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 COMPANYCOMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

Case No. 20292

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 Bone Spring horizontal spacing unit described below, and in wells 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 320.00 acre horizontal spacing unit in the Bone Spring formation comprised of the S/2 N/2 of Section 24, Township 23 South Range 28 East and the S/2 N/2 of Section 19, Township 23 South Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Pool Code: 15011 Pool Name: Culebra Bluff; Bone Spring, South Pool; to be dedicated to the Mosaic Federal 2419 3BS Well No. 2H. The well is a horizontal well with first take point in SW/4 NW/4 of Section 24 and final take point in SE/4 NE/4 of Section 19. A C-102 for the well is attached as Attachment B. There is no depth severance in the Bone Spring 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 was one unlocatable interest owner.

EXHIBIT 1

(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 wells.

(h) KFOC has the right to pool the overriding royalty owners in the well unit.

(i) Attachment E contains the Authorizations for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and are comparable to the costs of other wells of similar depth and length drilled in this area of Eddy 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 OKLHOMA)
) 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.

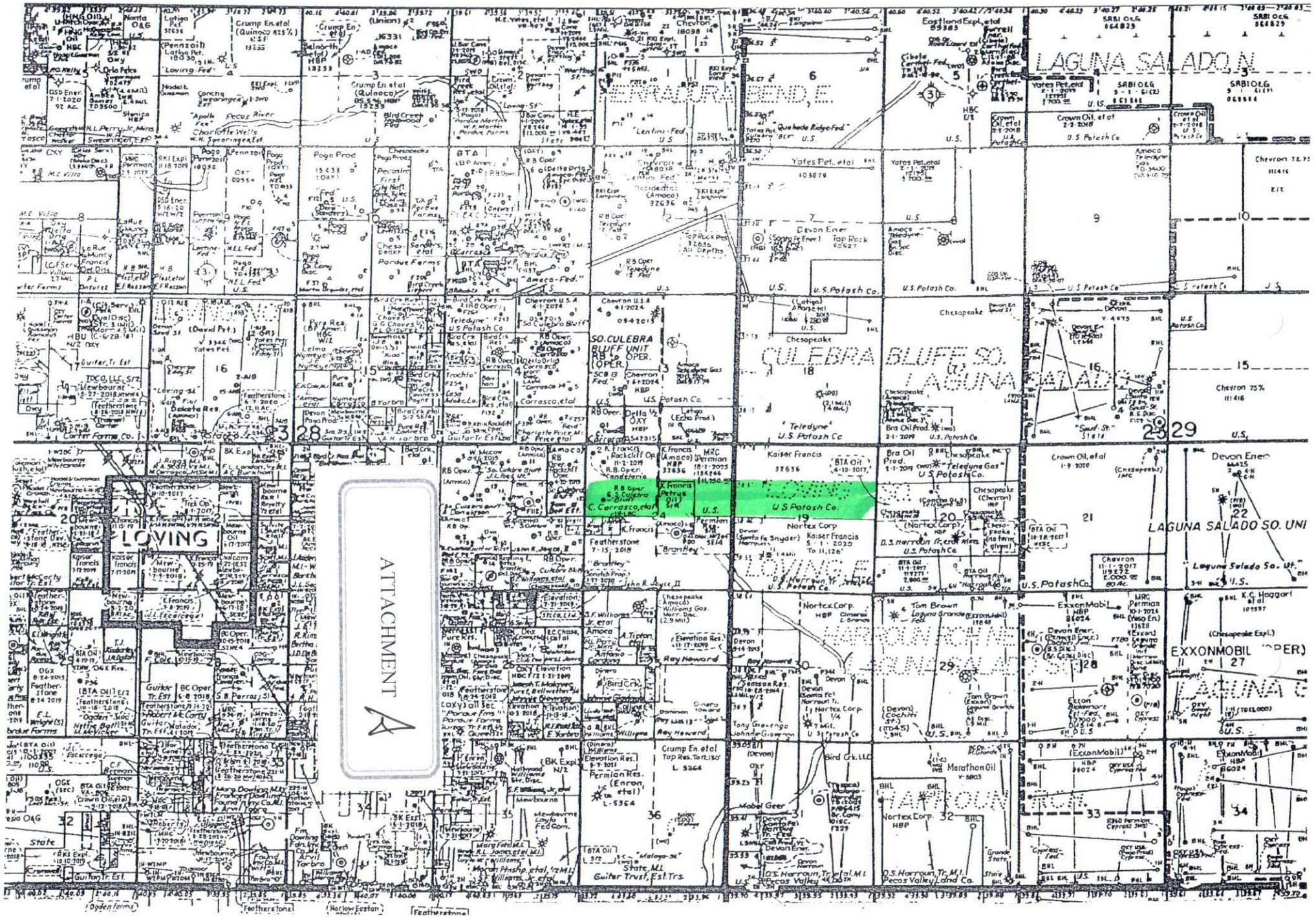
Michael Maxey

SUBSCRIBED AND SWORN TO before me this 17th day of April, 2019 by Michael Maxey.

My Commission Expires: 2-15-22

Notary Public

Notary Public
State of Oklahoma
DEBORAH MCCULLOUGH
TULSA COUNTY
COMMISSION #06011949
Comm. Exp. 2-15-2022


LAGUNA SALADO N.
PENASCURA BEND E.
CULEBRA BLUFF SO. LAGUNA SALADO
LOVING
LOVING E
LAGUNA SALADO SO. UNI
EXXONMOBIL (UPPER)
ATTACHMENT A

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
	MOSAIC FED 2419 3BS	2H

[7] OGRID No.	[8] Operator Name	[9] Elevation
12361	KAISER-FRANCIS OIL CO.	2986.6

[10] Surface Location

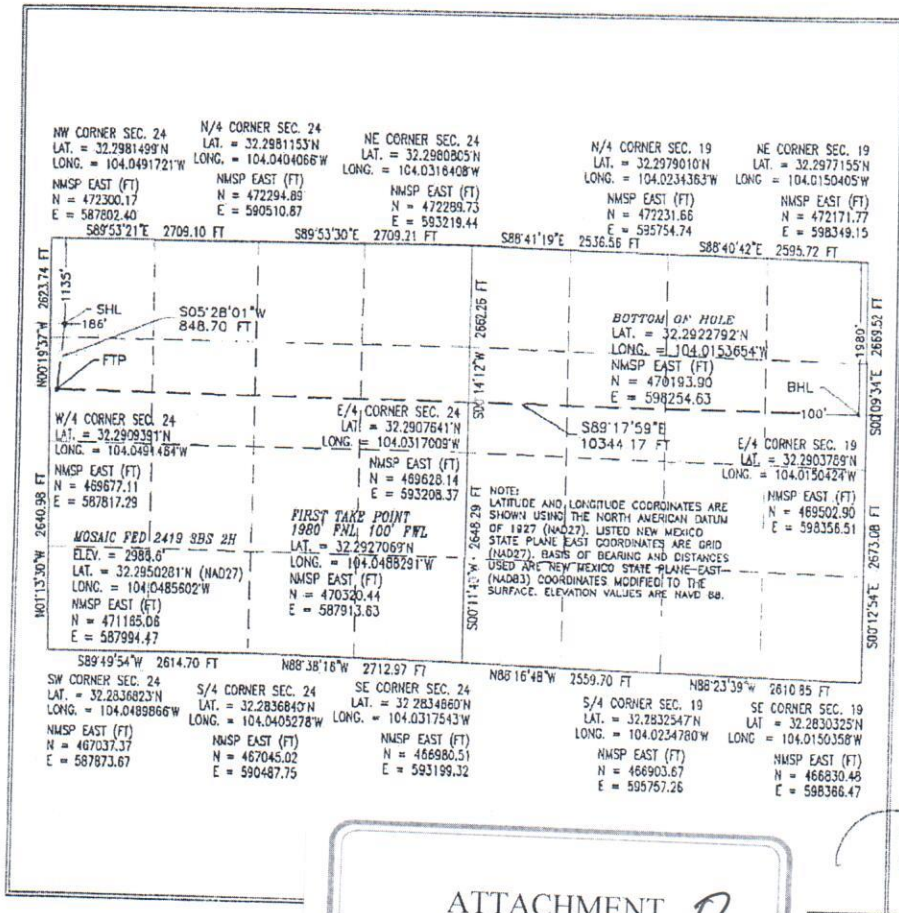
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	23 S	28 E		1135	NORTH	186	WEST	EDDY

[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
H	19	23 S	29 E		1980	NORTH	100	EAST	EDDY

[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.



[16] 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.

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.

JANUARY 30, 2019

Date of Survey

Signature and Seal of Professional Surveyor

Certificate Number: 12797 LIMON P. JARAMILLO, PLS 12797

SURVEY NO. 6882

ATTACHMENT B

S/2 N/2 of Section 24-23S-28E and S/2 N/2 of Section 19-23S-29E Eddy Co., NM

Mosaic Federal 2419 3BS #2H

Chevron North America Exploration and Production Co. Attn: Mr. Irvin R. Gutierrez 1400 Smith Street Houston, Texas 77002	59 acres
MRC Permian LKE Company, LLC Attn: Mr. Chris Carlton 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240	Dismiss
TLW Investments, LLC 1601 NW Expressway Oklahoma City, OK 73118 (came back undeliverable / address unknown)	1 acre

ATTACHMENT C

KAISER-FRANCIS OIL COMPANY P.O. BOX 21468 TULSA, OKLAHOMA 74121-1468
6733 South Yale Avenue 74136
(918) 494-0000

February 1, 2019

Sent by Certified Mail

MRC Permian LKE Company, LLC
Attn: Mr. Chris Carlton
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

Re: Mosaic Fed 2419 3BSS #2H
S/2 N/2 Section 24-23S-28E and S/2 N/2 Section 19-23S-29E
Eddy Co., NM

Chris:

Kaiser-Francis Oil Company hereby proposes the drilling of a 19,880' MD / 9571' TVD horizontal 3rd Bone Spring test well, covering the referenced 2.0 mile well path. The well will have an approximate surface location of 1,135' FNL and 186' FWL of Section 24-23S-28E, and a terminus of approximately 1980' FNL and 100' FEL of Section 19-23S-29E.

AFE costs are estimated to be $3,063,379 DHC and $10,207,474 CWC. Two copies of the AFE are enclosed.

Should you wish to participate in the well, please execute and return one copy of the AFE, along with a reply letter indicating your desire to participate, and we will in turn send you a JOA for your review and approval.

We plan to file for pooling with the NMOCD soon, therefore, a prompt answer regarding our proposal would be greatly appreciated.

Should you have any questions, I can be reached at the above number, extension 424.

Respectfully,

Michael D. Maxey, Landman
Kaiser-Francis Oil Company

ATTACHMENT D

Kaiser-Francis Oil Company
Authority for Expenditure

Operator:	Kaiser-Francis Oil Company	Date:	1/18/2019
Well Name:	Mosaic Fed 2419 38S #2H	Field:	
Prospect:		County / Psh	Eddy County
Location:		State:	New Mexico
Depth:	19880 MD 9571 TVD	Preparer:	RS/CJ/DZ
Horizon:	3rd Bone Spring		
Objective:	Drill and complete 3rd Bone Spring		

JIB Code	Intangible Drilling and Completion Costs			Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction			$65,000	$14,000	$40,000	$119,000
501/***	Cond, Rat Hole, Mouse Hole Services			$26,000			$26,000
502/602	Location Damages						$0
504/604	Turnkey	Completion Rig			$8,000		$8,000
	Footage @	per foot					$0
	Daywork	28 days at	$24,250	$679,000			$679,000
505/605	Coiled Tubing & Related Services				$240,000		$240,000
506/606	Rig Mob / Demob			$131,800			$131,800
507/***	Directional Drilling Services			$276,200			$276,200
508/608	Bits & Reamers			$75,000			$75,000
510/610	Fuel/Power			$119,000			$119,000
512/612	Drilling Water / Completion Fluid			$33,000	$791,250		$824,250
514/614	Mud & Chemicals			$160,000	$20,000		$180,000
515/615	Closed Loop System / Mud & Cutting Disposal / SWD			$155,000	$37,500		$192,500
516/616	Surface Equipment Rental / Inspection			$201,640	$88,300		$289,940
517/617	Downhole Equipment Rental / Inspection			$33,500	$106,500		$140,000
518/618	Transportation & Loading			$30,000	$50,000		$80,000
520/***	DST, Coring & Analysis						$0
522/622	OH Logs / CH Logs / Perforating / Slickline / Plugs				$350,000		$350,000
523/***	Mud Logging / Geosteering / LWD			$36,000			$36,000
524/624	Cementing & Squeezing			$167,500			$167,500
526/626	Casing Crews & Equipment			$59,500			$59,500
528/628	Plug & Abandon						$0
***/630	Stimulation				$4,420,000		$4,420,000
532/632	Geological & Engineering				$13,000		$13,000
534/634	Supervision			$120,000	$51,750		$171,750
536/636	Miscellaneous Contract Labor			$20,000	$42,500	$35,000	$97,500
538/638	Prof. Fees & Abstracts						$0
541/641	Liability Insurance / Bonds						$0
542/642	Drilling Overhead / Competion Overhead			$11,200	$6,300		$17,500
544/644	Miscellaneous & Unforeseen			$108,210	$311,955	$3,750	$423,915
	Total Intangible Drilling & Completion			$2,507,550	$6,551,055	$78,750	$9,137,355

JIB Code	Tangible Well and Lease Equipment Costs			Drilling	Completion	Eqpt/Const	Total
700	Conductor						$0
701	Surface Casing	13-3/8" H40 48 ppf STC	500	$22,500			$22,500
702	Intermediate Casing	10-3/4" J55 40.5 ppf BTC (TD to 11.25")	2700	$81,200			$81,200
702	Intermediate Casing						$0
704	Drilling Liner (BCP)						$0
703	Production Liner (ACP)						$0
706	Production Casing (ACP)	5-1/2" 20# P110 GBCD	20143	$384,574			$384,574
710	Tubing	2 7/8" 6.5# L-80 EUE to KOP	9600		$52,800		$52,800
721/720	Wellhead Equip. BCP/ACP			$45,000	$45,000		$90,000
724	Packers & Downhole Equipment						$0
726	Rods & Pumps						$0
737	Line Pipe / Fittings / Pipeline					$30,000	$30,000
747	Valves					$30,000	$30,000
752	Tanks & Walkways					$120,000	$120,000
765	Heaters / Treaters / Separator / VRU					$75,000	$75,000
768	Artificial Lift / Compressor					$85,000	$85,000
770	Gas Sales Unit / Dehy / Line Heater / Flare					$5,000	$5,000
775/774	Tranportation and Freight BCP/ACP			$10,000	$2,000	$45,000	$57,000
777/776	Inspect/Test Tubulars BCP/ACP			$4,400			$4,400
779/778	Non-Controllable Equipment BCP/ACP			$8,155	$4,990	$19,500	$32,645
	Total Well and Lease Equipment			$555,829	$104,790	$409,500	$1,070,119
	Total Drilling and Completion Cost			**$3,063,379**	**$6,655,845**	**$488,250**	**$10,207,474**

KFOCAPPROVALS	PARTNER APPROVAL
Drilling	
Completion	Signature
Land	Printed Name
Geology	Position
Reservoir	Company
Asset Manager	Date
Chief Operating Officer	

ATTACHMENT E