

CASE NO. 21179

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

EXHIBITS

1. Application and Proposed Ad
2. Landman's Affidavit
3. Geologist's Affidavit
4. Affidavit of Notice
5. Pooling Checklist

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 21179

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 N/2 of Section 24, Township 23 South, Range 28 East, N.M.P.M. and Lots 1, 2, E/2NW/4, and NE/4 (the N/2) of Section 19, Township 23 South, Range 29 East, N.M.P.M., and in support thereof, states:

1. Applicant is an interest owner in the N/2 of Section 24 and the N/2 of Section 19, 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 Mosaic Fed. 2419 WA Well No. 1H, with a first take point in the NW/4NW/4 of Section 24 and a last take point in the NE/4NE/4 of Section 19;
 - (b) the Mosaic Fed. 2419 WA Well No. 2H, with a first take point in the SW/4NW/4 of Section 24 and a last take point in the SE/4NE/4 of Section 19;
 - (c) the Mosaic Fed. 2419 WAM Well No. 1H, with a first take point in the NW/4NW/4 of Section 24 and a last take point in the NE/4NE/4 of Section 19;
 - (d) the Mosaic Fed. 2419 WC Well No. 1H, with a first take point in the NW/4NW/4 of Section 24 and a last take point in the NE/4NE/4 of Section 19; and
 - (e) the Mosaic Fed. 2419 WC Well No. 2H, with a first take point in the SW/4NW/4 of Section 24 and a last take point in the SE/4NE/4 of Section 19.

EXHIBIT **1**

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Wolfcamp formation underlying the N/2 of Section 24 and the N/2 of Section 19 for the purposes set forth herein.

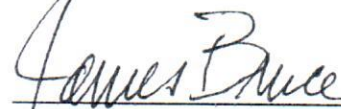
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation in the N/2 of Section 24 and the N/2 of Section 19, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the N/2 of Section 24 and the N/2 of Section 19 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 N/2 of Section 24 and the N/2 of Section 19;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost thereof among the well' 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 cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Kaiser-Francis Oil Company

PROPOSED ADVERTISEMENT

Case No. _____:

Application of Kaiser-Francis Oil Company for compulsory pooling, Eddy County, New Mexico. Kaiser-Francis Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation in a horizontal spacing unit underlying the N/2 of Section 24, Township 23 South, Range 28 East, NMPM and Lots 1, 2, E/2NW/4, and NE/4 (the N/2) of Section 19, Township 23 South, Range 29 East, NMPM. The unit will be dedicated to (a) the Mosaic Fed. 2419 WA Well No. 1H, with a first take point in the NW/4NW/4 of Section 24 and a last take point in the NE/4NE/4 of Section 19, (b) the Mosaic Fed. 2419 WA Well No. 2H, with a first take point in the SW/4NW/4 of Section 24 and a last take point in the SE/4NE/4 of Section 19, (c) the Mosaic Fed. 2419 WAM Well No. 1H, with a first take point in the NW/4NW/4 of Section 24 and a last take point in the NE/4NE/4 of Section 19, (d) the Mosaic Fed. 2419 WC Well No. 1H, with a first take point in the NW/4NW/4 of Section 24 and a last take point in the NE/4NE/4 of Section 19, and (e) the Mosaic Fed. 2419 WC Well No. 2H, with a first take point in the SW/4NW/4 of Section 24 and a last take point in the SE/4NE/4 of Section 19. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located 4 miles southwest of Malaga, New Mexico.

**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 FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 21179

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. Pursuant to Division Rules, the following information is submitted in support of the compulsory pooling application:

(a) The purpose of this application is to force pool a working interest owner into the horizontal spacing unit described below, and in wells to be drilled in the unit.

(b) No opposition is expected because the interest owner being pooled has been contacted regarding the proposed well, but has simply failed to voluntarily commit its interest to the well unit.

All interest owners are locatable.

(c) A Midland Map Co. plat outlining the unit being pooled is attached hereto as Attachment A. KFOC seeks an order pooling the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2 of Section 24, Township 23 South, Range 28 East, NMPM and Lots 1 and 2, E/2NW/4, and NE/4 (the S/2) of Section 19, Township 23 South, Range 29 East, NMPM, containing 636.65 acres.

(i) Pool Code: 98220 Pool Name: Purple Sage; Wolfcamp Gas Pool, to be dedicated to the Mosaic Federal 2419 WA No. 1H. The well is a horizontal well with a first take point in NW/4 NW/4 of Section 24 and a final take point in NE/4 NE/4 of Section 19.

SHL: 1,045' FNL and 156' FEL of Section 24-23S-28E

BHL: 660' FNL and 330' FEL of Section 19-23S-29E

EXHIBIT

2

20,143' MD / 9,716' TVD

- (ii) Pool Code: 98220 Pool Name: Purple Sage; Wolfcamp Gas Pool, to be dedicated to the Mosaic Federal 2419 WA No. 2H. The well is a horizontal well with a first take point in SW/4 NW/4 of Section 24 and a final take point in SE/4 NE/4 of Section 19.
SHL: 1,075' FNL and 156' FEL of Section 24-23S-28E
BHL: 1,980' FNL and 330' FEL of Section 19-23S-29E
20,143' MD / 9,716' TVD
- (iii) Pool Code: 98220 Pool Name: Purple Sage; Wolfcamp Gas Pool, to be dedicated to the Mosaic Federal 2419 WAM No. 1H. The well is a horizontal well with a first take point in NW/4 NW/4 of Section 24 and a final take point in NE/4 NE/4 of Section 19.
SHL: 1,075' FNL and 186' FEL of Section 24-23S-28E
BHL: 1,310' FNL and 330' FEL of Section 19-23S-29E
20,215 MD / 9,891' TVD
- (iv) Pool Code: 98220 Pool Name: Purple Sage; Wolfcamp Gas Pool, to be dedicated to the Mosaic Federal 2419 WC No. 1H. The well is a horizontal well with a first take point in NW/4 NW/4 of Section 24 and a final take point in NE/4 NE/4 of Section 19.
SHL: 985' FNL and 156' FEL of Section 24-23S-28E
BHL: 660' FNL and 330' FEL of Section 19-23S-29E
21,000' MD / 10,711 TVD
- (v) Pool Code: 98220 Pool Name: Purple Sage; Wolfcamp Gas Pool, to be dedicated to the Mosaic Federal 2419 WC No. 2H. The well is a horizontal well with a first take point in SW/4 NW/4 of Section 24 and a final take point in SE/4 NE/4 of Section 19.
SHL: 1,015' FNL and 156' FEL of Section 24-23S-28E
BHL: 1,980' FNL and 330' FEL of Section 19-23S-29E
21,000' MD / 10,711 TVD

A Form C-102 for each well is part of Attachment A.

- (d) There is no depth severance in the Wolfcampformation.
- (e) The party being pooled and its total percentage interest in the well unit is set forth in Attachment B. Attachment B also contains a listing of the tracts in the well unit.
- (f) Attachment C contains a summary of contacts with the pooled interest owner together with a copy of the proposal letter. KFOC has made a good faith effort to obtain the voluntary joinder of the working interest owner in the proposed well, and continues to

seek their voluntary joinder. If the pooled party subsequently voluntarily commits its interest to the well, KFOC will notify the Division.

(g) No overriding royalty owners in the well unit need to be pooled.

(h) Attachment D is 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 costs of other wells of similar depth and length drilled in this area of Eddy County.

(i) KFOC requests overhead and administrative rates of \$8000/month for a drilling well and \$800/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Eddy 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.

(j) KFOC requests that the maximum 200% risk charge be assessed against a non-consenting working interest owner for the cost of drilling, completing, and equipping the well.

(k) KFOC requests that it be designated operator of the well.

(l) The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.

(m) 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

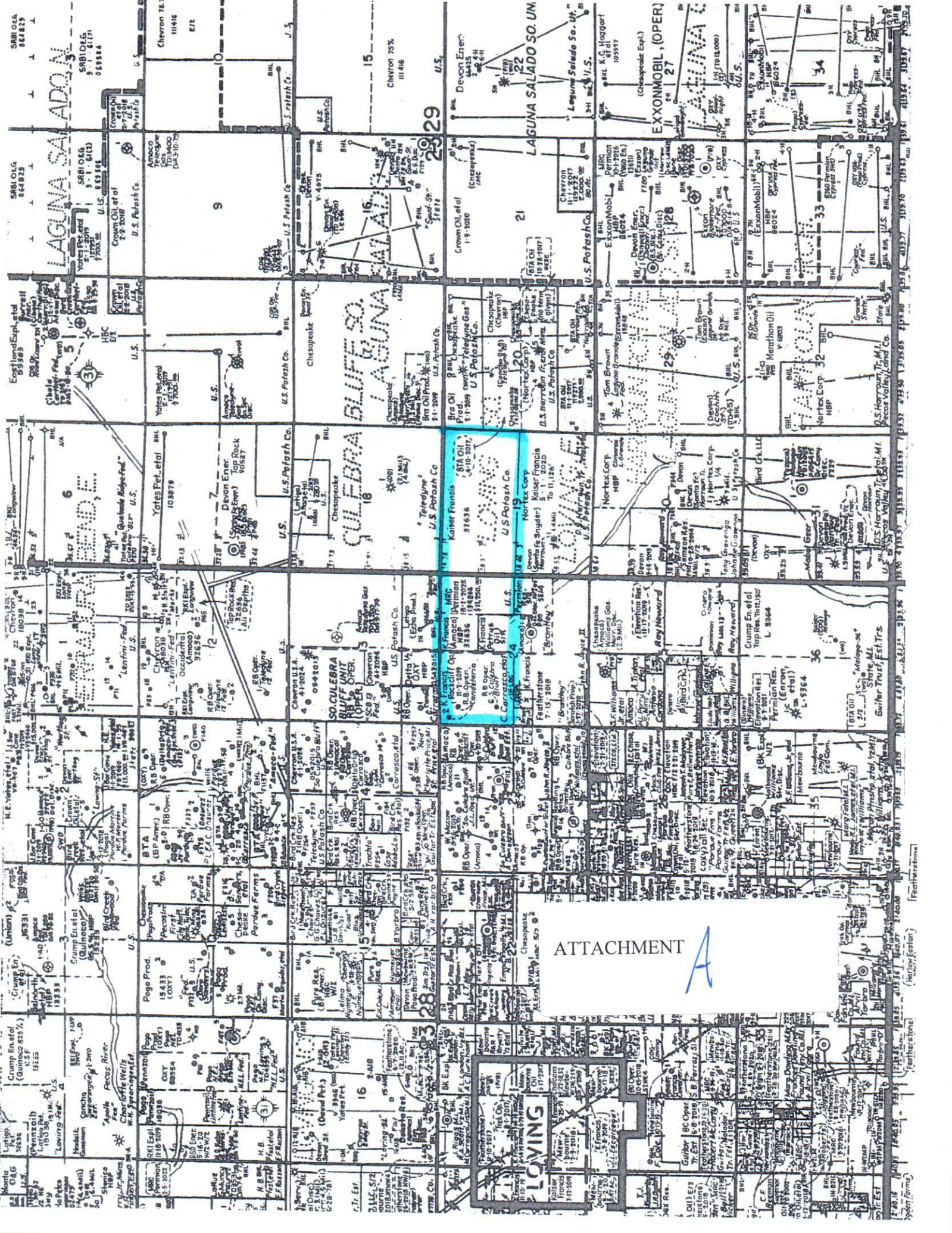
SUBSCRIBED AND SWORN TO before me this 3rd day of March, 2020 by Michael Maxey.

My Commission Expires: 12-15-22



Notary Public





ATTACHMENT



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 WA		1H	
⁷ OGRID No.		⁸ Operator Name		⁹ Elevation	
12361		KAISER-FRANCIS OIL CO.		2986.9	

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		1045	NORTH	156	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
A	19	23 S	29 E		660	NORTH	330	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.

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.

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 17, 2019

Date of Survey _____

Signature and Seal of Professional Surveyor: *Filimon F. Jaramillo*

Certificate Number: FILIMON F. JARAMILLO, PLS 12797

SURVEY NO. 6830

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
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Santa Fe, NM 87505

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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 WA			2H	
⁷ OGRID No.		⁸ Operator Name			⁹ Elevation	
12361		KAISER-FRANCIS OIL CO.			2986.8	

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		1075	NORTH	156	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	330	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.

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1927 (NAD27). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD27). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST (NAD83) COORDINATES MODIFIED TO THE SURFACE. ELEVATION VALUES ARE NAVD 83.

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 _____

¹⁷ 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 17, 2019
Date of Survey

Signature and Seal of Professional Surveyor
William F. Jaramila

Certificate Number: WILLIAM F. JARAMILA, PLS 12797
SURVEY NO. 6831

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
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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
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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 MOSAIC FED 2419 WAM	
⁷ OGRID No. 12361	⁸ Operator Name KAISER-FRANCIS OIL CO.	
		⁶ Well Number 1H
		⁹ Elevation 2986.6

" 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		1075	NORTH	186	WEST	EDDY

" 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
A	19	23 S	29 E		1310	NORTH	330	EAST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	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.

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1987 (NAD87). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD27). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE-EAST (NAD83). COORDINATES MODIFIED TO THE SURFACE. ELEVATION VALUES ARE NAVD 88.

11 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 leased 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.

FEBRUARY 7, 2019

Date of Survey _____

Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: PLIMON E. JARAMILLO, PLS 12797

SURVEY NO. 6880A

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
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1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name MOSAIC FED 2419 WC			⁶ Well Number 1H
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			⁹ Elevation 2986.9

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	23S	28E		985	NORTH	156	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
A	19	23S	29E		660	NORTH	330	EAST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	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.

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.

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 17, 2019

Date of Survey: _____

Signature and Seal of Professional Surveyor:

Certificate Number: FILIMON F. JARAMILLO, PLS 12797
SURVEY NO. 6828

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

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Santa Fe, NM 87505

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ APT Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name MOSAIC FED 2419 WC			⁶ Well Number 2H
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			⁹ Elevation 2986.9

¹⁰ Surface Location

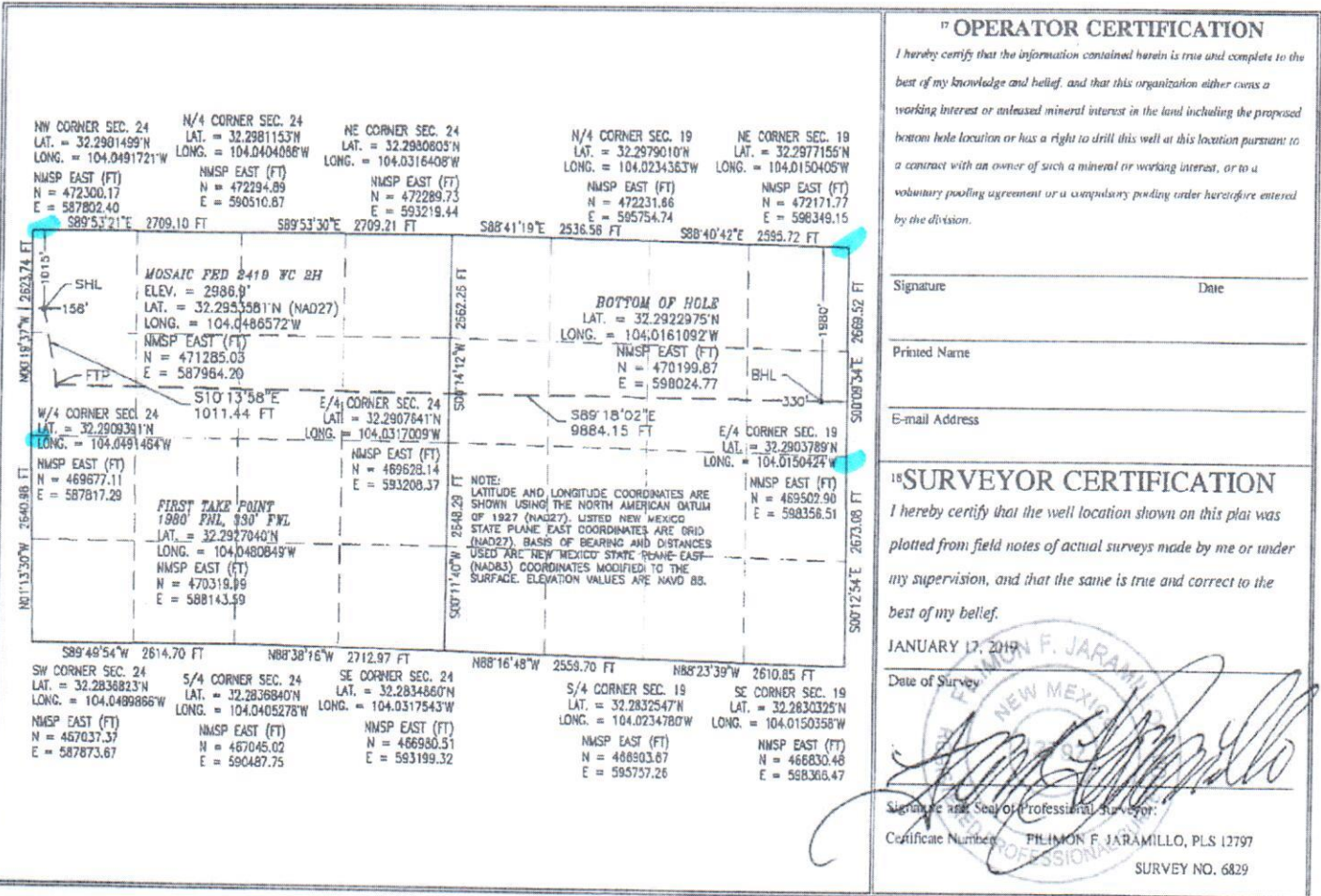
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	23 S	28 E		1015	NORTH	156	WEST	EDDY

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	330	EAST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	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.



NMOCD Case 21179
Attachment B

MRC Permian LKE Company, LLC Attn: Mr. Nick Weeks 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240	5.7098877% WI
NW/4 Sec. 24-23S-28E:	KFOC & WI partners 160.00 acres / 636.65 = 25.1315480% WI
NW/4 NE/4 Sec. 24-23S-28E:	KFOC & WI partners 40.00 acres / 636.65 = 6.2828870% WI
SW/4 NE/4 Sec. 24-23S-28E:	KFOC and WI partners 40.00 acres / 636.65 = 6.2828870% WI
E/2 NE/4 Sec. 24-23S-28E:	KFOC and WI partners 43.648 acres / 636.65 = 6.8558863% WI MRC 36.352 acres / 636.65 = 5.7098877% WI
Lots 1 and 2 and the E/2 NW/4 And the NE/4 of Section 19-23S-29E	KFOC 316.65 acres / 636.65 = 49.7369040 % WI

ATTACHMENT C

CASE # 21179

I have had numerous contact with MRC over the past year, as we have readied this well for drilling. We had been working on an acreage swap, which would have divested MRC of their interest in Section 24-23S-28E, for a like amount of Kaiser-Francis acreage elsewhere in New Mexico. When this trade did not come to fruition, Kaiser-Francis moved forward, proposed the well, and filed to pool. Kaiser-Francis had a hearing in July of 2019. MRC said they would delay the hearing, so Kaiser-Francis dismissed MRC and continued to work on a trade. Having no success again in making a trade, Kaiser-Francis moved forward to pool when we were unable to reach an agreement. Should MRC choose to make a voluntary election to participate, prior to an Order issuing, Kaiser-Francis will supply MRC with a JOA with for their review and execution. In the event we were unable to execute a mutually agreeable JOA, Kaiser-Francis will allow them to elect under the Order that will issue from this hearing.

December 17, 2019

Sent by Certified Mail

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

Re: Mosaic Fed 2419 WA #1H
N/2 Section 24-23S-28E and N/2 Section 19-23S-29E
Eddy Co., NM

Nick:

Kaiser-Francis Oil Company hereby proposes the drilling of a 20,143' MD / 9716' TVD horizontal Wolfcamp "A" test well, covering the referenced 2.0 mile well path. The well will have an approximate surface location of 1,045' FNL and 156' FWL of Section 24-23S-28E, and a terminus of approximately 660' FNL and 330' FEL of Section 19-23S-29E.

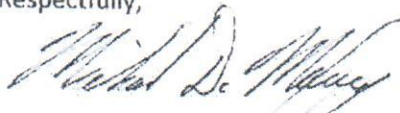
AFE costs are estimated to be \$4,605,848 DHC and \$11,852,685 CWC. Two copies of the AFE are enclosed.

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

December 17, 2019

Sent by Certified Mail

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

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

Nick:

Kaiser-Francis Oil Company hereby proposes the drilling of a 20,143' MD / 9716' TVD horizontal Wolfcamp "A" test well, covering the referenced 2.0 mile well path. The well will have an approximate surface location of 1,075' FNL and 156' FWL of Section 24-23S-28E, and a terminus of approximately 1,980' FNL and 330' FEL of Section 19-23S-29E.

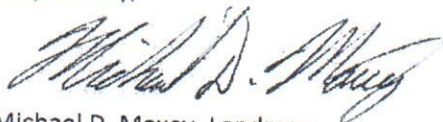
AFE costs are estimated to be \$4,605,848 DHC and \$11,852,685 CWC. Two copies of the AFE are enclosed.

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

December 17, 2019

Sent by Certified Mail

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

Re: Mosaic Fed 2419 WAM #1H
N/2 Section 24-23S-28E and N/2 Section 19-23S-29E
Eddy Co., NM

Nick:

Kaiser-Francis Oil Company hereby proposes the drilling of a 20,215' MD / 9,891' TVD horizontal Wolfcamp "A-Mid" test well, covering the referenced 2.0 mile well path. The well will have an approximate surface location of 1,075' FNL and 186' FWL of Section 24-23S-28E, and a terminus of approximately 1,320' FNL and 330' FEL of Section 19-23S-29E.


AFE costs are estimated to be \$4,605,848 DHC and \$11,852,685 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

December 17, 2019

Sent by Certified Mail

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

Re: Mosaic Fed 2419 WC #1H
N/2 Section 24-23S-28E and N/2 Section 19-23S-29E
Eddy Co., NM

Nick:

Kaiser-Francis Oil Company hereby proposes the drilling of a 21,000' MD / 10,711' TVD horizontal Wolfcamp "C" test well, covering the referenced 2.0 mile well path. The well will have an approximate surface location of 985' FNL and 156' FWL of Section 24-23S-28E, and a terminus of approximately 660' FNL and 330' FEL of Section 19-23S-29E.

AFE costs are estimated to be \$4,639,379 DHC and \$11,886,217 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

December 17, 2019

Sent by Certified Mail

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

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

Nick:

Kaiser-Francis Oil Company hereby proposes the drilling of a 21,000' MD / 10,711' TVD horizontal Wolfcamp "C" test well, covering the referenced 2.0 mile well path. The well will have an approximate surface location of 1,015' FNL and 156' FWL of Section 24-23S-28E, and a terminus of approximately 1980' FNL and 330' FEL of Section 19-23S-29E.

AFE costs are estimated to be \$4,639,379 DHC and \$11,886,217 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

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 10/25/2019
Well Name: Mosaic Fed 2419 WA #1H	Field:
Prospect: Mosaic Fed	County / Psh: Eddy County
Location: 24 23S 28E	State: New Mexico
Depth: 20143 MD	Preparer: RS/DZ
Horizon: Wolfcamp A	
Objective: Drill and complete Wolfcamp A	

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Plt 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 34 days at \$24,250	\$812,375			\$812,375
505/605	Coiled Tubing & Related Services		\$240,000		\$240,000
506/606	Rig Mob / Demob	\$123,000			\$123,000
507/**	Directional Drilling Services	\$913,200			\$913,200
508/608	Bits & Reamers	\$86,000			\$86,000
510/610	Fuel/Power	\$130,900			\$130,900
512/612	Drilling Water / Completion Fluid	\$33,000	\$807,500		\$840,500
514/614	Mud & Chemicals	\$195,000	\$20,000		\$215,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$160,000	\$37,500		\$197,500
516/616	Surface Equipment Rental / Inspection	\$218,684	\$91,450		\$310,134
517/617	Downhole Equipment Rental / Inspection	\$119,000	\$156,000		\$275,000
518/618	Transportation & Loading	\$34,000	\$50,000		\$84,000
520/**	DST, Coring & Analysis				\$0
522/622	OH Logs / CH Logs / Perforating / Slickline / Plugs		\$350,000		\$350,000
523/**	Mud Logging / Geosteering / LWD	\$40,800			\$40,800
524/624	Cementing & Squeezing	\$213,500			\$213,500
526/626	Casing Crews & Equipment	\$77,000			\$77,000
528/628	Plug & Abandon				\$0
**/630	Stimulation		\$4,420,000		\$4,420,000
532/632	Geological & Engineering		\$15,000		\$15,000
534/634	Supervision	\$136,000	\$73,750		\$209,750
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 / Completion Overhead	\$13,600	\$6,300		\$19,900
544/644	Miscellaneous & Unforeseen	\$153,969	\$316,600	\$3,750	\$474,319
	Total Intangible Drilling & Completion	\$3,571,028	\$6,648,600	\$78,750	\$10,298,378

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") 3000	\$89,000			\$89,000
702	Intermediate Casing 7-5/8" P110 29.7 ppf BTC 10000	\$274,000			\$274,000
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" 20# P110 HC Eagle 20200	\$547,200			\$547,200
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 10500		\$57,750		\$57,750
721/720	Wellhead Equip. BCP/ACP	\$60,000	\$45,000		\$105,000
724	Packers & Downhole Equipment				\$0
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline				\$0
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$30,000	\$30,000
765	Heaters / Treaters / Separator / VRU			\$120,000	\$120,000
768	Artificial Lift / Compressor			\$75,000	\$75,000
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$85,000	\$85,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$5,000	\$17,000
777/776	Inspect/Test Tubulars BCP/ACP	\$8,900		\$45,000	\$53,900
779/778	Non-Controllable Equipment BCP/ACP	\$23,220	\$5,238	\$19,500	\$47,958
	Total Well and Lease Equipment	\$1,054,820	\$109,988	\$409,500	\$1,574,308
	Total Drilling and Completion Cost	\$4,605,848	\$6,758,588	\$488,250	\$11,852,685

RFOC APPROVALS

Drilling _____

Completion _____

Land _____

Geology _____

Reservoir _____

PARTNER APPROVAL

ATTACHMENT **D**

Company

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 10/25/2019
Well Name: Mosaic Fed 2419 WA #2H	Field:
Prospect: Mosaic Fed	County / Psh Eddy County
Location: 24 23S 28E	State: New Mexico
Depth: 20143 MD	9716 TVD
Horizon: Wolfcamp A	Preparer: RS/DZ
Objective: Drill and complete Wolfcamp A	

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 34 days at \$24,250	\$812,375			\$812,375
505/605	Coiled Tubing & Related Services		\$240,000		\$240,000
506/606	Rig Mob / Demob	\$123,000			\$123,000
507/**	Directional Drilling Services	\$913,200			\$913,200
508/608	Bits & Reamers	\$86,000			\$86,000
510/610	Fuel/Power	\$130,900			\$130,900
512/612	Drilling Water / Completion Fluid	\$33,000	\$807,500		\$840,500
514/614	Mud & Chemicals	\$195,000	\$20,000		\$215,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$160,000	\$37,500		\$197,500
516/616	Surface Equipment Rental / Inspection	\$218,684	\$91,450		\$310,134
517/617	Downhole Equipment Rental / Inspection	\$119,000	\$156,000		\$275,000
518/618	Transportation & Loading	\$34,000	\$50,000		\$84,000
520/**	DST, Coring & Analysis				\$0
522/622	OH Logs / CH Logs / Perforating / Slickline / Plugs		\$350,000		\$350,000
523/**	Mud Logging / Geosteering / LWD	\$40,800			\$40,800
524/624	Cementing & Squeezing	\$213,500			\$213,500
526/626	Casing Crews & Equipment	\$77,000			\$77,000
528/628	Plug & Abandon				\$0
**/630	Stimulation		\$4,420,000		\$4,420,000
532/632	Geological & Engineering		\$15,000		\$15,000
534/634	Supervision	\$136,000	\$73,750		\$209,750
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 / Competition Overhead	\$13,600	\$6,300		\$19,900
544/644	Miscellaneous & Unforeseen	\$153,969	\$316,600	\$3,750	\$474,319
	Total Intangible Drilling & Completion	\$3,571,028	\$6,648,600	\$78,750	\$10,298,378

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") 3000	\$89,000			\$89,000
702	Intermediate Casing 7-5/8" P110 29.7 ppf BTC 10000	\$274,000			\$274,000
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" 20# P110 HC Eagle 20200	\$547,200			\$547,200
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 10500		\$57,750		\$57,750
721/720	Wellhead Equip. BCP/ACP	\$60,000	\$45,000		\$105,000
724	Packers & Downhole Equipment				\$0
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline				\$0
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$30,000	\$30,000
765	Heaters / Treaters / Separator / VRU			\$120,000	\$120,000
768	Artificial Lift / Compressor			\$75,000	\$75,000
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$85,000	\$85,000
775/774	Transportation and Freight BCP/ACP			\$5,000	\$5,000
777/776	Inspect/Test Tubulars BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
779/778	Non-Controllable Equipment BCP/ACP	\$8,900			\$8,900
	Total Well and Lease Equipment	\$1,034,820	\$109,988	\$409,500	\$1,554,308

Total Drilling and Completion Cost	\$4,605,848	\$6,758,588	\$488,250	\$11,852,685
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KFOC APPROVALS	
Drilling	_____
Completion	_____
Land	_____
Geology	_____
Reservoir	_____

PARTNER APPROVAL	
Signature	_____
Printed Name	_____
Position	_____
Company	_____

Kaiser-Francis Oil Company
Authority for Expenditure

Operator:	Kaiser-Francis Oil Company	Date:	10/25/2019	
Well Name:	Mosaic Fed 2419 WAM #1H	Field:		
Prospect:	Mosaic Fed	County / Psh	Eddy County	
Location:	24 23S 28E	State:	New Mexico	
Depth:	20215 MD	9891 TVD	Preparer:	RS/DZ
Horizon:	Wolfcamp A "Mid"			
Objective:	Drill and complete Wolfcamp A "Mid"			

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 34 days at \$24,250	\$812,375			\$812,375
505/605	Coiled Tubing & Related Services		\$240,000		\$240,000
506/606	Rig Mob / Demob	\$123,000			\$123,000
507/**	Directional Drilling Services	\$913,200			\$913,200
508/608	Bits & Reamers	\$86,000			\$86,000
510/610	Fuel/Power	\$130,900			\$130,900
512/612	Drilling Water / Completion Fluid	\$33,000	\$807,500		\$840,500
514/614	Mud & Chemicals	\$195,000	\$20,000		\$215,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$160,000	\$37,500		\$197,500
516/616	Surface Equipment Rental / Inspection	\$218,684	\$91,450		\$310,134
517/617	Downhole Equipment Rental / Inspection	\$119,000	\$156,000		\$275,000
518/618	Transportation & Loading	\$34,000	\$50,000		\$84,000
520/**	DST, Coring & Analysis				\$0
522/622	OH Logs / CH Logs / Perforating / Slickline / Plugs		\$350,000		\$350,000
523/**	Mud Logging / Geosteering / LWD	\$40,800			\$40,800
524/624	Cementing & Squeezing	\$213,500			\$213,500
526/626	Casing Crews & Equipment	\$77,000			\$77,000
528/628	Plug & Abandon				\$0
530/630	Stimulation		\$4,420,000		\$4,420,000
532/632	Geological & Engineering		\$15,000		\$15,000
534/634	Supervision	\$136,000	\$73,750		\$209,750
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 / Completion Overhead	\$13,600	\$6,300		\$19,900
544/644	Miscellaneous & Unforeseen	\$153,969	\$316,600	\$3,750	\$474,319
	Total Intangible Drilling & Completion	\$3,571,028	\$6,648,600	\$78,750	\$10,298,378

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") 3000	\$89,000			\$89,000
702	Intermediate Casing 7-5/8" P110 29.7 ppf BTC 10000	\$274,000			\$274,000
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" 20# P110 HC Eagle 20200	\$547,200			\$547,200
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 10500		\$57,750		\$57,750
721/720	Wellhead Equip. BCP/ACP	\$60,000	\$45,000		\$105,000
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	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$8,900			\$8,900
779/778	Non-Controllable Equipment BCP/ACP	\$23,220	\$5,238	\$19,500	\$47,958
	Total Well and Lease Equipment	\$1,034,820	\$109,988	\$409,500	\$1,554,308

Total Drilling and Completion Cost	\$4,605,848	\$6,758,588	\$488,250	\$11,852,685
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KFOC APPROVALS	PARTNER APPROVAL
Drilling	Signature
Completion	Printed Name
Land	Position
Geology	Company
Reservoir	

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 10/25/2019
Well Name: Mosaic Fed 2419 WC #1H	Field:
Prospect: Mosaic Fed	County / Psh Eddy County
Location: 24 23S 28E	State: New Mexico
Depth: 21000 MD	10711 TVD
Horizon: Wolfcamp C	Preparer: RS/DZ
Objective: Drill and complete Wolfcamp C	

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 Alg		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 34 days at \$24,250	\$824,500			\$824,500
505/605	Coiled Tubing & Related Services		\$240,000		\$240,000
506/606	Rig Mob / Demob	\$123,000			\$123,000
507/**	Directional Drilling Services	\$913,200			\$913,200
508/608	Bits & Reamers	\$86,000			\$86,000
510/610	Fuel/Power	\$130,900			\$130,900
512/612	Drilling Water / Completion Fluid	\$33,000	\$807,500		\$840,500
514/614	Mud & Chemicals	\$195,000	\$20,000		\$215,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$160,000	\$37,500		\$197,500
516/616	Surface Equipment Rental / Inspection	\$218,684	\$91,450		\$310,134
517/617	Downhole Equipment Rental / Inspection	\$119,000	\$156,000		\$275,000
518/618	Transportation & Loading	\$34,000	\$50,000		\$84,000
520/**	DST, Coring & Analysis				\$0
522/622	OH Logs / CH Logs / Perforating / Slickline / Plugs		\$350,000		\$350,000
523/**	Mud Logging / Geosteering / LWD	\$40,800			\$40,800
524/624	Cementing & Squeezing	\$213,500			\$213,500
526/626	Casing Crews & Equipment	\$77,000			\$77,000
528/628	Plug & Abandon				\$0
532/632	Geological & Engineering		\$4,420,000		\$4,420,000
534/634	Supervision		\$15,000		\$15,000
536/636	Miscellaneous Contract Labor	\$136,000	\$73,750		\$209,750
538/638	Prof. Fees & Abstracts	\$20,000	\$42,500	\$35,000	\$97,500
542/642	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Competition Overhead	\$13,600	\$6,300		\$19,900
544/644	Miscellaneous & Unforeseen	\$154,575	\$316,600	\$3,750	\$474,925
	Total Intangible Drilling & Completion	\$3,583,759	\$6,648,600	\$78,750	\$10,311,109

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")	3000	\$89,000		\$89,000
702	Intermediate Casing 7-5/8" P110 29.7 ppf BTC	10000	\$274,000		\$274,000
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" 20# P110 HC Eagle	21000	\$568,000		\$568,000
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP	10500		\$57,750	\$57,750
721/720	Wellhead Equip. BCP/ACP		\$60,000	\$45,000	\$105,000
724	Packers & Downhole Equipment				\$0
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline				\$0
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$30,000	\$30,000
765	Heaters / Treaters / Separator / VRU			\$120,000	\$120,000
768	Artificial Lift / Compressor			\$75,000	\$75,000
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$85,000	\$85,000
775/774	Transportation and Freight BCP/ACP			\$5,000	\$5,000
777/776	Inspect/Test Tubulars BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
779/778	Non-Controllable Equipment BCP/ACP	\$8,900			\$8,900
	Total Well and Lease Equipment	\$1,055,620	\$109,988	\$409,500	\$1,575,108
	Total Drilling and Completion Cost	\$4,639,379	\$6,758,588	\$488,250	\$11,886,217

KFOC APPROVALS	PARTNER APPROVAL
Drilling _____	Signature _____
Completion _____	Printed Name _____
Land _____	Position _____
Geology _____	Company _____
Reservoir _____	

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 10/25/2019
Well Name: Mosaic Fed 2419 WC #2H	Field:
Prospect: Mosaic Fed	County / Psh. Eddy County
Location: 24 23S 28E	State: New Mexico
Depth: 21000 MD	Preparer: RS/DZ
Horizon: Wolfcamp C	
Objective: Drill and complete Wolfcamp C	

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 34 days at \$24,250.	\$824,500			\$824,500
505/605	Coiled Tubing & Related Services		\$240,000		\$240,000
506/606	Rig Mob / Demob	\$123,000			\$123,000
507/***	Directional Drilling Services	\$913,200			\$913,200
508/608	Bits & Reamers	\$86,000			\$86,000
510/610	Fuel/Power	\$130,900			\$130,900
512/612	Drilling Water / Completion Fluid	\$33,000	\$807,500		\$840,500
514/614	Mud & Chemicals	\$195,000	\$20,000		\$215,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$160,000	\$37,500		\$197,500
516/616	Surface Equipment Rental / Inspection	\$218,684	\$91,450		\$310,134
517/617	Downhole Equipment Rental / Inspection	\$119,000	\$156,000		\$275,000
518/618	Transportation & Loading	\$34,000	\$50,000		\$84,000
520/***	DST, Coring & Analysis				\$0
522/622	OH Logs / CH Logs / Perforating / Slickline / Plugs		\$350,000		\$350,000
523/***	Mud Logging / Geosteering / LWD	\$40,800			\$40,800
524/624	Cementing & Squeezing	\$213,500			\$213,500
526/626	Casing Crews & Equipment	\$77,000			\$77,000
528/628	Plug & Abandon				\$0
***/630	Stimulation		\$4,420,000		\$4,420,000
532/632	Geological & Engineering		\$15,000		\$15,000
534/634	Supervision	\$136,000	\$73,750	\$35,000	\$209,750
536/636	Miscellaneous Contract Labor	\$20,000			\$97,500
538/638	Prof. Fees & Abstracts				\$0
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Competition Overhead	\$13,600	\$6,300		\$19,900
544/644	Miscellaneous & Unforeseen	\$154,575	\$316,600	\$3,750	\$474,925
	Total Intangible Drilling & Completion	\$3,583,759	\$5,648,600	\$78,750	\$10,311,109
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") 3000	\$89,000			\$89,000
702	Intermediate Casing 7-5/8" P110 29.7 ppf BTC 10000	\$274,000			\$274,000
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" 20# P110 HC Eagle 21000	\$568,000			\$568,000
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 10500		\$57,750		\$57,750
721/720	Wellhead Equip. BCP/ACP	\$60,000	\$45,000		\$105,000
724	Packers & Downhole Equipment				\$0
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline				\$0
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$30,000	\$30,000
765	Heaters / Treaters / Separator / VRU			\$120,000	\$120,000
768	Artificial Lift / Compressor			\$75,000	\$75,000
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$85,000	\$85,000
775/774	Transportation and Freight BCP/ACP			\$5,000	\$5,000
777/776	Inspect/Test Tubulars BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
779/778	Non-Controllable Equipment BCP/ACP	\$8,900			\$8,900
	Total Well and Lease Equipment	\$23,220	\$5,238	\$19,500	\$47,958
	Total Drilling and Completion Cost	\$4,639,379	\$6,758,588	\$488,250	\$11,886,217

KFOC APPROVALS	
Drilling	_____
Completion	_____
Land	_____
Geology	_____
Reservoir	_____

PARTNER APPROVAL	
Signature	_____
Printed Name	_____
Position	_____
Company	_____

(b) Each quarter section in the well unit will contribute more or less equally to production from the wells.

(c) There is no faulting or other geologic impediment which will adversely affect the drilling of the subject wells.


5. KFOC sees no difference for standup wells in this area.

6. The producing interval of the wells will be orthodox, and will comply with Division setback requirements.

VERIFICATION

STATE OF OKLAHOMA)
) ss.
COUNTY OF TULSA)

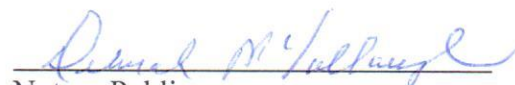
Lee J. Lindman, being duly sworn upon his oath, deposes and states that: He is a geologist for Kaiser-Francis Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his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



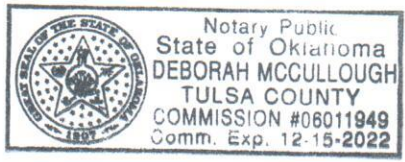
Lee J. Lindman

SUBSCRIBED AND SWORN TO before me this 2nd day of March, 2020 by Debbie McCullough.

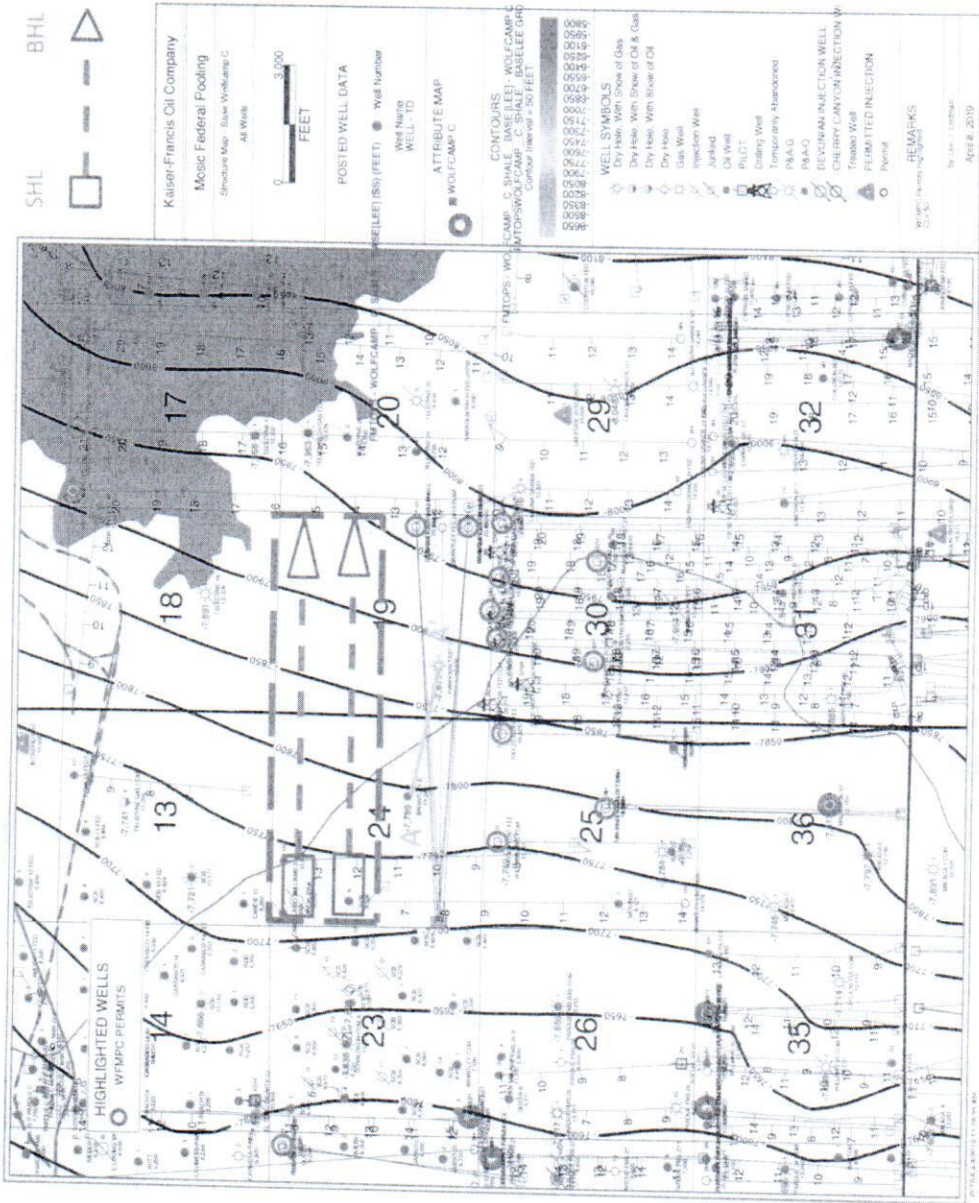
My Commission Expires: 12-15-22



Notary Public



ATTACHMENT A

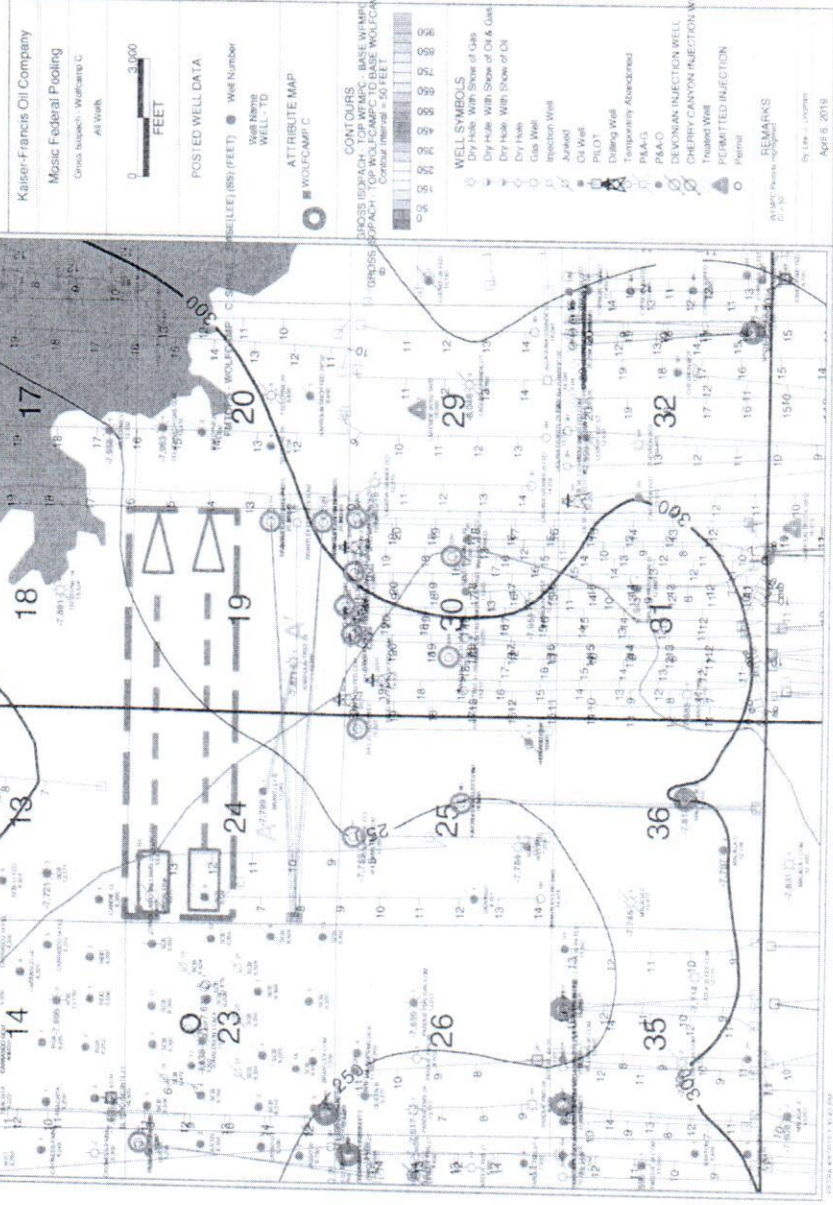


SHL BHL

Project Area

Structure Map (Base Wolfcamp C - Subsea)

SHL BHL



Isopach Map (Wolfcamp C)



ATTACHMENT B

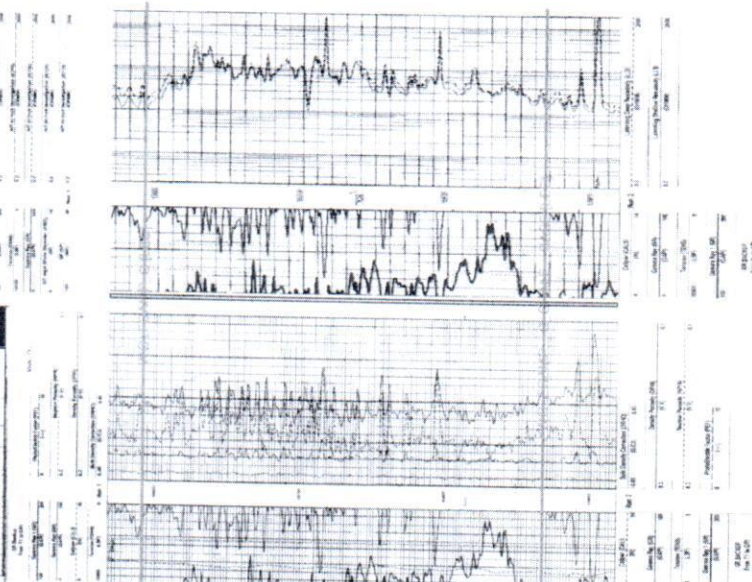
A'

ATTACHMENT C

1
DEVON
HARROUN TRST 19
12,200

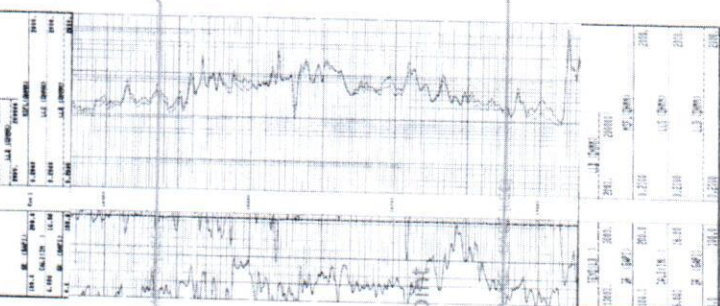
Well Information	
Well Name	DEVON HARROUN TRST 19
Well Type	Oil
Operator	Devon Energy Services
Location	Harroun Trst 19
County	Wells
State	WV
Latitude	38.8111
Longitude	-80.1111

Well Information	
Well Name	DEVON HARROUN TRST 19
Well Type	Oil
Operator	Devon Energy Services
Location	Harroun Trst 19
County	Wells
State	WV
Latitude	38.8111
Longitude	-80.1111



1
PENROC OPER
BRANTLEY B
13,240

Well Information	
Well Name	PENROC OPER BRANTLEY B
Well Type	Oil
Operator	Penrock
Location	Brantley B
County	Wells
State	WV
Latitude	38.8111
Longitude	-80.1111



A

Rel Depth(ft)
-300 -
-250 -
-200 -
-150 -
-100 -
-50 -
0 -
50 -

Mosaic Fed WC 2419 #1H & 2H Landing Point

Datum

Stratigraphic Cross Section A - A'

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

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

Case Nos. 21177 - 21179

SELF-AFFIRMED STATEMENT OF NOTICE

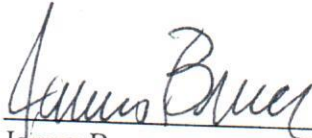
COUNTY OF SANTA FE)
) ss.
STATE OF NEW MEXICO)

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Kaiser-Francis Oil Company.
3. Kaiser-Francis Oil Company has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the applications filed herein.
4. Notice of the applications was provided to the interest owner, at its last known addresses, by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date:

April 28, 2020


James Bruce

EXHIBIT

4

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)
jamesbruc@aol.com

March 12, 2020

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

MRC Permian LKE Company, LLC
Suite 1500
5400 LBJ Freeway
Dallas, Texas 75240

Ladies and gentlemen:

Enclosed are copies of the following applications for compulsory pooling, filed with the New Mexico Oil Conservation Division by Kaiser-Francis Oil Company:

- (a) For a Bone Spring well in the N/2N/2 of Section 24, Township 23 South, Range 28 East, NMPM and the N/2N/2 of Section 19, Township 23 South, Range 29 East, NMPM (Case No. 21177);
- (b) For a Bone Spring well in the S/2N/2 of Section 24, Township 23 South, Range 28 East, NMPM and the S/2N/2 of Section 19, Township 23 South, Range 29 East, NMPM (Case No. 21178); and
- (c) For five Wolfcamp wells in the N/2 of Section 24, Township 23 South, Range 28 East, NMPM and the N/2 of Section 19, Township 23 South, Range 29 East, NMPM (Case No. 21179),

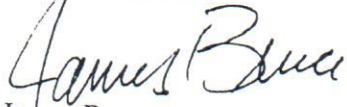
in Eddy County, New Mexico.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, April 2, 2020, in Room 311, State Capitol Building, 490 Old Santa Fe Trail, Santa Fe, New Mexico 87501. You are not required to attend the hearing, but as an owner of an interest who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date.

ATTACHMENT *A*

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, March 26, 2019. This statement must be filed with the Division's Santa Fe office, and should include: The names of the party and his or her attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. This document may be filed online at ocd.hearings@state.nm.us.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

Attorney for Kaiser-Francis Oil Company

7019 2280 0002 1748 2489

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT

Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

Certified Mail Fee

\$

Extra Services & Fees (check box, add fee as appropriate)

- Return Receipt (hardcopy) \$
- Return Receipt (electronic) \$
- Certified Mail Restricted Delivery \$
- Adult Signature Required \$
- Adult Signature Restricted Delivery \$

Postmark
Here

Postage

\$

Total Postage and

\$

Sent To

Street and Apt. No.

City, State, ZIP+4®

MRC Permian LKE Company, LLC
Suite 1500
5400 LBJ Freeway
Dallas, Texas 75240

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MRC Permian LKE Company, LLC
Suite 1500
5400 LBJ Freeway
Dallas, Texas 75240



9590 9402 5751 0003 4256 95

2. Article Number (Transfer from service label)

7019 2280 0002 1748 2489

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *[Handwritten Signature]*

- Agent
- Addressee

B. Received by (Printed Name)

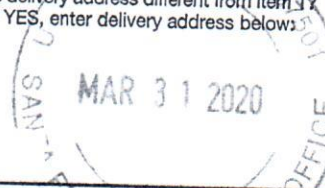
4002019

C. Date of Delivery

03/24/20

D. Is delivery address different from item 1? If YES, enter delivery address below:

- Yes
- No



3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Restricted Delivery

K.F.M. Domestic Return Receipt

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case:	21179
Date	April 30, 2020
Applicant	Kaiser-Francis Oil Company
Designated Operator & OGRID (affiliation if applicable)	Kaiser-Francis Oil Company/OGRID No. 12361
Applicant's Counsel:	James Bruce
Case Title:	Application of Kaiser-Francis Oil Company for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Mosaic Fed. 2419 WC Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Entire Wolfcamp formation
Pool Name and Pool Code:	Purple Sage; Wolfcamp, Gas/Pool Code 98220
Well Location Setback Rules:	Purple Sage rules and current horizontal well rules
Spacing Unit Size:	Half Section/320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	320 acres
Orientation:	West-East
Description: TRS/County	N/2 §24-23S-28E and N/2 §19-23S-29E, NMPPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibit 2-B
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non- standard)	<p><u>Mosaic Fed. 2419 WA Well No. 1H, API No. 30-015-Pending</u></p> <p>SHL: 1045 feet from the North line and 156 feet from the West line (Unit D) of Section 24</p> <p>BHL: 660 feet from the North line and 330 feet from the East line (Unit A) of Section 19</p> <p>FTP: 660 feet from the North line and 330 from the West line (Unit D) of Section 24</p>

LTP: 660 feet from the North line and 330 feet from the East line (Unit A) of Section 19

Completion Target: Upper Wolfcamp (A) zone
TVD 9716 feet/MD 20143 Feet
Well Orientation: West to East
Completion Location expected to be: standard

Mosaic Fed. 2419 WA Well No. 2H, API No. 30-015-Pending

SHL: 1075 feet from the North line and 156 feet from the West line (Unit D) of Section 24

BHL: 1980 feet from the North line and 330 feet from the East line (Unit H) of Section 19

FTP: 1980 feet from the North line and 330 from the West line (Unit E) of Section 24

LTP: 1980 feet from the North line and 330 feet from the East line (Unit H) of Section 19

Completion Target: Upper Wolfcamp (A) zone
TVD 9716 feet/MD 20143 Feet
Well Orientation: West to East
Completion Location expected to be: standard

Mosaic Fed. 2419 WAM Well No. 1H, API No. 30-015-Pending

SHL: 1075 feet from the North line and 186 feet from the West line (Unit D) of Section 24

BHL: 1310 feet from the North line and 330 feet from the East line (Unit A) of Section 19

FTP: 1310 feet from the North line and 330 from the West line (Unit D) of Section 24

LTP: 1310 feet from the North line and 330 feet from the East line (Unit A) of Section 19

Completion Target: Middle Wolfcamp (A) zone
TVD 9891 feet/MD 20215 Feet
Well Orientation: West to East
Completion Location expected to be: standard

Mosaic Fed. 2419 WC Well No. 1H, API No. 30-015-46680

SHL: 985 feet from the North line and 156 feet from the West line (Unit D) of Section 24

BHL: 660 feet from the North line and 330 feet from the East line (Unit A) of Section 19

FTP: 660 feet from the North line and 330 from the West line (Unit D) of Section 24

LTP: 660 feet from the North line and 330 feet from the East line (Unit A) of Section 19

Completion Target: Lower Wolfcamp (A) zone
 TVD 10711 feet/MD 21000 Feet
 Well Orientation: West to East
 Completion Location expected to be: standard

Mosaic Fed. 2419 WC Well No. 2H, API No. 30-015-Pending

SHL: 1015 feet from the North line and 156 feet from the West line (Unit D) of Section 24

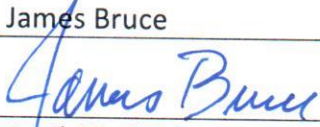
BHL: 1980 feet from the North line and 330 feet from the East line (Unit A) of Section 19

FTP: 1980 feet from the North line and 330 from the West line (Unit D) of Section 24

LTP: 1980 feet from the North line and 330 feet from the East line (Unit A) of Section 19

Completion Target: Lower Wolfcamp (C) zone
 TVD 10711 feet/MD 21000 Feet
 Well Orientation: West to East
 Completion Location expected to be: standard

Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2, page 2
Requested Risk Charge	Cost + 200%/Exhibit 2, page 2
Notice of Hearing	
Proposed Notice of Hearing	Exhibit 1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4
Proof of Published Notice of Hearing (10 days before hearing)	Not necessary
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-A
Tract List (including lease numbers and owners)	Exhibit 2-B
Pooled Parties (including ownership type)	Exhibit 2-B
Unlocatable Parties to be Pooled	Not applicable
Ownership Depth Severance (including percentage above & below)	None

Joinder	
Sample Copy of Proposal Letter	Exhibit 2-C
List of Interest Owners (<i>i.e.</i> Exhibit A of JOA)	Exhibit 2-B
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-C
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 2-D
Cost Estimate to Equip Well	Exhibit 2-D
Cost Estimate for Production Facilities	Exhibit 2-D
Geology	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibit 3-A
Gunbarrel/Lateral Trajectory Schematic	Exhibit 3-C
Well Orientation (with rationale)	Laydown/Exhibit 3, page 2
Target Formation	Wolfcamp
HSU Cross Section	Exhibit 3-C
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit 2-A
Tracts	Exhibit 2-A
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-B
General Location Map (including basin)	Exhibit 2-A
Well Bore Location Map	Exhibit 2-A
Structure Contour Map - Subsea Depth	Exhibit 3-A
Cross Section Location Map (including wells)	Exhibit 3-C
Cross Section (including Landing Zone)	Exhibit 3-C
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	April 28, 2020