

CASE NO. 21553

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

EXHIBITS

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

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 21553

APPLICATION

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

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

EXHIBIT

1

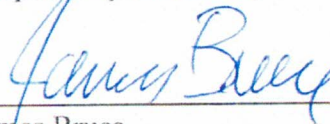
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks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

5. The pooling of all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 20 and the SW/4 of Section 21 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 20 and the SW/4 of Section 21;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping the wells, and allocating the cost among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

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

Attorney for Kaiser-Francis Oil Company

Case No. _____:

Application of Kaiser-Francis Oil Company for a compulsory pooling, Eddy County, New Mexico. Kaiser-Francis Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying spacing and proration unit in the Wolfcamp formation comprised of the SE/4 of Section 20 and the SW/4 of Section 21, Township 23 South, Range 28 East, NMPM. The unit will be dedicated to: (a) the Loving Townsite 2021 WC Well No. 1H, with a first take point in the NW/4SE/4 of Section 20 and a final take point in the NE/4SW/4 of Section 21; (b) the Loving Townsite 2021 WA Well No. 1H, a with a first take point in the NW/4SE/4 of Section 20 and a final take point in the NE/4SW/4 of Section 21; (c) the Loving Townsite 2021 WC Well No. 2H, well with a first take point in the SW/4SE/4 of Section 20 and a final take point in the SE/4SW/4 of Section 21; and (d) the Loving Townsite 2021 WA Well No. 2H, with a first take point in the SW/4SE/4 of Section 20 and a final take point in the SE/4SW/4 of Section 21. Also to be considered will be the cost of drilling, completing, and equipping 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, completing, and equipping the wells. The unit is located in the center of Loving, 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 COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

Case No. 21553

VERIFIED STATEMENT OF BRENDON KUSHNERICK

Brendon Kushnerick, 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 wells that have been drilled or are to be drilled in the unit.

(b) No opposition is expected because KFOC has attempted to contact all the interest owners being pooled regarding the proposed well, and the interest owners have either 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 pooling the Wolfcamp formation underlying a horizontal spacing unit comprised of the SE/4 of Section 20 & SW/4 of Section 21, Township 23 South, Range 28 East, NMPM, containing 324.1 acres.

(i) Pool Code: 98220 Pool Name: Purple Sage; Wolfcamp Gas Pool, to be dedicated to the Loving Townsite 2021 WC No 1H. The well is a horizontal well with a first take point in the NW/4 SE/4 of Section 20 and a final take point in the NE/4 SW/4 of Section 21.

SHL: 1,078' FSL & 2,519' FEL

BHL: 1,893' FSL & 2,413' FWL

15,157' MD/ 10,496' TVD

EXHIBIT

2

(ii) Pool Code: 98220 Pool Name: Purple Sage; Wolfcamp Gas Pool, to be dedicated to the Loving Townsite 2021 WC No 2H. The well is a horizontal well with a first take point in the SW/4 SE/4 of Section 20 and a final take point in the SE/4 SW/4 of Section 21.

SHL: 1,048' FSL & 2,519' FEL

BHL: 725' FSL & 2,584' FWL

15,353' MD/ 10,475' TVD

(iii) Pool Code: 98220 Pool Name: Purple Sage; Wolfcamp Gas Pool, to be dedicated to the Loving Townsite 2021 WA No 1H. The well is a horizontal well with a first take point in the NW/4 SE/4 of Section 20 and a final take point in the NE/4 SW/4 of Section 21.

SHL: 1,148' FSL & 2,499' FEL

BHL: 1,980' FSL & 2,310' FWL

14,900' MD/ 10,100' TVD

(iv) Pool Code: 98220 Pool Name: Purple Sage; Wolfcamp Gas Pool, to be dedicated to the Loving Townsite 2021 WA No 2H. The well is a horizontal well with a first take point in the SW/4 SE/4 of Section 20 and a final take point in the SE/4 SW/4 of Section 21.

SHL: 948' FSL & 2,499' FEL

BHL: 660' FSL & 2,310' FWL

14,900' MD/ 10,100' TVD

A Form C-102 for each well is attached as Attachment B.

- (d) 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 or last known address are also set forth.
- (e) There were two 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 wells.
- (h) KFOC has the right to pool the overriding royalty owners in the well unit.
- (i) Attachment E contains the Authorization for Expenditures for the proposed wells. The estimated cost of the wells 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 while drilling a 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 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.

(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

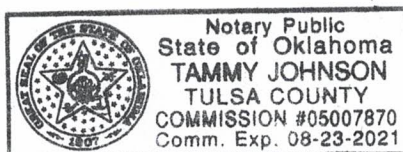
STATE OF OKLAHOMA)
) ss.
COUNTY OF TULSA)


Brendon Kushnerick, being duly sworn upon his oath, deposes and states that: He is a Staff 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.


Brendon Kushnerick

SUBSCRIBED AND SWORN TO before me this 18th day of January, 2021 by Brendon Kushnerick.

My Commission Expires: 08-23-2021




Notary Public

BLUING

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

NM OIL CONSERVATION
ARTESIA DISTRICT

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-45003		Pool Code 98220	Pool Name Purple Sage - Wolfcamp Gas Pool
Property Code 321475	Property Name LOVING TOWNSITE 2021 WA		Well Number 1H
OGRID No. 12361	Operator Name KAISER-FRANCIS OIL COMPANY		Elevation 3069.1

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
O	20	23 S	28 E		1148	SOUTH	2499	EAST	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
K	21	23 S	28 E		1980	SOUTH	2310	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320	-	-	-

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.

NE CORNER SEC. 20
LAT. = 32.2980196 N
LONG. = 104.1181254 W
NWSP EAST (FT)
N = 472218.82
E = 607832.76

NE CORNER SEC. 20
LAT. = 32.2979381 N
LONG. = 104.1010377 W
NWSP EAST (FT)
N = 472200.20
E = 613112.84

NE CORNER SEC. 21
LAT. = 32.2980178 N
LONG. = 104.0838774 W
NWSP EAST (FT)
N = 472241.10
E = 618414.82

NO CORNER SEC. 20
LAT. = 32.2979830 N
LONG. = 104.1095794 W
NWSP EAST (FT)
N = 472210.90
E = 610473.38

LOVING TOWNSITE 2021 WA 1H
ELEV. = 3069.1
LAT. = 32.2854692 N (NAD83)
LONG. = 104.1090750 W
NWSP EAST (FT)
N = 468022.69
E = 610637.97

SE CORNER SEC. 20
LAT. = 32.2833140 N
LONG. = 104.1095960 W
NWSP EAST (FT)
N = 468074.52
E = 610479.38

SE CORNER SEC. 20
LAT. = 32.2833180 N
LONG. = 104.1009771 W
NWSP EAST (FT)
N = 468881.54
E = 613142.88

SE CORNER SEC. 21
LAT. = 32.2833838 N
LONG. = 104.0838741 W
NWSP EAST (FT)
N = 468917.44
E = 618428.20

SW CORNER SEC. 20
LAT. = 32.2833097 N
LONG. = 104.1181740 W
NWSP EAST (FT)
N = 468887.58
E = 607843.96

SW CORNER SEC. 21
LAT. = 32.2833097 N
LONG. = 104.1181740 W
NWSP EAST (FT)
N = 468887.58
E = 607843.96

Bottom of Hole
LAT. = 32.2867885 N
LONG. = 104.0935761 W
NWSP EAST (FT)
N = 468876.80
E = 615441.05

Bottom of Hole
LAT. = 32.2867885 N
LONG. = 104.0935761 W
NWSP EAST (FT)
N = 468876.80
E = 615441.05

12 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 a voluntary pooling agreement or a completion pooling agreement entered into by the district.

Signature: *Charlotte Van Valkenburg* Date: *5/24/18*

Printed Name: **Charlotte Van Valkenburg**

Printed Name: **Charlotv@kfoc.net**

E-mail Address: **Charlotv@kfoc.net**

13 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 16, 2018

Date of Survey: **MAY 16, 2018**

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

Certificate Number: **WILLIAM F. JARAMILLO, PLS 12797**

SURVEY NO. 6250

ATTACHMENT

B

NSP required

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
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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 98220	³ Pool Name Purple Sage - Wolfcamp Gas Pool
⁴ Property Code	⁵ Property Name LOVING TOWNSITE 2021 WA	⁶ Well Number 2H
⁷ OGRID No. 12361	⁸ Operator Name KAISER-FRANCIS OIL COMPANY	⁹ Elevation 3070.2

¹⁰ Surface Location									
UL or lot no. O	Section 20	Township 23 S	Range 28 E	Lot Idn	Feet from the 948	North/South line SOUTH	Feet from the 2499	East/West line EAST	County EDDY

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. N	Section 21	Township 23 S	Range 28 E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 2310	East/West line WEST	County EDDY

¹² Dedicated Acres 320	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. 20
LAT. = 32.2980196°N
LONG. = 104.1181254°W
NMSP EAST (FT)
N = 472218.82
E = 607832.76

NE CORNER SEC. 20
LAT. = 32.2979381°N
LONG. = 104.1010377°W
NMSP EAST (FT)
N = 472200.20
E = 613112.64

NW CORNER SEC. 21
LAT. = 32.2980178°N
LONG. = 104.0838774°W
NMSP EAST (FT)
N = 472241.10
E = 618414.82

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83) LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES, MODIFIED TO THE SURFACE. VERTICAL DATUM NAVD83.

LOVING TOWNSITE 2021 WA 2H
ELEV. = 3070.2'
LAT. = 32.2859193°N (NAD83)
LONG. = 104.1090730°W
NMSP EAST (FT)
N = 467822.64
E = 610639.01

SURFACE LOCATION
S Q CORNER SEC. 20
LAT. = 32.2833140°N
LONG. = 104.1095960°W
NMSP EAST (FT)
N = 466874.52
E = 610479.36

BOTTOM OF HOLE
LAT. = 32.2851608°N
LONG. = 104.0935113°W
NMSP EAST (FT)
N = 467557.12
E = 615448.55

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: *Charlotte Van Valkenburg* Date: 5/24/18

Printed Name: Charlotte Van Valkenburg

E-mail Address: Charlotv@kfoc.net

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.

DATE: MAY 16, 2018

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

Certificate Number: FILIMON F. JARAMILLO, PLS 12797

SURVEY NO. 6255

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Form C-102

Revised August 1, 2011

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

DISTRICT II-ARTESIA O.C.D.

Submit one copy to appropriate
District Office

☒ AMENDED REPORT

As-Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-45005	² Pool Code 98220	³ Pool Name Purple Sage; Wolfcamp, Gas
⁴ Property Code 321476	⁵ Property Name LOVING TOWNSITE 2021 WC	
⁶ OGRID No. 12361	⁷ Operator Name KAISER-FRANCIS OIL COMPANY	
		⁸ Well Number 1H
		⁹ Elevation 3069.6

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
O	20	23 S	28 E		1078	SOUTH	2519	EAST	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
J	21	23 S	28 E		1893	SOUTH	2413	WEST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320	-	-	-

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.

<p>16 OPERATOR CERTIFICATION</p> <p>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 undivided 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.</p> <p>Signature: <i>Charlotte Van Valkenburg</i> Date: 5/2/19</p> <p>Printed Name: Charlotte Van Valkenburg</p> <p>E-mail Address: Charlotv@kfoc.net</p>	
<p>17 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 11, 2019</p> <p>Date of Survey: <i>APRIL 11, 2019</i></p> <p>Signature and Seal of Professional Surveyor: <i>William F. Jaramillo</i></p> <p>Certificate Number: <i>WILLIAM F. JARAMILLO, PLS 12797</i></p> <p>SESSION: <i>12797</i></p> <p>SURVEY NO. 6250</p>	

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Form C-102

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
311 S. First St., Artesia, NM 88210
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Phone: (505) 334-6178 Fax: (505) 334-6170

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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

MAY 03 2019

Revised August 1, 2011

Submit one copy to appropriate

DISTRICT II-ARTESIA O.C.D.

District Office

☒ AMENDED REPORT

As-Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-45006	² Pool Code 98220	³ Pool Name Purple Sage; Woldcamp, Gas
⁴ Property Code 321476	⁵ Property Name LOVING TOWNSITE 2021 WC	⁶ Well Number 2H
⁷ OGRID No. 12361	⁸ Operator Name KAISER-FRANCIS OIL COMPANY	⁹ Elevation 3069.7

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
O	20	23 S	28 E		1048	SOUTH	2519	EAST	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
N	21	23 S	28 E		725	SOUTH	2584	WEST	EDDY

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

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.

<p>NW CORNER SEC. 20 LAT. = 32.2980198°N LONG. = 104.1181254°W NMSP EAST (FT) N = 472218.82 E = 607832.76</p> <p>NE CORNER SEC. 20 LAT. = 32.2979381°N LONG. = 104.1010377°W NMSP EAST (FT) N = 472200.20 E = 613112.64</p> <p>NE CORNER SEC. 21 LAT. = 32.2980178°N LONG. = 104.0838774°W NMSP EAST (FT) N = 472241.10 E = 618414.82</p>		<p>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 undivided 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.</p> <p>Signature: <i>Charlotte Van Valkenburg</i> Date: 5/2/19</p> <p>Printed Name: Charlotte Van Valkenburg</p> <p>E-mail Address: Charlotv@kfoc.net</p>	
<p>N Q CORNER SEC. 20 LAT. = 32.2979830°N LONG. = 104.1095794°W NMSP EAST (FT) N = 472210.90 E = 610473.38</p> <p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83) LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES, MODIFIED TO THE SURFACE, VERTICAL DATUM NAVD83.</p> <p>AS-DRILLED FIRST TAKE POINT 669' FSL, 2062' FSL LAT. = 32.2851525°N LONG. = 104.1076556°W NMSP EAST (FT) N = 467544.60 E = 611077.61</p> <p>LOVING TOWNSITE 2021 WC 2H ELEV. = 3069.7 LAT. = 32.2861944°N (NAD83) LONG. = 104.1091388°W NMSP EAST (FT) N = 467922.69 E = 610618.46</p> <p>S Q CORNER SEC. 20 LAT. = 32.2833140°N LONG. = 104.1095860°W NMSP EAST (FT) N = 466874.52 E = 610479.38</p> <p>SW CORNER SEC. 20 LAT. = 32.2833097°N LONG. = 104.1181240°W NMSP EAST (FT) N = 468867.58 E = 607843.96</p> <p>SE CORNER SEC. 20 LAT. = 32.2833180°N LONG. = 104.1009771°W NMSP EAST (FT) N = 466881.54 E = 613142.88</p> <p>AS-DRILLED KOP 640' FSL, 2621' FSL LAT. = 32.2850722°N LONG. = 104.1094631°W NMSP EAST (FT) N = 467514.21 E = 610519.10</p> <p>AS-DRILLED LAST TAKE POINT 708' FSL, 2123' FSL LAT. = 32.2852886°N LONG. = 104.0941180°W NMSP EAST (FT) N = 467803.56 E = 615260.95</p> <p>SE CORNER SEC. 21 LAT. = 32.2833838°N LONG. = 104.0838741°W NMSP EAST (FT) N = 466917.44 E = 618428.20</p>		<p>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.</p> <p>APRIL 11, 2019 F. JARAMILLO Date of Survey</p> <p>Signature and Seal of Professional Surveyor: <i>F. Jaramillo</i> Certificate Number: 12797 SURVEY NO. 6251A</p>	

**Pooling Respondent List for compulsory pooling of the SE/4 of Sec 20 and SW/4
of SEC 21 23S-28E Eddy County, New Mexico**

Mineral Owner	Address line 1	Address line 2	City	State	Zip	Working Interest
MRC Permian Company, LLC	5400 LBJ Freeway	Suite 1500	Dallas	TX	75240	0.000710
Estate of Mary Jean Urquidez	PO Box 1003		Loving	NM	88256	0.000710
Mary Ortega Vasquez	213 North Walnut Street		Carlsbad	NM	88220	0.002098

ATTACHMENT



Summary of Communications

Loving Townsite 2021 WC 1H & 2H

Loving Townsite 2021 WA 1H & 2H

Company Name: MRC Permian Company, LLC	
Date:	Comments/Actions
August 13, 2020	Mailed well proposals via certified mail dated August 13, 2020
	Certified mail receipt showed successful delivery
August 27, 2020	Phone conversation with David Johns discussing the status of MRC's interest
August 31, 2020	Emailed David Johns confirming the status of MRC's interest
September 21, 2020	Emailed an offer to lease to David Johns
September 28, 2020	Followed up with David Johns to see whether Kaiser's offer to lease was acceptable
October 7, 2020	Followed up with David Johns to see whether Kaiser's offer to lease was acceptable
October 20, 2020	Informed David Johns that MRC would be a listed party on Kaiser's upcoming pooling
November 25, 2020	Sent revised well proposals to MRC Permian
November 30, 2020	Revised well proposals received by MRC Permian
December 3, 2020	Phone conversation with David Johns to discuss the status of MRC's interest
December 10, 2020	Follow up conversation with David Johns to discuss each parties plans on the proposals

Party Name: Mary Ortega Vasquez	
Date:	Comments/Actions
October 23, 2020	Located a potential good address for the party
November 25, 2020	Mailed well proposals via certified mail dated November 25, 2020
November 30, 2020	Well proposal received and signed for

Party Name: Estate of Mary Jean Urquidez	
Date:	Comments/Actions
October 23, 2020	Located a potential good address for the party
November 25, 2020	Mailed well proposals via certified mail dated November 25, 2020
December 7, 2020	Proposals returned back to sender due to the address being vacant
December 8, 2020	Located a potential new address for the party
December 10, 2020	Proposals resent to new address
December 28, 2020	Proposal returned back to sender
December 29, 2020	Unable to locate a better address

ATTACHMENT

D

November 25, 2020

SENT VIA CERTIFIED MAIL 7018 3090 0002 1947 3062

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

Re: Loving Townsite 2021 WA 1H
Loving Townsite 2021 WA 2H
Loving Townsite 2021 WC 1H
Loving Townsite 2021 WC 2H
SE/4 Section 20 & SW/4 Section 21 T23S R28E
Eddy County, New Mexico

To Whom it May Concern:

Kaiser-Francis Oil Company ("KFOC") hereby proposed to drill the Loving Townsite 2021 WA 1H ("Well 1"), Loving Townsite 2021 WA 2H ("Well 2"), Loving Townsite 2021 WC 1H ("Well 3"), and Loving Townsite 2021 WC 2H ("Well 4") at a legal location in the SE/4 of Section 20 & SW/4 of Section 21 T23S R28E, Eddy County, New Mexico. KFOC intends to develop this area by utilizing pad drilling.

The intended surface hole location for the wells are as follows: 1,148' FSL and 2,499' FEL for Well 1, 948' FSL and 2,499' FEL for Well 2, 1,078' FSL and 2,519' FEL for Well 3, and 1,048' FSL and 2,519' FEL for Well 4 all in Section 20, T23S R28E.

The intended bottom hole location for the wells are as follows: 1,980' FSL and 2,310' FWL for Well 1, 660' FSL and 2,310' FWL for Well 2, 1,893' FSL and 2,413' FWL for Well 3, and 725' FSL and 2,584' FWL for Well 4, all in Section 21, T23S R28E.

Well 1 is proposed to drill vertically to a depth of approximately 10,100' and horizontally in an Eastern direction within its targeted formation to the referenced bottom hole location. Total measured depth of the wells is proposed to be approximately 14,900' from surface to terminus.

Well 2 is proposed to drill vertically to a depth of approximately 10,100' and horizontally in an Eastern direction within its targeted formation to the referenced bottom hole location. Total measured depth of the wells is proposed to be approximately 14,900' from surface to terminus.

Well 3 is proposed to drill vertically to a depth of approximately 10,347' and horizontally in an Eastern direction within its targeted formation to the referenced bottom hole location. Total measured depth of the wells is proposed to be approximately 15,495' from surface to terminus.

Well 4 is proposed to drill vertically to a depth of approximately 10,347' and horizontally in an Eastern direction within its targeted formation to the referenced bottom hole location. Total measured depth of the wells is proposed to be approximately 15,495' from surface to terminus.

Enclosed are multiple documents for your review and execution including detailed AFEs for each well, reflecting estimated costs associated with each well. If you intend to participate, please execute in the appropriate box on each AFE, for each individual well, and return to the undersigned within 30 days of receipt of this proposal. Please be aware that Well 3 & 4 have already been drilled and completed and that the AFEs represent an estimated cost and are subject to change once actual costs are incurred. Parties electing to participate are responsible for their proportionate share of actual costs incurred.

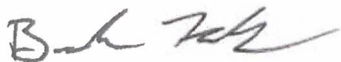
An AAPL Form 610- 1989 Model Form Operating Agreement shall be available for your review upon request.

KFOC intends to have a Compulsory Pooling hearing with the New Mexico Oil Conservation Division in the next couple months which will allow KFOC to move forward with planning and drilling the subject wells.

Should you have any questions, I can be reached at 918-491-4431 or brendonk@kfoc.net.

Respectfully,

KAISER-FRANCIS OIL COMPANY

A handwritten signature in dark ink, appearing to read "B. Kushnerick", is written over the printed name.

Brendon J. Kushnerick
Staff Landman

Enclosure

November 25, 2020

SENT VIA CERTIFIED MAIL 7018 3090 0002 1947 3055

Mary Ortega Vasquez
213 North Walnut Street
Carlsbad, New Mexico 88220

Re: Loving Townsite 2021 WA 1H
Loving Townsite 2021 WA 2H
Loving Townsite 2021 WC 1H
Loving Townsite 2021 WC 2H
SE/4 Section 20 & SW/4 Section 21 T23S R28E
Eddy County, New Mexico

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Should you have any questions, I can be reached at 918-491-4431 or brendonk@kfoc.net.

Respectfully,

KAISER-FRANCIS OIL COMPANY

A handwritten signature in dark ink, appearing to read "B. Kushnerick", written in a cursive style.

Brendon J. Kushnerick
Staff Landman

Enclosure

November 25, 2020

SENT VIA CERTIFIED MAIL 7018 3090 0002 1947 3086

Estate of Mary Jean Urquidez
C/O Mark U. McKinney
405 Soper Street
Carlsbad, New Mexico 88220

Re: Loving Townsite 2021 WA 1H
Loving Townsite 2021 WA 2H
Loving Townsite 2021 WC 1H
Loving Townsite 2021 WC 2H
SE/4 Section 20 & SW/4 Section 21 T23S R28E
Eddy County, New Mexico

To Whom it May Concern:

Kaiser-Francis Oil Company ("KFOC") hereby proposed to drill the Loving Townsite 2021 WA 1H ("Well 1"), Loving Townsite 2021 WA 2H ("Well 2"), Loving Townsite 2021 WC 1H ("Well 3"), and Loving Townsite 2021 WC 2H ("Well 4") at a legal location in the SE/4 of Section 20 & SW/4 of Section 21 T23S R28E, Eddy County, New Mexico. KFOC intends to develop this area by utilizing pad drilling.

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Should you have any questions, I can be reached at 918-491-4431 or brendonk@kfoc.net.

Respectfully,

KAISER-FRANCIS OIL COMPANY

A handwritten signature in black ink, appearing to read "B. Kushnerick", written in a cursive style.

Brendon J. Kushnerick
Staff Landman

Enclosure

Kaiser-Francis Oil Company
Authority for Expenditure

OPERATOR: Kaiser-Francis Oil Company
WELL NAME & NO: Loving Townsite 2021 WC #1H
PROSPECT NAME: Loving Townsite
LOCATION: SHL Sec 20-23-28 BHL Sec 21-23-28
PROPOSED TD: 15,495 MD 10,347' TVD
OBJECTIVE HORIZON: Wolfcamp C
OBJECTIVE: Drill and complete new horizontal well in WC / net lateral 4,620' 5-1/2" Long String

DATE: 12/1/2018
FIELD: Purple Sage
PSH/COUNTY: Eddy
STATE: NM
PREPARER: M Warner / D Zorger

Classification of Account	DRILLING	COMPLETION	EQPT/CONST	TOTAL
INTANGIBLE DRILLING & COMPLETION				
500/600 Location / Road Expense / Earthen Pit / Frac Pit Construction	\$40,000	\$7,000	\$60,000	\$107,000
501/*** Cond. Rat Hole, Mouse Hole Services	\$37,000			\$37,000
502/602 Location Damages				\$0
504/604 Drilling Rig Turnkey Completion Rig		\$20,000		\$20,000
Footage @ per foot				\$0
Daywork 30 days at \$20,500	\$615,000			\$615,000
505/605 Coiled Tubing & Related Services		\$240,000		\$240,000
506/606 Rig Mob / Demob	\$87,470			\$87,470
507/*** Directional Drilling Services	\$284,200			\$284,200
508/608 Bits & Reamers	\$100,000			\$100,000
510/610 Fuel/Power	\$81,484			\$81,484
512/612 Drilling Water / Completion Fluid	\$25,000	\$470,000		\$495,000
514/614 Mud & Chemicals	\$140,000	\$30,000		\$170,000
515/615 Closed Loop System / Mud & Cuttings Disposal/SWD	\$120,000	\$50,000		\$170,000
516/616 Surface Equipment Rental / Inspection	\$145,727	\$184,300		\$330,027
517/617 Downhole Equipment Rental / Inspection	\$48,900	\$47,000		\$95,900
518/618 Transportation & Loading	\$15,000	\$35,000		\$50,000
520/*** DST, Coring & Analysis				\$0
522/622 Open Hole Logs / Cased Hole Logs & Perforating / Slickline / Plugs				\$0
523/*** Mud Logging / Geosteering / LWD	\$28,600			\$28,600
524/624 Cementing & Squeezing	\$82,000	\$67,000		\$149,000
526/626 Casing Crews & Equipment	\$10,000			\$10,000
528/628 Plug & Abandon				\$0
630 Stimulation		\$2,500,000		\$2,500,000
532/632 Geological & Engineering		\$10,000		\$10,000
534/634 Supervision	\$114,824	\$51,750		\$166,574
536/636 Miscellaneous Contract Labor	\$5,000	\$30,000	\$50,000	\$85,000
538/638 Prof. Fees & Abstracts				\$0
541/641 Liability Insurance / Bonds				\$0
542/642 Drilling Overhead / Completion Overhead	\$12,536	\$6,300		\$18,836
544/644 Miscellaneous & Unforeseen	\$179,811	\$187,568	\$5,500	\$372,879
TOTAL INTANGIBLE DRILLING & COMPLETION	\$2,172,552	\$3,938,918	\$115,500	\$6,226,970
WELL AND LEASE EQUIPMENT				
700 Conductor Feet				\$0
701 Surface Casing 20" 94# 500	\$38,500			\$38,500
702 Intermediate Casing 13-3/8" 72# 2700	\$146,300			\$146,300
702 Intermediate Casing 9-5/8" 53.5# P-110 9900	\$408,500			\$408,500
704 Drilling Liner (BCP)				\$0
703 Production Liner (ACP) 5-1/2" 20# P-110 GBCD 15495		\$218,457		\$218,457
706 Production Casing (ACP)				\$0
710 Tubing 2 7/8" 6.5# L-80 10500		\$63,000		\$63,000
721/720 Wellhead Equip. BCP/ACP	\$27,000	\$40,000		\$67,000
724 Packers & Downhole Equipment				\$0
726 Rods & Pumps				\$0
737 Line Pipe / Fittings / Pipeline			\$40,000	\$40,000
747 Valves			\$35,000	\$35,000
752 Tanks & Walkways			\$170,000	\$170,000
765 Heaters / Treaters / Separator / VRU			\$110,000	\$110,000
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		\$2,000	\$60,000	\$62,000
777/776 Inspect/Test Tubulars BCP/ACP	\$5,000	\$5,000		\$10,000
779/778 Non-Controllable Equipment BCP/ACP	\$62,530	\$16,423	\$25,250	\$104,203
TOTAL WELL AND LEASE EQUIPMENT	\$687,830	\$344,880	\$530,250	\$1,562,960
TOTAL DRILLING AND COMPLETION COST	\$2,860,382	\$4,283,798	\$645,750	\$7,789,930
	Drilling	Completion	Eqpt/Const	Total

This AFE is only an *estimate* of costs and the *actual* costs incurred may be less or greater than stated.

APPROVED BY: _____

DATE: _____

Kaiser-Francis Oil Company
Authority for Expenditure

OPERATOR: Kaiser-Francis Oil Company
WELL NAME & NO: Loving Townsite 2021 WC #2H
PROSPECT NAME: Loving Townsite
LOCATION: SHL Sec 26-28 BHL Sec 21-23-28
PROPOSED TD: 15,495 MD 10,347 TVD
OBJECTIVE HORIZON: Wolfcamp C
OBJECTIVE: Drill and complete new horizontal well in WC / not lateral 4,620' 5-1/2" Long String
Classification of Account

DATE: 12/1/2018
FIELD: Purple Sage
PSHCOUNTY: Eddy
STATE: NM
PREPARER: M Warner / D Zenger

	DRILLING	COMPLETION	EQUI/CONST	TOTAL
INTANGIBLE DRILLING & COMPLETION				
5005000 Location / Road Expense / Eastern PRT / Frac PRT Construction	\$30,000	\$7,000	\$60,000	\$97,000
5017*** Cond. Rat Hole, Mouse Hole Services	\$37,000			\$37,000
5026002 Location Damages				\$0
5045004 Drilling Rig		\$20,000		\$20,000
				\$0
5056005 Coiled Tubing & Related Services	\$615,000			\$615,000
5066006 Rig Mob / Demob	\$20,500			\$20,500
507*** Directional Drilling Services	\$65,500	\$240,000		\$905,500
5086008 Bfts & Reamers	\$784,200			\$284,226
5106010 Fuel/Power	\$100,000			\$100,000
5126012 Drilling Water / Completion Fluid	\$80,800			\$80,800
5146014 Mud & Chemicals	\$25,000	\$470,000		\$495,000
5156015 Closed Loop System / Mud & Cuttings Disposal/SWD	\$140,000	\$30,000		\$170,000
5166016 Surface Equipment Rental / Inspection	\$120,000	\$50,000		\$170,000
5176017 Downhole Equipment Rental / Inspection	\$144,416	\$184,300		\$328,716
5186018 Transportation & Loading	\$48,500	\$47,000		\$95,500
520*** DST, Coring & Analysis	\$15,000	\$38,000		\$53,000
5226022 Open Hole Logs / Cased Hole Logs / Perforating / Stickline / Plugs				\$0
523*** Mud Logging / Geosteering / LWD	\$29,600			\$29,600
5246024 Cementing & Squeezing	\$82,000	\$67,000		\$149,000
5256026 Casing Crews & Equipment	\$10,000			\$10,000
5266028 Plug & Abandon				\$0
630 Stimulation		\$2,500,000		\$2,500,000
5326032 Geological & Engineering		\$10,000		\$10,000
5346034 Supervision		\$51,750		\$165,350
5366036 Miscellaneous Contract Labor	\$113,600			\$95,900
5386038 Prof. Fees & Abstracts	\$5,000	\$10,000	\$50,000	\$65,000
5416641 Liability Insurance / Bonds				\$0
5426642 Drilling Overhead / Completion Overhead	\$12,000	\$6,300		\$18,300
5446644 Miscellaneous & Unforeseen	\$176,380	\$167,568	\$5,500	\$349,448
TOTAL INTANGIBLE DRILLING & COMPLETION	\$2,133,806	\$5,938,918	\$115,800	\$8,188,524
WELL AND LEASE EQUIPMENT				
700 Conductor	Feet			\$0
701 Surface Casing	20' 94#			\$38,500
702 Intermediate Casing	13-3/8" 72#			\$146,300
703 Intermediate Casing	9-5/8" 53.5# P-110			\$408,500
704 Drilling Liner (BCP)	9900			\$0
705 Production Liner (ACF)	5-1/2" 20# P-110 GRCD			\$218,457
706 Production Casing (ACF)	15495			\$0
710 Tubing		\$63,000		\$63,000
721/720 Wellhead Equip. BCP/ACP	2 7/8" 6.5# L-80	\$40,000		\$40,000
724 Packers & Downhole Equipment				\$0
726 Rods & Pumps				\$0
737 Line Pipe / Fillings / Pipeline				\$0
747 Valves			\$40,000	\$40,000
752 Tanks & Walkways			\$35,000	\$35,000
765 Heaters / Treaters / Separator / VRU			\$170,000	\$170,000
766 Artificial Lift / Compressor			\$110,000	\$110,000
770 Gas Sales Unit / Dohy / Line Heater / Flare			\$55,000	\$55,000
775/774 Transportation and Freight BCP/ACP			\$5,000	\$5,000
776/776 Inspection Tubulars BCP/ACP			\$60,000	\$60,000
776/778 Non-Controllable Equipment BCP/ACP			\$25,250	\$25,250
TOTAL WELL AND LEASE EQUIPMENT			\$530,250	\$1,582,960
TOTAL DRILLING AND COMPLETION COST			\$4,221,436	\$7,760,984
			GRCD COST	GRCD

This AFE is only an estimate of costs and the actual costs incurred may be less or greater than stated.

APPROVED BY: _____
DATE: _____

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 7/10/2020
Well Name: Loving Townsite WA #1H	Field: Purple Sage
Prospect: Loving Townsite	County / Psh Eddy
Location: Sec 20/21 - 23S - 28E	State: NM
Depth: 14900 MD 10100 TVD	Preparer: RS/DZ/JC
Horizon: Wolfcamp A	

Objective: Drill and complete a 1.0 mile horizontal Wolfcamp A well on an two-well pad

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$35,000	\$14,000	\$4,000	\$53,000
501/***	Cond, Rat Hole, Mouse Hole Services	\$32,000			\$32,000
502/602	Location Damages	\$200,000	\$40,000		\$240,000
503/603	Environmental, Regulatory, and Permitting	\$20,000			\$20,000
504/604	Turnkey Completion Rig		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 21 days at \$18,850	\$386,425			\$386,425
505/605	Coiled Tubing & Related Services		\$60,000		\$60,000
506/606	Rig Mob / Demob	\$97,250			\$97,250
507/***	Directional Drilling Services	\$298,500			\$298,500
508/608	Bits & Reamers	\$78,000			\$78,000
510/610	Fuel/Power	\$92,250			\$92,250
512/612	Drilling Water / Completion Fluid	\$37,000	\$375,000		\$412,000
514/614	Mud & Chemicals	\$201,000	\$20,000		\$221,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$125,000	\$35,000		\$160,000
516/616	Surface Equipment Rental / Inspection	\$254,300	\$120,800		\$375,100
517/617	Downhole Equipment Rental / Inspection	\$166,700	\$31,000		\$197,700
518/618	Transportation & Loading	\$35,000	\$63,000		\$98,000
520/***	DST, Coring & Analysis				\$0
521 /621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$20,000		\$20,000
522/622	OH Logs / CH Logs / Perforating / Slickline		\$75,000		\$75,000
523/***	Mud Logging / Geosteering / LWD	\$24,000			\$24,000
524/624	Cementing & Squeezing	\$178,500			\$178,500
526/626	Casing Crews & Equipment	\$57,500			\$57,500
528/628	Plug & Abandon				\$0
***/630	Stimulation		\$1,300,000		\$1,300,000
532/632	Geological & Engineering				\$0
534/634	Supervision	\$111,800	\$41,750		\$153,550
536/636	Miscellaneous Contract Labor	\$45,000	\$60,000	\$20,000	\$125,000
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Competition Overhead	\$9,200	\$5,250		\$14,450
544/644	Miscellaneous & Unforeseen	\$102,671	\$226,880	\$1,200	\$330,751
	Total Intangible Drilling & Completion	\$2,597,096	\$2,495,680	\$25,200	\$5,117,976

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 13-3/8" 48# H40 STC 2020 COPAS 500	\$31,840			\$31,840
702	Intermediate Casing 10 3/4" 40.50# J-55 BTC 2020 COPAS 2400	\$109,248			\$109,248
702	Intermediate Casing 7-5/8" 29.7# P-110 HC BTC 2020 COPAS 8900	\$211,758			\$211,758
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" P110HP 20# SF 2020 COPAS 14900	\$403,262			\$403,262
710	Tubing 2-7/8" 6.5# L-80 EUE 2020 COPAS 10300		\$56,238		\$56,238
721/720	Wellhead Equip. BCP/ACP	\$45,000	\$45,000		\$90,000
724	Packers & Downhole Equipment		\$20,000		\$20,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$20,000	\$20,000
738	Automation/SCADA/Misc Electrical Equipment			\$15,000	\$15,000
747	Valves			\$20,000	\$20,000
752	Tanks & Walkways			\$55,000	\$55,000
765	Heaters / Treaters / Separator / VRU			\$55,000	\$55,000
768	Artificial Lift / Compressor			\$40,000	\$40,000
770	Gas Sales Unit / Dehy / Line Heater / Flare				\$0
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$40,000	\$52,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400	\$5,000		\$9,400
779/778	Non-Controllable Equipment BCP/ACP	\$20,612	\$6,412	\$23,000	\$50,024
	Total Well and Lease Equipment	\$836,120	\$134,650	\$268,000	\$1,238,770

Total Drilling and Completion Cost	\$3,433,217	\$2,630,330	\$293,200	\$6,356,746
---	--------------------	--------------------	------------------	--------------------

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

Kaiser-Francis Oil Company
Authority for Expenditure

Operator:	Kaiser-Francis Oil Company	Date:	7/10/2020
Well Name:	Loving Townsite WA #2H	Field:	Purple Sage
Prospect:	Loving Townsite	County / Psh	Eddy
Location:	Sec 20/21 - 23S - 28E	State:	NM
Depth:	14900 MD 10100 TVD	Preparer:	RS/DZ/JC
Horizon:	Wolfcamp A		

Objective: Drill and complete a 1.0 mile horizontal Wolfcamp A well on an two-well pad

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$35,000	\$14,000	\$4,000	\$53,000
501/****	Cond, Rat Hole, Mouse Hole Services	\$32,000			\$32,000
502/602	Location Damages	\$200,000	\$40,000		\$240,000
503/603	Environmental, Regulatory, and Permitting	\$20,000			\$20,000
504/604	Turnkey Completion Rig		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 21 days at \$18,850	\$386,425			\$386,425
505/605	Coiled Tubing & Related Services		\$60,000		\$60,000
506/606	Rig Mob / Demob	\$97,250			\$97,250
507/****	Directional Drilling Services	\$298,500			\$298,500
508/608	Bits & Reamers	\$78,000			\$78,000
510/610	Fuel/Power	\$92,250			\$92,250
512/612	Drilling Water / Completion Fluid	\$37,000	\$375,000		\$412,000
514/614	Mud & Chemicals	\$201,000	\$20,000		\$221,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$125,000	\$35,000		\$160,000
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518/618	Transportation & Loading	\$35,000	\$63,000		\$98,000
520/***	DST, Coring & Analysis				\$0
521 / 621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$20,000		\$20,000
522/622	OH Logs / CH Logs / Perforating / Slickline		\$75,000		\$75,000
523/***	Mud Logging / Geosteering / LWD	\$24,000			\$24,000
524/624	Cementing & Squeezing	\$178,500			\$178,500
526/626	Casing Crews & Equipment	\$57,500			\$57,500
528/628	Plug & Abandon				\$0
***/630	Stimulation		\$1,300,000		\$1,300,000
532/632	Geological & Engineering				\$0
534/634	Supervision	\$111,800	\$41,750		\$153,550
536/636	Miscellaneous Contract Labor	\$45,000	\$60,000	\$20,000	\$125,000
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$9,200	\$5,250		\$14,450
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	Total Intangible Drilling & Completion	\$2,597,096	\$2,495,680	\$25,200	\$5,117,976

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
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702	Intermediate Casing 10 3/4" 40.50# J-55 BTC 2020 COPAS 2400	\$109,248			\$109,248
702	Intermediate Casing 7-5/8" 29.7# P-110 HC BTC 2020 COPAS 8900	\$211,758			\$211,758
704	Drilling Liner (BCP)				\$0
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710	Tubing 2-7/8" 6.5# L-80 EUE 2020 COPAS 10300		\$56,238		\$56,238
721/720	Wellhead Equip. BCP/ACP	\$45,000	\$45,000		\$90,000
724	Packers & Downhole Equipment		\$20,000		\$20,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$20,000	\$20,000
738	Automation/SCADA/Misc Electrical Equipment			\$15,000	\$15,000
747	Valves			\$20,000	\$20,000
752	Tanks & Walkways			\$55,000	\$55,000
765	Heaters / Treaters / Separator / VRU			\$55,000	\$55,000
768	Artificial Lift / Compressor			\$40,000	\$40,000
770	Gas Sales Unit / Dehy / Line Heater / Flare				\$0
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$40,000	\$52,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400	\$5,000		\$9,400
779/778	Non-Controllable Equipment BCP/ACP	\$20,612	\$6,412	\$23,000	\$50,024
	Total Well and Lease Equipment	\$836,120	\$134,650	\$268,000	\$1,238,770

Total Drilling and Completion Cost	\$3,433,217	\$2,630,330	\$293,200	\$6,356,746
---	--------------------	--------------------	------------------	--------------------

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

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

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

Case No. 21553

SELF-AFFIRMED STATEMENT OF LEE J. LINDMAN

Lee J. Lindman, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the geological matters stated herein.
2. I am a geologist for Kaiser-Francis Oil Company ("KFOC"). I have been qualified by the Division as an expert petroleum geologist. My area of responsibility at KFOC includes this portion of Southeast New Mexico.
3. The following geological plats are attached hereto:
 - (a) Attachment A is a structure map on the Base of the Wolfcamp Y Sand. It shows that structure dips gently to the East. It also displays other Wolfcamp X-Y wells and permits in the vicinity of the Loving Townsite 2021 WA 1H & 2H, and a line of cross-section. The proposed completion interval in the well is the upper Wolfcamp X-Y sand.
 - (b) Attachment B is a Gross Isopach map of the Wolfcamp X-Y Sand. This zone has uniform thickness across the proposed well unit.
 - (c) Attachment C is cross-section B – B'. The well logs on the cross-section give a representative sample of the Wolfcamp X-Y formation in this area. The target zone for these wells is continuous across the well unit.
 - (d) Attachment D is a structure map of the Base of the Wolfcamp C. It shows that the structure dips gently to the East. It also displays the other Wolfcamp C wells and permits in the vicinity of the Loving Townsite 2021 WC 1H & 2H, and a line of cross-section. The completed interval is the Wolfcamp C.
 - (e) Attachment E is a Gross Isopach map of the Wolfcamp C. This zone has uniform thickness across the well unit.
 - (f) Attachment F is a cross-section B – B'. The well logs on the cross-section give a representative sample of the Wolfcamp C formation in this area. The target zone for these wells is continuous across the well unit.


EXHIBIT

3

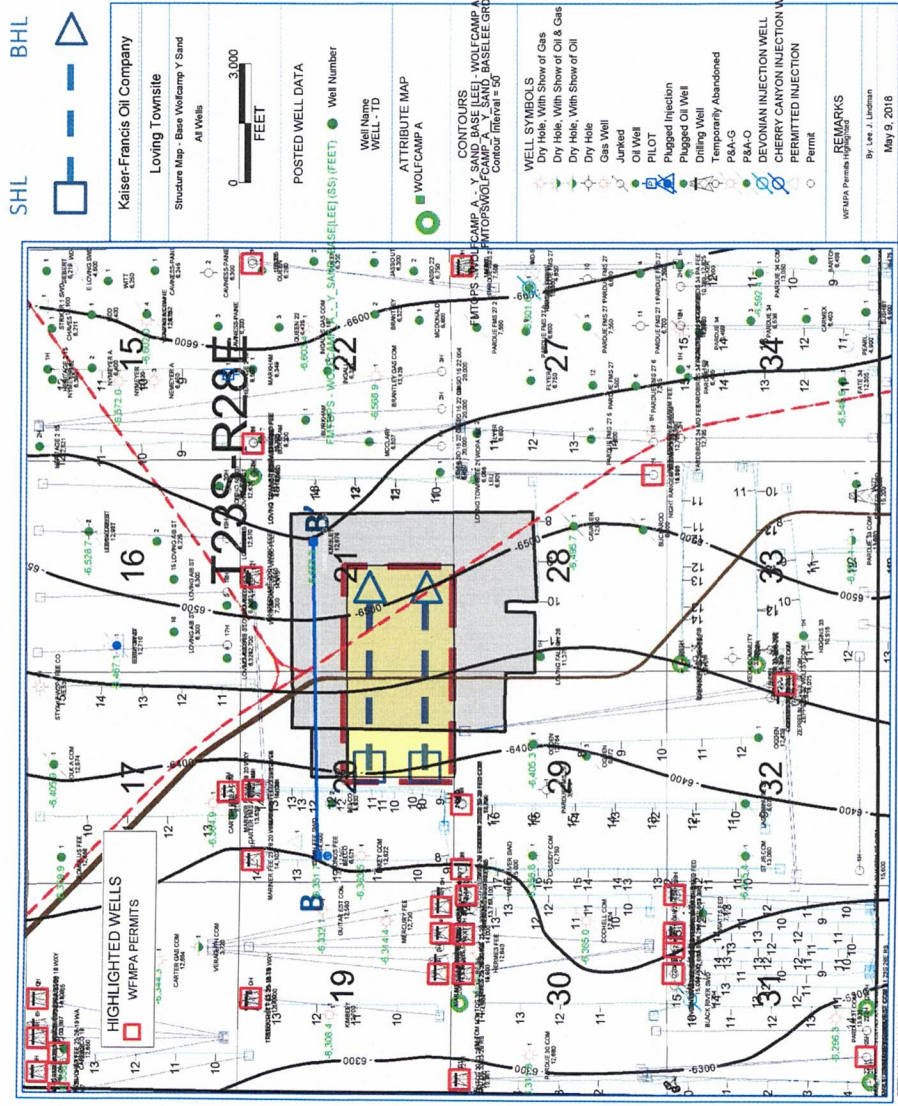
4. I conclude from the maps that:
- (a) The horizontal spacing unit is justified from a geologic standpoint.
 - (b) Each quarter section in the well unit will contribute more or less equally to production from the well.
 - (c) There is no faulting or other geologic impediment which will adversely affect the drilling of the subject well.
5. Based on production from wells in this area, KFOC sees no difference for standup or laydown wells in this area.
6. Attachment G contains the proposed horizontal drilling plans for the Loving Townsite WA 1H & 2H wells and the as-drilled C-102s for the Loving Townsite 2021 WC 1H & #2H wells. The completed Loving Townsite 2021 WC 1H and 2H are orthodox and comply with Division setback requirements. The proposed wells will also be orthodox and comply with Division setback requirements.

7. 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 6 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: January 18, 2021



Lee J. Lindman



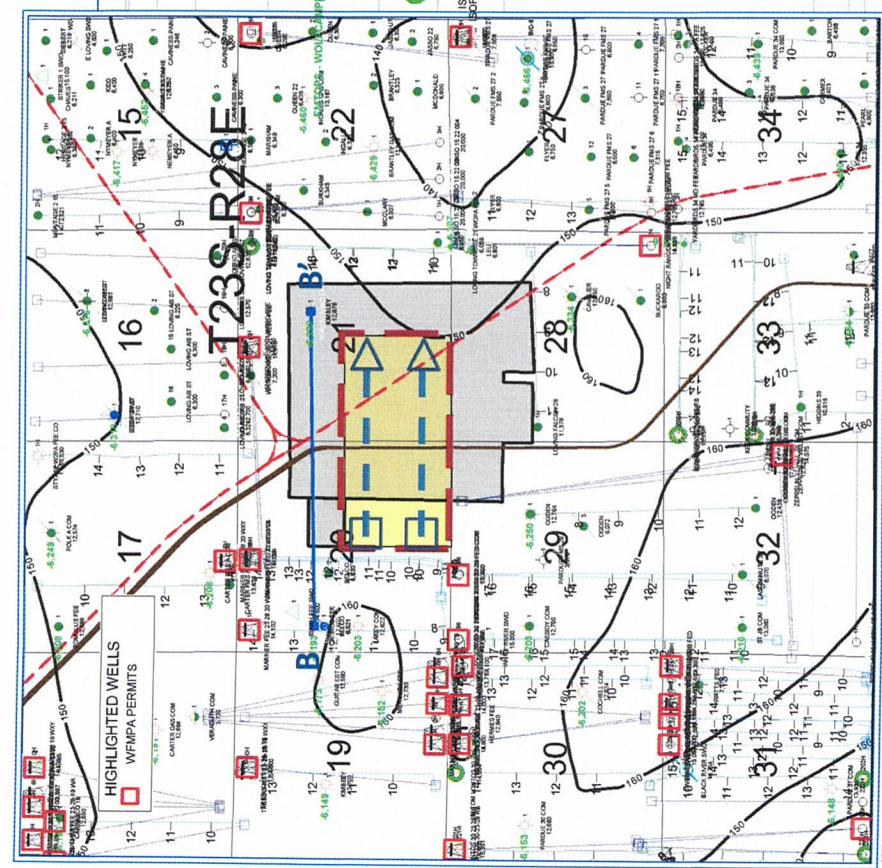
Structure Map (Base Wolfcamp Y Sand - Subsea)

Project Area

A

ATTACHMENT

SHL BHL



Kaiser-Francis Oil Company	
Loving Townsite	
Isopach - Top Wolfcamp To Base Y Sand	
All Wells	
0 3,000 FEET	
POSTED WELL DATA	
WELL NAME	WELL NUMBER
WOLF CAMP A	
CONTOURS	
ISOPACH MAP TO WOLF CAMP A SAND BASE	
ISOPACH W/MP TO W/MP A SAND BASE	
Contour Interval = 10	
WELL SYMBOLS	
Dry Hole, With Show of Gas	
Dry Hole, With Show of Oil & Gas	
Dry Hole, With Show of Oil	
Gas Well	
Junked	
Oil Well	
PILOT	
Plugged Injection	
Plugged Oil Well	
Drilling Well	
Temporarily Abandoned	
P&A-G	
P&A-O	
DEVONIAN INJECTION WELL	
CHERRY CANYON INJECTION W	
PERMITTED INJECTION	
Permit	
REMARKS	
W/MP A PERMITTED INJECTION	
By: L. J. L. L. L.	
May 9, 2018	

Isopach Map (Wolfcamp X/Y Sand)



Project Area

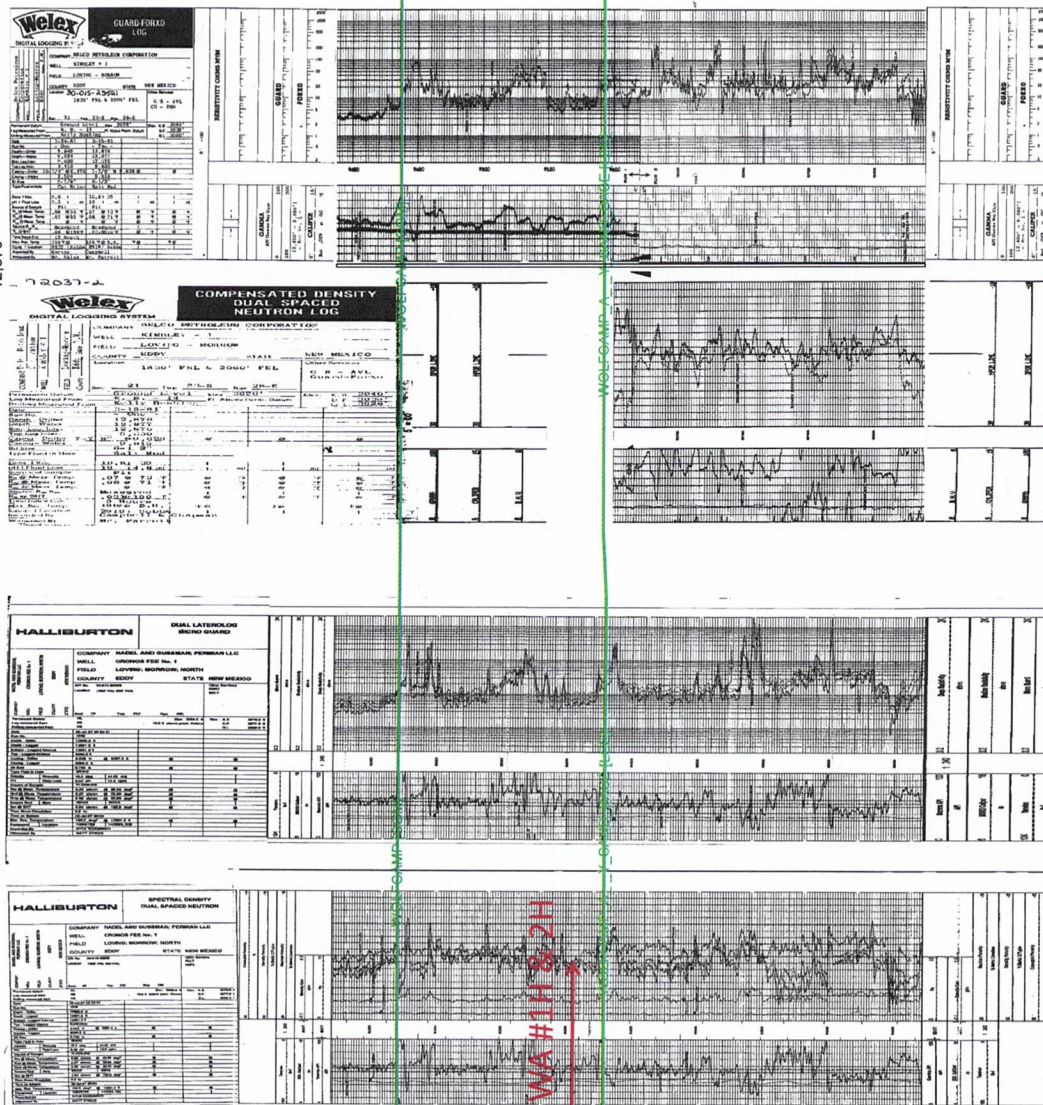
ATTACHMENT B

ATTACHMENT

B

MARATHON
CRONOS FEE
12,650

NORDSTRAND ENG
KIMBLEY
12,876

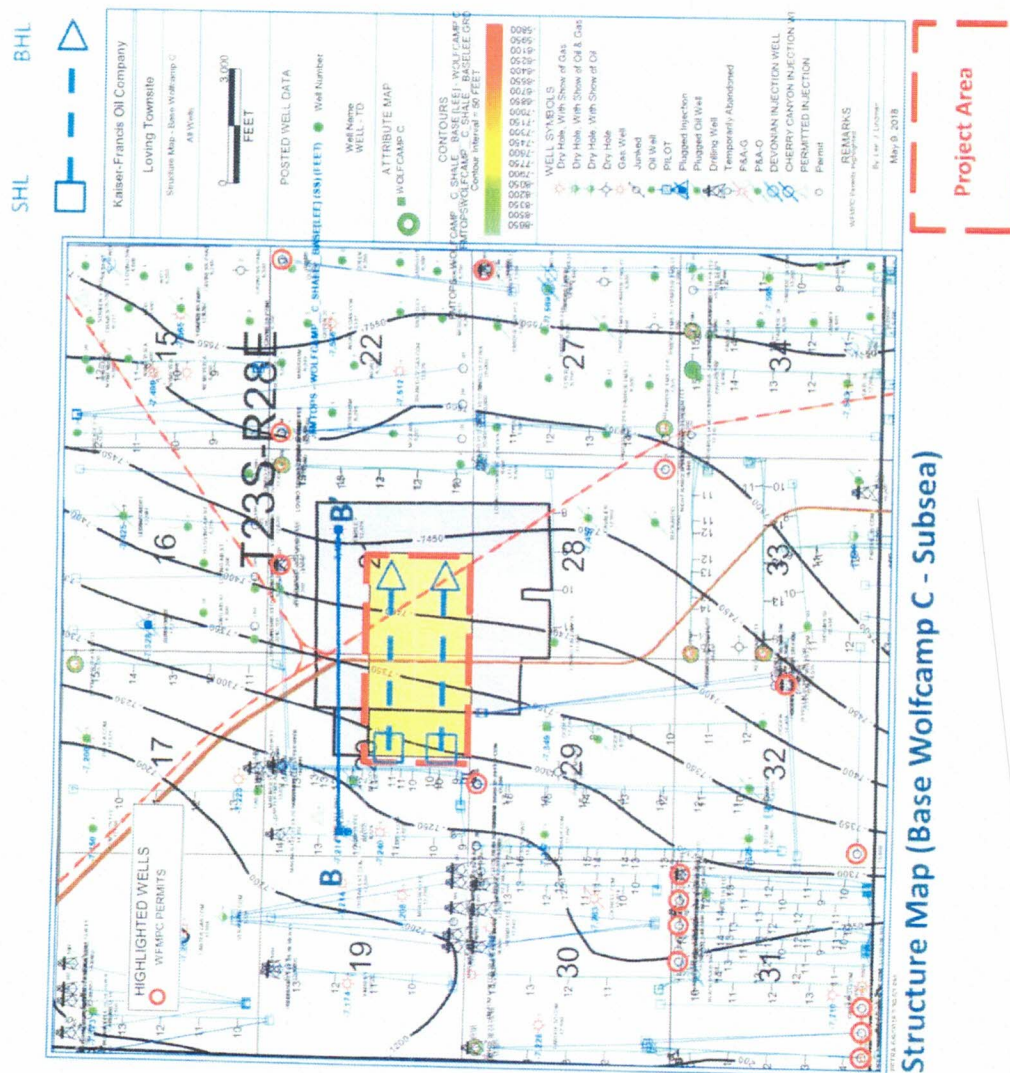


Datum

Loving Townsite 2021 WA #1H & 2H

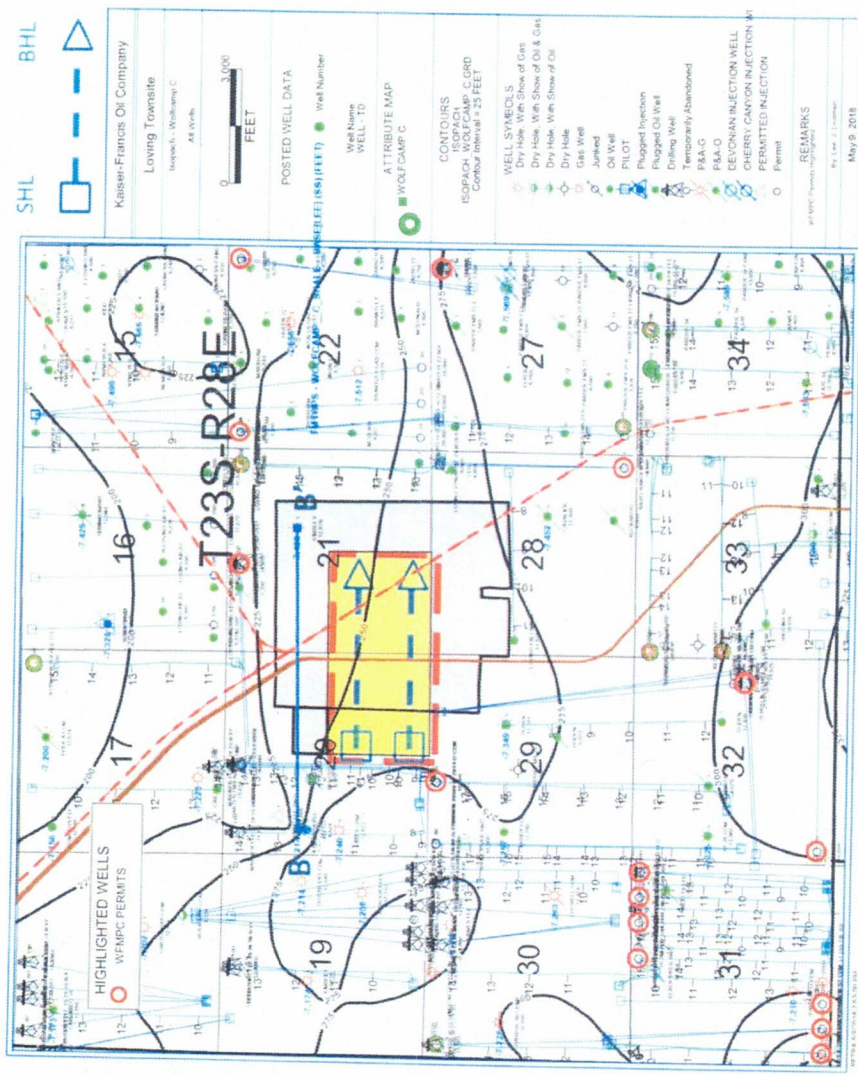
Stratigraphic Cross Section B – B'

D



ATTACHMENT

Structure Map (Base Wolfcamp C - Subsea)



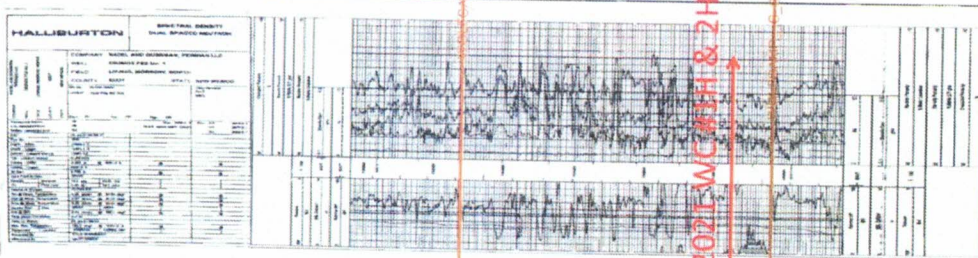
Isopach Map (Wolfcamp C)

Project Area

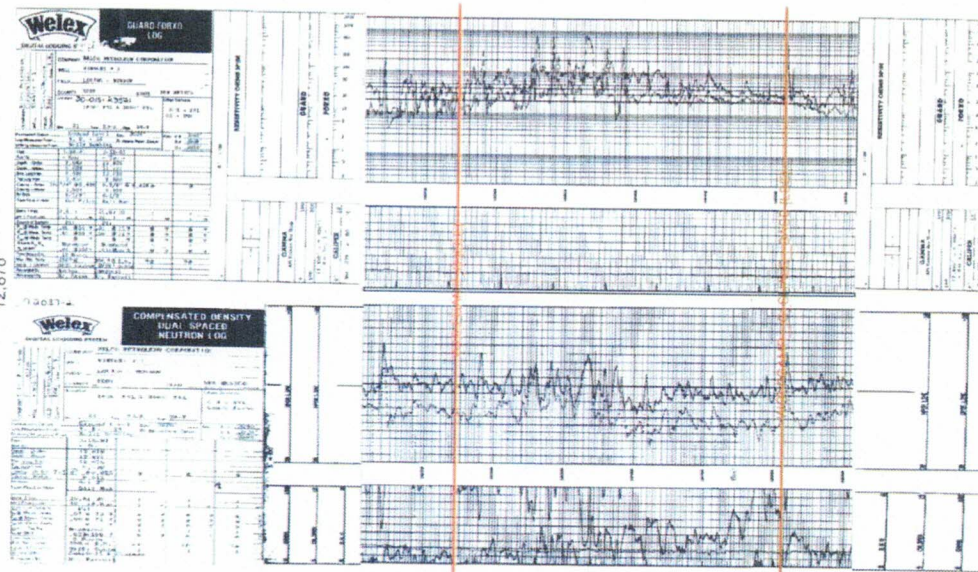
ATTACHMENT E

B

MARATHON
CRONOS FEE
12.650



NORDSTRAND ENG
KIMBLEY
12.876



ATTACHMENT F

Loving Townsite 2021 WC 2H & 2H

Datum

Stratigraphic Cross Section B - B'

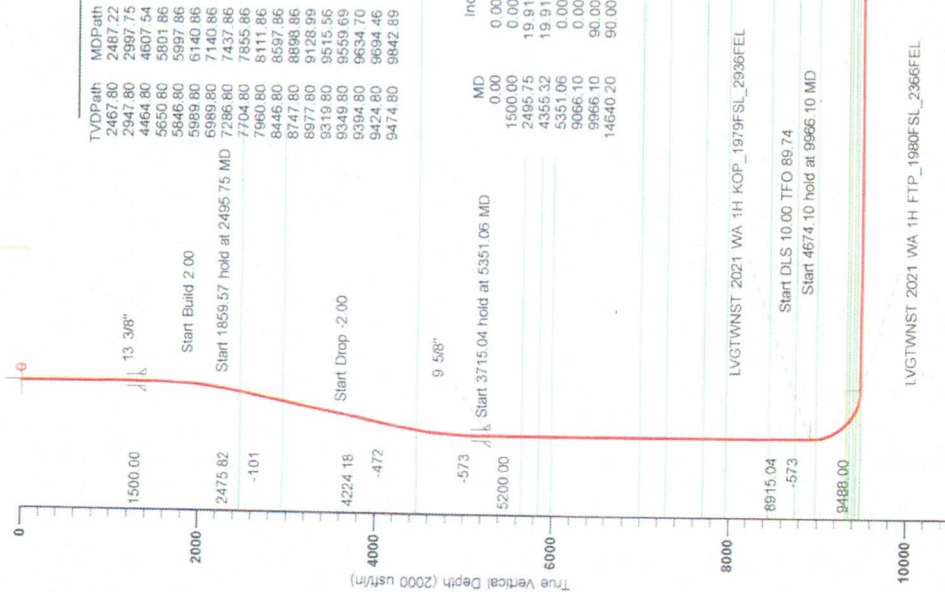
KAISER-FRANCIS OIL COMPANY

Project: Eddy County, NM (NMEZ) NAD83 Grid
 Site: Loving Townsite 2021 WA
 Well: WA 1H
 Wellbore: Lateral
 Design: Plan #1

Kaiser-Francis Oil Company

FORMATION TOP DETAILS

MDPath	TVD	Formation
2467.80	2467.22	Base Salt (Top Delaware)
2947.80	2997.75	Top Cherry Canyon
4464.80	4607.54	Top Brushy Canyon
5650.80	5801.86	Top Lower Brushy Canyon
5846.80	5997.86	Top Mobil Sand
5989.80	6140.86	Top 1st Bone Springs Lime
6989.80	7140.86	2nd Bone Springs Sand
7704.80	7855.86	2nd Bone Springs Sand
8446.80	8597.86	3rd Bone Springs Sand
8747.80	8898.86	Lower 2nd Bone Springs Sand (Herkley)
8977.80	9128.86	3rd Bone Springs Sand
9319.80	9515.36	Top Wolfcamp (Wolfcamp A)
9349.80	9559.69	Top Wolfcamp A - X Sand
9394.80	9634.70	Base Wolfcamp A - X Sand
9424.80	9694.46	Top Wolfcamp A - Y Sand
9474.80	9842.89	Base Wolfcamp A - Y Sand



SECTION DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/W	Dleg	TFace	VSec
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1500.00	0.00	0.00	1500.00	0.00	0.00	0.00	0.00	0.00
2495.75	19.91	323.79	2475.82	138.24	-101.19	2.00	323.79	-100.57
4355.32	19.91	323.79	4224.18	649.34	-475.35	0.00	0.00	-472.39
5351.06	0.00	0.00	5200.00	787.57	-576.54	2.00	180.00	-472.96
9066.10	0.00	0.00	8915.04	787.57	-576.54	0.00	0.00	-572.96
9966.10	90.00	89.74	9488.00	790.21	-3.59	10.00	89.74	0.00
14640.20	90.00	89.74	9488.00	811.71	-4670.46	0.00	0.00	4674.10

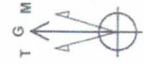
TARGET DETAILS

Name	TVD	+N/-S	+E/W	Northing	Easting
LVGTWNST 2021 WA 1H SHL	0.00	0.00	0.00	468065.09	610770.59
LVGTWNST 2021 WA 1H KOP_1979FSL_2936FEL	8915.04	787.57	-576.54	468852.66	610194.05
LVGTWNST 2021 WA 1H FTP_1980FSL_2366FEL	9488.00	790.21	-3.59	468855.30	610767.00
LVGTWNST 2021 WA 1H PBHL_1980FSL_2310FEL	9488.00	811.71	-4670.46	468876.80	615441.05

CASING DETAILS

TVD	MD	Name	Size
1400.00	1400.00	13 3/8"	13.37
5300.00	5451.06	9 5/8"	9.62
9488.00	14640.20	5 1/2"	5.50

EXHIBIT



Azimuths to Grid North
 True North: -0.12°
 Magnetic North: 6.77°

To convert a Magnetic Direction to a Grid Direction, Add 6.77°
 To convert a Magnetic Direction to a True Direction, Add 6.89° East
 Magnetic North is 6.77° East of Grid North (Magnetic Convergence)
 Magnetic North is 6.89° East of True North (Magnetic Declination)

Plan: Plan #1 (WA 1H/L)
 Created By: Mekka Wil
 10:38, August 25 2020

ATTACHMENT

SB DIRECTIONAL SERVICES
 5135 SW 29TH ST
 OKLAHOMA CITY, OK 73179



KAISER-FRANCIS OIL COMPANY

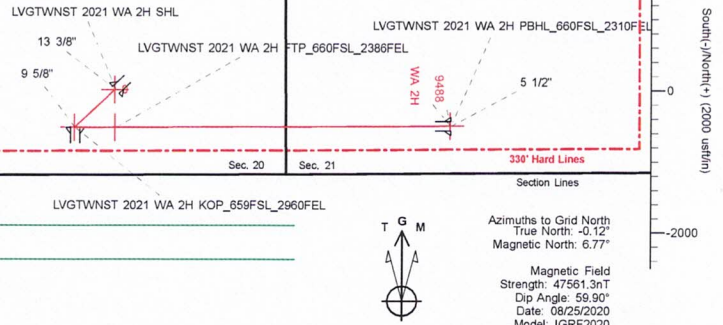
Project: Eddy County, NM (NMEZ) NAD83 Grid
Site: Loving Townsite 2021 WA
Well: WA 2H
Wellbore: Lateral
Design: Plan #1

3069.8 @ 3069.80usft (GL Only)
North American Datum 1983

Kaiser-Francis Oil Company

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2467.80	2484.07	Base Salt (Top Delaware)
2947.80	2980.47	Top Cherry Canyon
4464.80	4549.30	Top Brushy Canyon
5650.80	5743.62	Top Lower Brushy Canyon
5846.80	5939.62	Top Mobil Sand
5969.80	6082.62	Top 1st Bone Springs Lime
7286.80	7379.62	1st Bone Springs Sand
7704.80	7797.62	2nd Bone Springs Lime
7960.80	8053.62	2nd Bone Springs Sand
8446.80	8539.62	Mid 2nd Bone Springs Lime
8747.80	8840.62	Lower 2nd Bone Springs Sand (Harkey)
8977.80	9070.75	3rd Bone Springs Lime
9319.80	9457.32	3rd Bone Springs Sand
9349.80	9501.45	Top Wolfcamp (Wolfcamp A)
9394.80	9576.46	Top Wolfcamp A - X Sand
9424.80	9636.22	Base Wolfcamp A - X Sand
9474.80	9784.95	Top Wolfcamp A - Y Sand
		Base Wolfcamp A - Y Sand



To convert a Magnetic Direction to a Grid Direction, Add 6.77°
To convert a Magnetic Direction to a True Direction, Add 6.89° East
Magnetic North is 6.77° East of Grid North (Magnetic Convergence)
Magnetic North is 6.89° East of True North (Magnetic Declination)

SECTION DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1500.00	0.00	0.00	1500.00	0.00	0.00	0.00	0.00	0.00
2238.48	14.77	227.03	2230.33	-64.51	-69.26	2.00	227.03	-69.56
4554.34	14.77	227.03	4469.67	-466.91	-501.29	0.00	0.00	-503.40
5292.82	0.00	0.00	5200.00	-531.42	-570.55	2.00	180.00	-572.96
9007.86	0.00	0.00	8915.04	-531.42	-570.55	0.00	0.00	-572.96
9907.86	90.00	89.74	9488.00	-528.86	2.40	10.00	89.74	0.00
14603.48	90.00	89.74	9488.00	-507.88	4697.97	0.00	0.00	4695.62

TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting
LVGTWNST 2021 WA 2H SHL	0.00	0.00	0.00	468065.00	610750.58
LVGTWNST 2021 WA 2H KOP_659FSL_2960FEL	8915.04	-531.42	-570.55	467533.58	610180.03
LVGTWNST 2021 WA 2H FTP_660FSL_2386FEL	9488.00	-528.86	2.40	467536.14	610752.98
LVGTWNST 2021 WA 2H PBHL_660FSL_2310FEL	9488.00	-507.88	4697.97	467557.12	615448.55

CASING DETAILS

TVD	MD	Name	Size
1400.00	1400.00	13 3/8"	13.37
5300.00	5392.82	9 5/8"	9.62
9488.00	14603.48	5 1/2"	5.50

Vertical Section at 89.74° (2000 usft/in)

Plan: Plan #1 (WA 2H/Lateral)
Created By: Mekka Williams
10:39, August 25 2020

SB DIRECTIONAL SERVICES
5135 SW 29TH ST
OKLAHOMA CITY, OK 73179



RECEIVED

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

DISTRICT II-ARTESIA O.C.D.

☒ AMENDED REPORT

As-Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-45005		2 Pool Code 98220		3 Pool Name Purple Sage; Wolfcamp, Gas	
4 Property Code 321476		5 Property Name LOVING TOWNSITE 2021 WC			6 Well Number 1H
7 OGRID No. 12361		8 Operator Name KAISER-FRANCIS OIL COMPANY			9 Elevation 3069.6

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
O	20	23 S	28 E		1078	SOUTH	2519	EAST	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
J	21	23 S	28 E		1893	SOUTH	2413	WEST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320	-	-	-

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.

SW CORNER SEC. 20
LAT. = 32.2833097°N
LONG. = 104.1181240°W
NWSP EAST (FT)
N = 468867.58
E = 607843.96

SE CORNER SEC. 20
LAT. = 32.2833180°N
LONG. = 104.1009771°W
NWSP EAST (FT)
N = 468881.54
E = 613142.58

AS-DRILLED
LAST TAKE POINT
1948' PSL 2128 PHL
LAT. = 32.2885972°N
LONG. = 104.0941212°W
NWSP EAST (FT)
N = 468843.17
E = 615257.21

SE CORNER SEC. 21
LAT. = 32.2833838°N
LONG. = 104.0838741°W
NWSP EAST (FT)
N = 468917.44
E = 618428.20

AS-DRILLED
FIRST TAKE POINT
1937' PSL 2084' PEL
LAT. = 32.2886389°N
LONG. = 104.1075761°W
NWSP EAST (FT)
N = 468812.90
E = 611088.90

AS-DRILLED
BOTTOM OF HOLE
LAT. = 32.2885443°N
LONG. = 104.0931933°W
NWSP EAST (FT)
N = 468790.03
E = 615544.06

LOVING TOWNSITE 2021 WC 1H
ELEV. = 3069.6
LAT. = 32.2852789°N (NAD83)
LONG. = 104.1091392°W
NWSP EAST (FT)
N = 467952.69
E = 610418.27

AS-DRILLED
FIRST TAKE POINT
1937' PSL 2084' PEL
LAT. = 32.2886389°N
LONG. = 104.1075761°W
NWSP EAST (FT)
N = 468812.90
E = 611088.90

AS-DRILLED
BOTTOM OF HOLE
LAT. = 32.2885443°N
LONG. = 104.0931933°W
NWSP EAST (FT)
N = 468790.03
E = 615544.06

12 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 undivided 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: *Charlotte Van Valkenburg*
Date: 5/2/19

Printed Name: Charlotte Van Valkenburg
E-mail Address: Charlottv@kfoc.net

13 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.

APRIL 11, 2019
Date of Survey

Signature and Seal of Professional Surveyor: *William F. Jaramillo*
Certificate Number: 12345
SURVEY NO. 6230

RECEIVED

Form C-102

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) 745-1283 Fax: (575) 745-4720

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

MAY 03 2019

Revised August 1, 2011

Submit one copy to appropriate

DISTRICT II-ARTESIA O.C.D.

District Office

☒ AMENDED REPORT

As-Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-45006	¹ Pool Code 98220	¹ Pool Name Purple Sage; Woldcamp, Gas
⁴ Property Code 321476	¹ Property Name LOVING TOWNSITE 2021 WC	⁴ Well Number 2H
¹ OGRID No. 12361	¹ Operator Name KAISER-FRANCIS OIL COMPANY	⁴ Elevation 3069.7

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
O	20	23 S	28 E		1048	SOUTH	2519	EAST	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
N	21	23 S	28 E		725	SOUTH	2584	WEST	EDDY

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

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. 20
LAT. = 32.2980195°N
LONG. = 104.1181254°W
NMSP EAST (FT)
N = 472218.82
E = 607832.76

NE CORNER SEC. 20
LAT. = 32.2979381°N
LONG. = 104.1010377°W
NMSP EAST (FT)
N = 472200.20
E = 613112.64

NE CORNER SEC. 21
LAT. = 32.2980178°N
LONG. = 104.0838774°W
NMSP EAST (FT)
N = 472241.10
E = 618414.82

NW CORNER SEC. 20
LAT. = 32.2979830°N
LONG. = 104.1095794°W
NMSP EAST (FT)
N = 472210.90
E = 610473.38

SE CORNER SEC. 20
LAT. = 32.2833097°N
LONG. = 104.1095860°W
NMSP EAST (FT)
N = 468874.52
E = 610479.38

SW CORNER SEC. 20
LAT. = 32.2833097°N
LONG. = 104.1181240°W
NMSP EAST (FT)
N = 468867.56
E = 607843.86

SE CORNER SEC. 20
LAT. = 32.2833180°N
LONG. = 104.1009771°W
NMSP EAST (FT)
N = 468881.64
E = 613142.88

SE CORNER SEC. 21
LAT. = 32.2833838°N
LONG. = 104.0838741°W
NMSP EAST (FT)
N = 468917.44
E = 618428.20

AS-DRILLED
FIRST TAKE POINT
669' FSL, 2062' FPL
LAT. = 32.2851525°N
LONG. = 104.1076556°W
NMSP EAST (FT)
N = 467944.80
E = 611077.61

AS-DRILLED
BOTTOM OF HOLE
LAT. = 32.2853442°N
LONG. = 104.0926746°W
NMSP EAST (FT)
N = 467624.45
E = 615722.43

AS-DRILLED
LAST TAKE POINT
708' FSL, 2123' FPL
LAT. = 32.2852895°N
LONG. = 104.0941180°W
NMSP EAST (FT)
N = 467803.56
E = 615260.95

"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 retained 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.

Charlotte Van Valkenburg
Signature
Date 5/2/19

Charlotte Van Valkenburg
Printed Name
Charlotv@kfoc.net
E-mail Address

"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.

APRIL 11, 2019
Date of Survey

F. JARAMILLO
Signature and Seal of Professional Surveyor
Certificate Number 12797
PILIMON F. JARAMILLO, PLS 12797
SURVEY NO. 6251A

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

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

Case Nos. 21553

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 application filed herein.
4. Notice of the application was provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letter and certified return receipts 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: 2/16/21

James Bruce
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

November 12, 2020

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

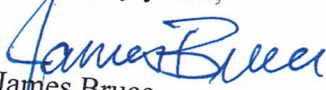
Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Kaiser-Francis Oil Company (Case No. 21553), regarding Wolfcamp wells in the SE/4 of Section 20 and the SW/4 of Section 21 Township 23 South, Range 28 East, NMPM, in Eddy County, New Mexico.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, December 3, 2020. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, <http://emnrd.state.nm.us/OCD/announcements.html>.

You are not required to attend this 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.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, November 26, 2020. This statement may be filed online with the Division at ocd.hearings@state.nm.us, and should include: The name(s) of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,


James Bruce

Attorney for Kaiser-Francis Oil Company

ATTACHMENT

A

EXHIBIT A

Smedleyville, LLC
P.O .Box 578
Loving, NM 88256

Mary Ortega Vasquez
213 North Walnut Street
Carlsbad, NM 88220

Estate of Mary Jean Urquidez
c/o Mark U. McKinney
405 Soper Street
Carlsbad, NM 88220

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

Attention: Kyle Perkins

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OFFICIAL USE

SENDER: COMPLETE THIS SECTION

1. Article Addressed to:

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.

Mary Ortega Vasquez
213 North Walnut Street
Carlsbad, NM 88220

9590 9402 5941 0062 9763 06

2. Article Number (Transfer from service label)
7020 0640 0000 1385 5074

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

COMPLETE THIS SECTION FOR DELIVERY

A. Signature ☒ Agent
B. Received by (Printed Name) ☐ Addressee
C. Date of Delivery 11-17-20
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Priority Mail Express®
☐ Registered Mail™
☒ Certified Mail®
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Restricted Delivery

Postmark Here

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 \$

Total Postage and Fees
Sent To MRC Permian Company
Suite 1500
5400 LBJ Freeway
Dallas, Texas 75240
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

U.S. Postal Service™
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C. Date of Delivery 11-17-20
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Priority Mail Express®
☐ Registered Mail™
☒ Certified Mail®
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Restricted Delivery

Postmark Here

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 \$

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

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B. Received by (Printed Name) ☐ Addressee
C. Date of Delivery 11-17-20
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Priority Mail Express®
☐ Registered Mail™
☒ Certified Mail®
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Restricted Delivery

Postmark Here

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 \$

Total Postage and Fees
Sent To MRC Permian Company
Suite 1500
5400 LBJ Freeway
Dallas, Texas 75240
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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OFFICIAL USE

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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.

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

9590 9402 5941 0062 9763 06

2. Article Number (Transfer from service label)
7020 0640 0000 1385 5074

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

COMPLETE THIS SECTION FOR DELIVERY

A. Signature ☒ Agent
B. Received by (Printed Name) ☐ Addressee
C. Date of Delivery 11-17-20
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Priority Mail Express®
☐ Registered Mail™
☒ Certified Mail®
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Restricted Delivery

Postmark Here

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 \$

Total Postage and Fees
Sent To MRC Permian Company
Suite 1500
5400 LBJ Freeway
Dallas, Texas 75240
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7020 0640 0000 1385 5067

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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 \$

Postage

\$

Total Postage and Fees

\$

Sent To

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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

See Reverse for Instructions

Postmark
Here

Estate of Mary Jean Urquidez
c/o Mark U. McKinney
405 Soper Street
Carlsbad, NM 88220

7020 0640 0000 1385 5081

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
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OFFICIAL USE

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 \$

Postage

\$

Total Postage and Fees

\$

Sent To

Street and Apt. No., or P.O. Box No.

City, State, ZIP+4®

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

See Reverse for Instructions

Postmark
Here

Smedleyville, LLC
P.O. Box 578
Loving, NM 88256

Affidavit of Publication

Ad # 0004473756

This is not an invoice

JAMES BRUCE ATTORNEY AT LAW
POBOX 1056

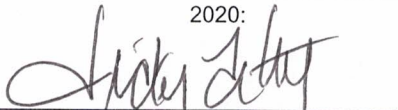
SANTA FE, NM 87504

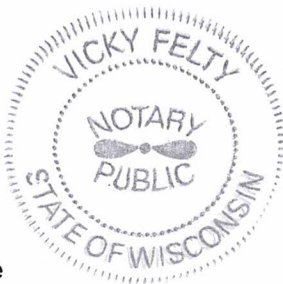
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

11/20/2020


Legal Clerk

Subscribed and sworn before me this November 20, 2020:


State of WI, County of Brown
NOTARY PUBLIC
9-19-21
My commission expires



Ad # 0004473756
PO #: Kaiser News
of Affidavits 1

This is not an invoice

NOTICE

To: Smedleyville, LLC, Mary Ortega Vasquez, Estate of Mary Jane Urquidez, Mark U. McKinney, and MRC Permian Company, or your heirs, devisees, successors or assigns: Kaiser-Francis Oil Company has filed an application with the New Mexico Oil Conservation Division (Case No. 21553) seeking an order pooling all mineral interests in the Wolfcamp formation for the following wells and lands:

The Loving Townsite 2021 WC Well No. 1H, Loving Townsite 2021 WA Well No. 1H, Loving Townsite 2021 WC Well No. 2H, and Loving Townsite 2021 WA Well No. 2H, all located in the SE/4 of Section 20 and the SW/4 of Section 21, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

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 application is scheduled to be heard at 8:15 a.m. on Thursday, December 3, 2020. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, <http://emnrd.state.nm.us/OCD/announcements.html>. As an interest owner in the well unit you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date. The attorney for applicant is James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, jamesbruc@aol.com. The unit is located in the center of Loving, New Mexico. 4473756, Current Argus, Nov. 20, 2020



EXHIBIT

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case:	21553
Date	February 18, 2021
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	Loving Townsite Wolfcamp 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)	320 acres
Building Blocks:	160 acres
Orientation:	West-East
Description: TRS/County	SE/4 §20 and SW/4 §21-23S-28E, NMPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	No, at the time the first well was drilled. But, a non-standard spacing unit was previously approved by the Division.
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-C
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	<p><u>Loving Townsite 2021 WA Well No. 1H, API No. 30-015-45003</u></p> <p>SHL: 1148 feet from the South line and 2499 feet from the East line of Section 20</p> <p>BHL: 1980 feet from the South line and 2310 feet from the West line of Section 21</p> <p>FTP: 1980 feet from the South line and 2310 from the East line of Section 20</p>

EXHIBIT

6

LTP: 1980 feet from the South line and 2310 feet from the West line of Section 21

Completion Target: Upper Wolfcamp (A) zone

TVD 9466 feet/MD 15495 Feet

Well Orientation: West to East

Completion Location expected to be: standard

Loving Townsite 2021 WA Well No. 2H, API No. 30-015-45004

SHL: 948 feet from the South line and 2499 feet from the East line of Section 20

BHL: 660 feet from the South line and 2310 feet from the West line of Section 21

FTP: 660 feet from the South line and 2310 from the East line of Section 20

LTP: 660 feet from the South line and 2310 feet from the West line of Section 21

Completion Target: Upper Wolfcamp (A) zone

TVD 9466 feet/MD 15495 Feet

Well Orientation: West to East

Completion Location expected to be: standard

Loving Townsite 2021 WC Well No. 1H, API No. 30-015-45005

SHL: 1078 feet from the South line and 2519 feet from the East line of Section 20

BHL: 1893 feet from the South line and 2413 feet from the West line of Section 21

FTP: 1937 feet from the South line and 2064 from the East line of Section 20

LTP: 1984 feet from the South line and 2126 feet from the West line of Section 21

Completion Target: Wolfcamp (C) zone

TVD 10347 feet/MD 15495 Feet


Well Orientation: West to East

Completion Location expected to be: standard

Loving Townsite 2021 WC Well No. 2H, API No. 30-015-45006

SHL: 1048 feet from the South line and 2519 feet from the East line of Section 20

	<p>BHL: 725 feet from the South line and 2584 feet from the West line of Section 21</p> <p>FTP: 669 feet from the South line and 2062 from the East line of Section 20</p> <p>LTP: 708 feet from the South line and 2123 feet from the West line of Section 21</p> <p>Completion Target: Wolfcamp (C) zone TVD 10347 feet/MD 15495 Feet Well Orientation: West to East Completion Location expected to be: standard</p>
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 3
Requested Risk Charge	Cost + 200%/Exhibit 2, page 3
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)	Exhibit 5
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-A
Tract List (including lease numbers and owners)	Exhibit 2-C
Pooled Parties (including ownership type)	Exhibit 2-C (unleased mineral owners)
Unlocatable Parties to be Pooled	Exhibit 2, page 2 and Exhibit 4
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit 2-D
List of Interest Owners (<i>i.e.</i> Exhibit A of JOA)	Exhibit 2-C
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-D
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 2-E
Cost Estimate to Equip Well	Exhibit 2-E
Cost Estimate for Production Facilities	Exhibit 2-E
Geology	
Summary (including special	Exhibit 3

considerations)	
Spacing Unit Schematic	Exhibit 3-A
Gunbarrel/Lateral Trajectory Schematic	Exhibits 3-C and 3-F
Well Orientation (with rationale)	Laydown/Exhibit 3, page 2
Target Formation	Wolfcamp
HSU Cross Section	Exhibits 3-C and 3-F
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit 2-B
Tracts	Exhibit 2-A (small lots in the Town of Lovington)
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-C
General Location Map (including basin)	Exhibit 2-A
Well Bore Location Map	Exhibit 3-A
Structure Contour Map - Subsea Depth	Exhibits 3-A and 3-D
Cross Section Location Map (including wells)	Exhibits 3-C and 3-F
Cross Section (including Landing Zone)	Exhibits 3-C and 3-F
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:	February 16, 2021