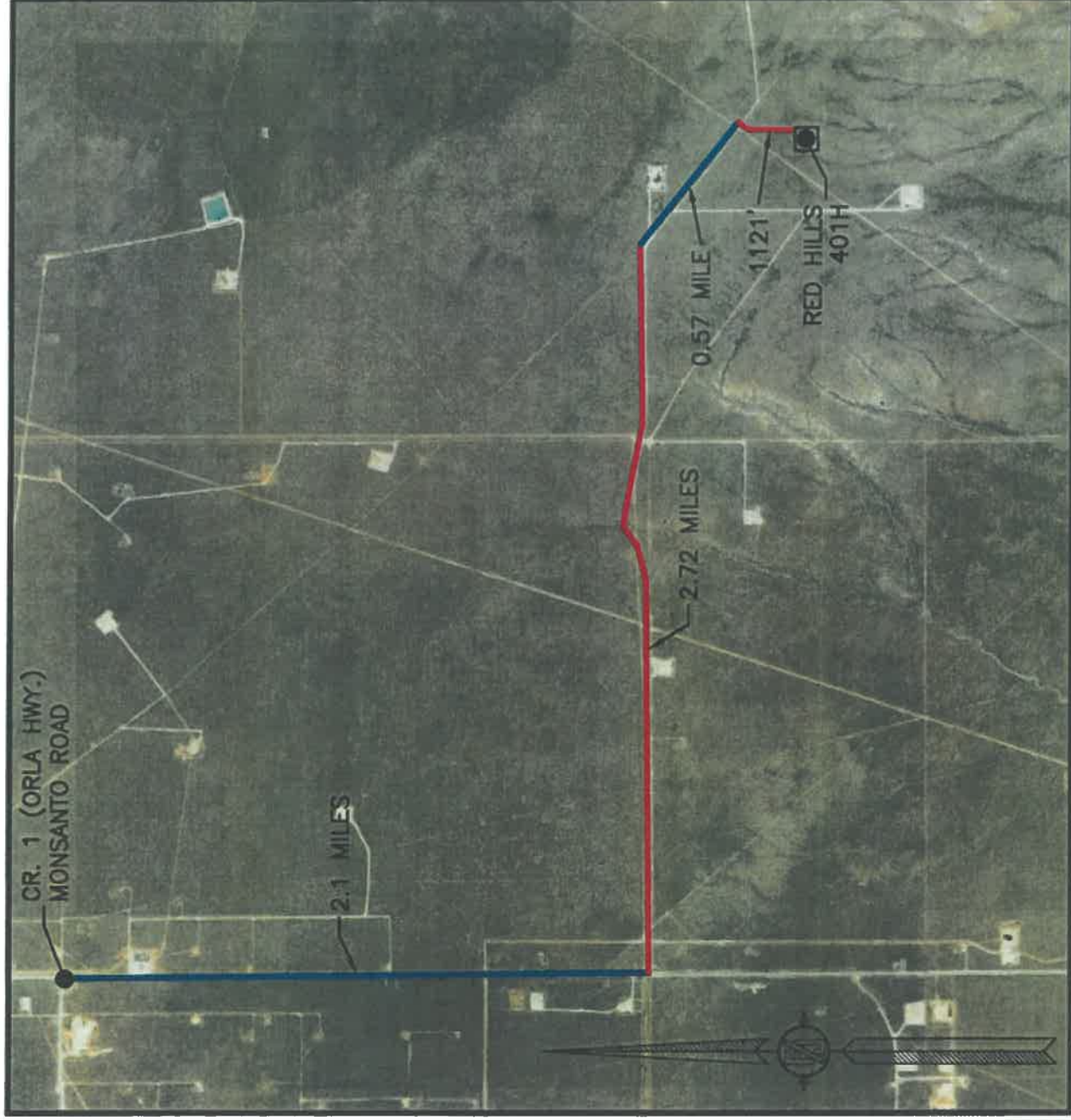
NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
NOV. 2015

KAISER-FRANCIS OIL COMPANY
RED HILLS 401H
LOCATED 2250 FT. FROM THE SOUTH LINE
AND 390 FT. FROM THE WEST LINE OF
SECTION 31, TOWNSHIP 25 SOUTH,
RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MAY 4, 2018

MADRON SURVEYING, INC. CARLSBAD, NEW MEXICO
SURVEY NO. 5944

SECTION 31, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
AERIAL ACCESS ROUTE MAP



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
NOV. 2015

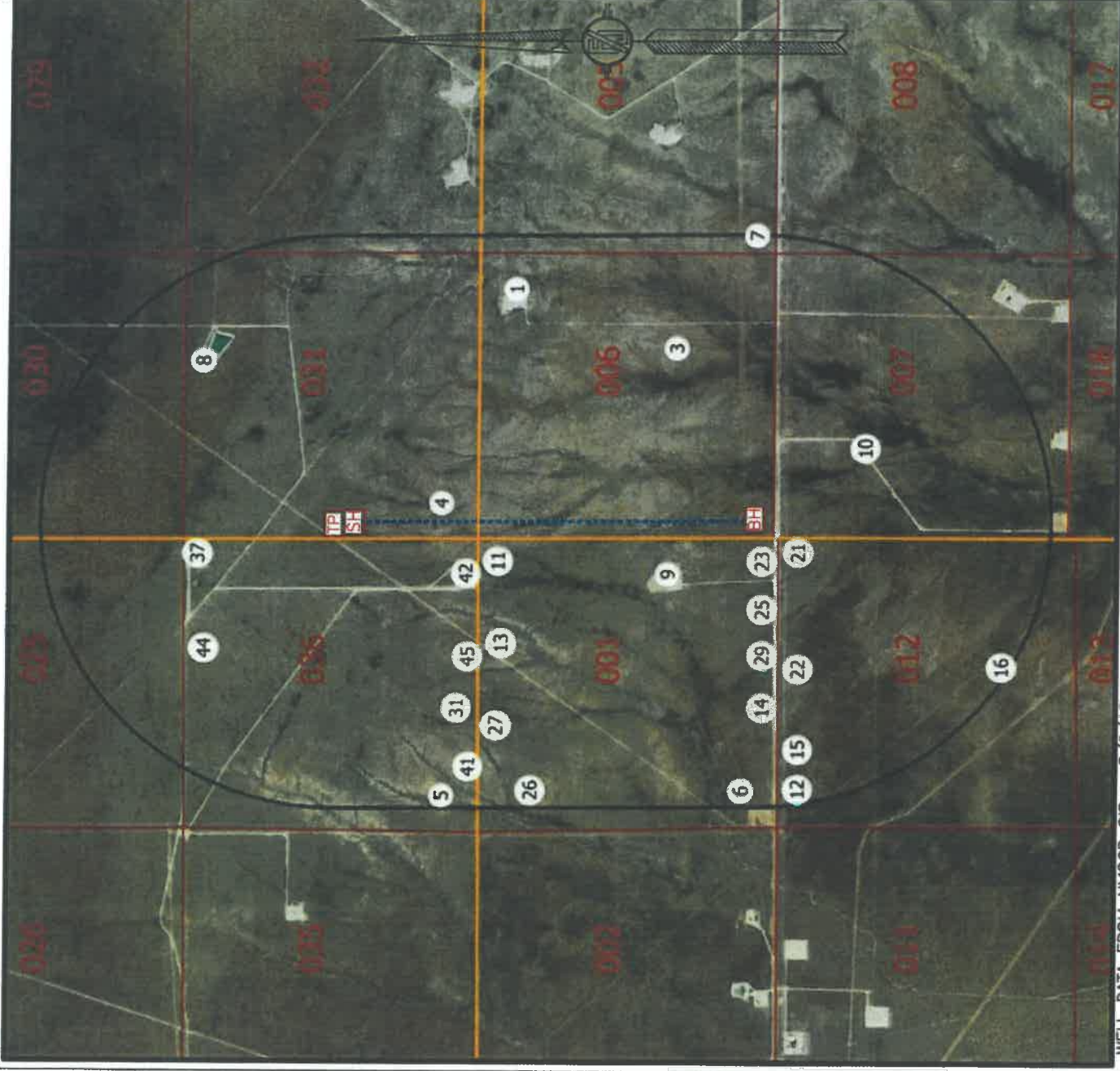
KAISER-FRANCIS OIL COMPANY
RED HILLS 401H
LOCATED 2250 FT. FROM THE SOUTH LINE
AND 390 FT. FROM THE WEST LINE OF
SECTION 31, TOWNSHIP 25 SOUTH,
RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MAY 4, 2018

SURVEY NO. 5944

MADRON SURVEYING, INC. CARLSBAD, NEW MEXICO

1-MILE WELLS



WELL DATA FROM NMOC GIS - 5/2/18

SH SURFACE LOCATION

BH BOTTOM OF HOLE

XX WELLS WITHIN 1 MILE

--- WELL PATH

— 1-MILE BOUNDARY

KAISER-FRANCIS OIL COMPANY
RED HILLS 401H

LOCATED 2250 FT. FROM THE SOUTH LINE
AND 390 FT. FROM THE WEST LINE OF
SECTION 31, TOWNSHIP 25 SOUTH,
RANGE 33 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MAY 4, 2018

MADRON SURVEYING, INC. 301 SOUTH CANAL
(575) 234-3341

SURVEY NO. 5944

CARLSBAD, NEW MEXICO

Attachment "C"

Case No. 20051

Atlas OBO Energy, LP
15603 Kuykendahl Road, Suite 200
Houston, TX 77090-3655

.0357869

Royalty Clearinghouse 2003, LLC.
401 Congress Avenue, Suite 1750
Austin, TX 78701-4071

.0750000

West Texas Gas, Inc.
D/B/A WGTG Exploration Inc.
401 W. Wadley Avenue
Midland, TX 79705-5339

.0750000

KAISER-FRANCIS OIL COMPANY

P. O. BOX 21468

TULSA, OKLAHOMA 74121-1468

6733 South Yale Avenue, 74136
(918) 494-0000

September 10, 2018

Sent by Certified Mail

Atlas OBO Energy, LP
15603 Kuykendahl Road, Suite 200
Houston, TX 77090-3655

Re: Red Hills 401H
Lost 3 and 4 and the E/2 SW/4 and SE/4 SE/4 of Section 31-25S-33E and
All of Section 6-26S-33E
Lea Co., NM

Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 12,350' TVD / 20,300' TMD Wolfcamp Formation test well. It will have a SHL of 2,250' FSL and 390' FWL in Section 31-25S-33E and a BHL of 330' FSL and 350' FWL in Section 6-26S-33E, all in Lea Co., NM.

Costs are estimated to be \$4,571,120 initial drilling costs and \$10,941,596 total well costs for a completed producer. Two copies of the AFE are enclosed for your review. Should you wish to participate in the well, please execute and return one copy of the AFE, and send that back to us, along with your Well Information Requirements. We do plan to file for Force Pooling with the NMOCDC soon, so let us know when you elect to participate whether you want to be supplied a JOA for execution or whether you prefer to be pooled.

Should you have any questions, I can be reached at the above number, extension 4424.

Respectfully,



Michael D. Maxey
Landman

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company					
Well Name: Red Hills 401H					
Prospect: Red Hills					
Location: Sec 31 2SS 33W Lea NM (surface)					
Depth: 20300 MD					
Horizontal: Wolfcamp					
Objective: Drill and complete a new horizontal well with a 7000' lateral					
JOB Code	Intangible Drilling and Completion Costs				
500/600	Location / Road Expense / Frac Pit Construction				
501/***	Cond, Rat Hole, Mouse Hole Services				
502/602	Location Damages				
504/604	Turnkey Completion Rig per foot				
	Footage @ 30 days at \$25,000				
505/605	Coiled Tubing & Related Services				
506/606	Rig Mob / Demob				
507/***	Directional Drilling Services				
508/608	Bits & Reamers				
510/610	Fuel/Power				
512/612	Drilling Water / Completion Fluid				
514/614	Mud & Chemicals				
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD				
516/616	Surface Equipment Rental / Inspection				
517/617	Downhole Equipment Rental / Inspection				
518/618	Transportation & Loading				
520/***	DST, Coring & Analysis				
522/622	OH Logs / CH Logs / Perforating / Slickline / Plugs				
523/***	Mud Logging / Geosteering / LWD				
524/624	Cementing & Squeezing				
526/626	Casing Crews & Equipment				
528/628	Plug & Abandon				
***/630	Stimulation				
532/632	Geological & Engineering				
534/634	Supervision				
536/636	Miscellaneous Contract Labor				
538/638	Prof. Fees & Abstracts				
541/641	Liability Insurance / Bonds				
542/642	Drilling Overhead / Competition Overhead				
544/644	Miscellaneous & Unforeseen				
	Total Intangible Drilling & Completion				
JOB Code:	Tangible Well and Lease Equipment Costs				
700	Conductor				
701	Surface Casing 10 3/4" 40.50W J-55 STC 1000				
702	Intermediate Casing 7-5/8" 29.7W P-110 BTC 11800				
702	Intermediate Casing				
704	Drilling Liner (BCP)				
703	Production Liner (ACP)				
706	Production Casing (ACP) 5-1/2" P-110 HP 20W SFH Eagle 20300				
710	Tubing 2-7/8" 6.5# N-80 EUE 9500				
721/720	Wellhead Equip. BCP/ACP				
724	Packers & Downhole Equipment				
726	Rods & Pumps Morris 97 - 86 String				
737	Line Pipe / Fittings / Pipeline				
747	Valves				
752	Tanks & Walkways				
765	Heaters / Treaters / Separator / VRU				
768	Artificial Lift / Compressor				
770	Gas Sales Unit / Dehy / Line Heater / Flare				
775/774	Transportation and Freight BCP/ACP				
777/776	Inspect/Test Tubulars BCP/ACP				
779/778	Non-Controllable Equipment BCP/ACP				
	Total Well and Lease Equipment				
	Total Drilling and Completion Cost				
NOC APPROVALS					
PARTNER APPROVAL					
Signature _____ Printed Name _____					
Position _____					
Company _____					
Date _____					

Signature _____

Printed Name:

Position

Company

Date _____