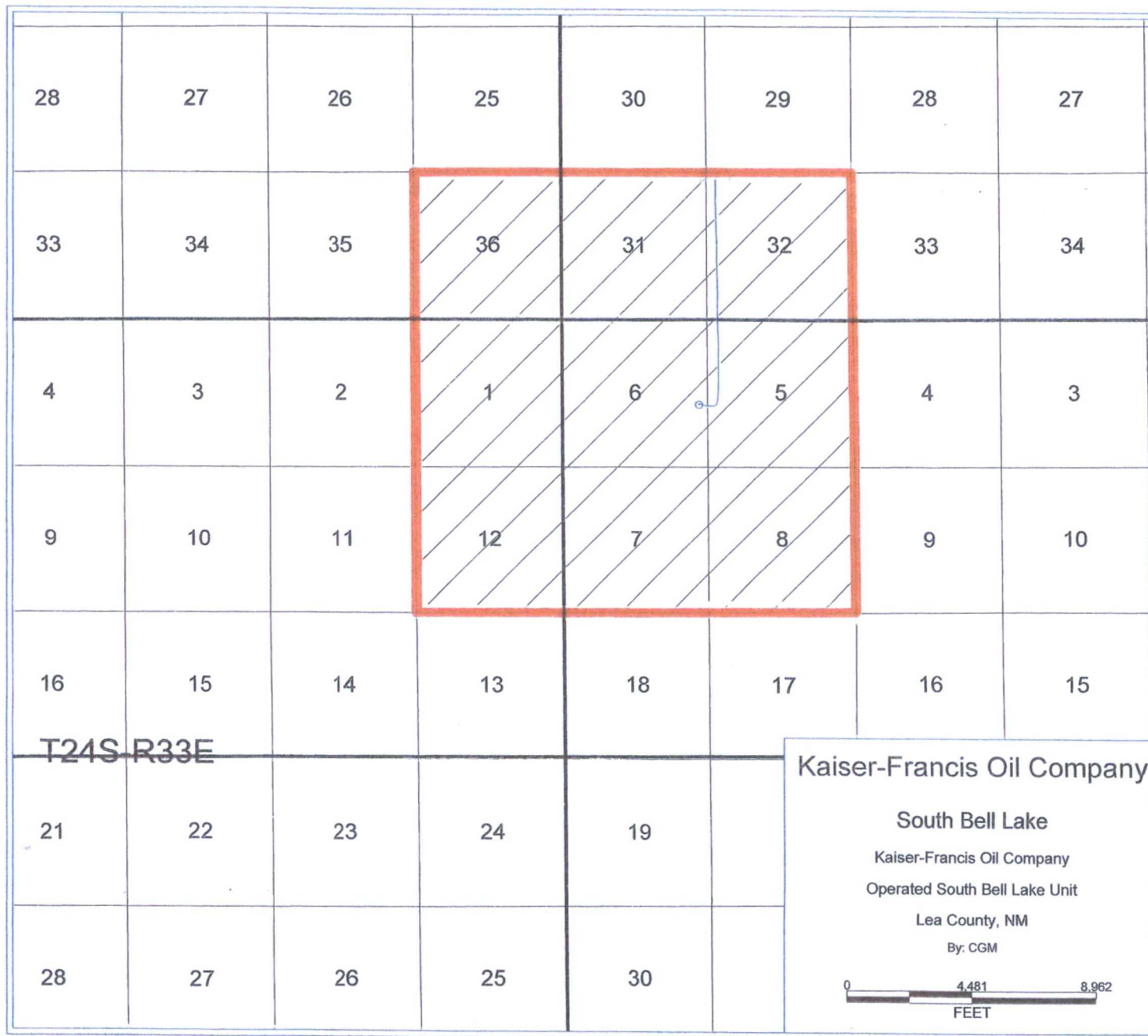




Capes
15821+15822
EXHIBIT 1

EXHIBIT 1

BELL LAKE SOUTH AREA

LEA COUNTY, NEW MEXICO

Section 31-23S-34E

Section 32-23S-34E

Section 36-23S-33E

Section 1-24S-33E

Section 12-24S-33E

Section 5-24S-34E

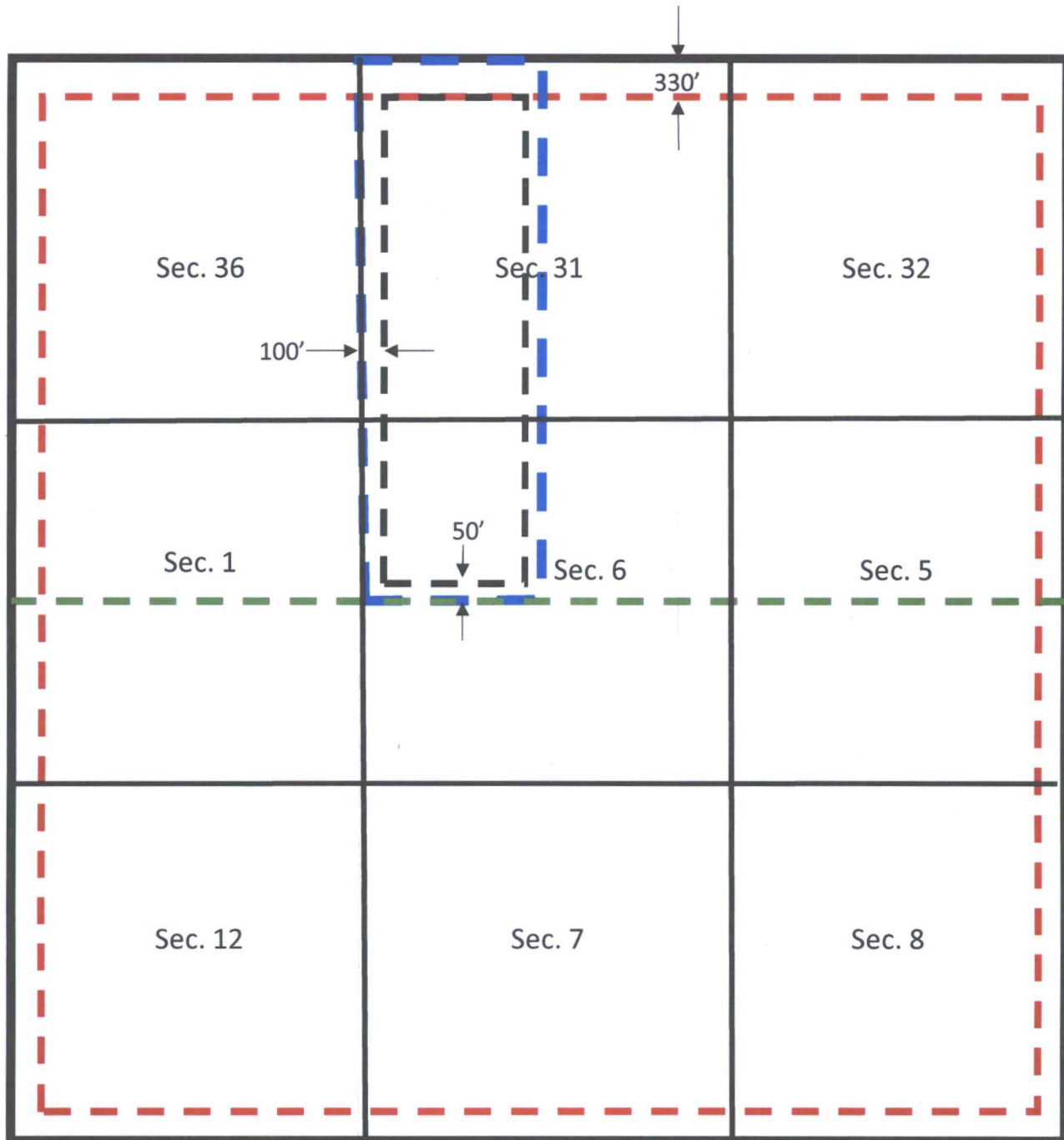
Section 6-24S-34E

Section 7-24S-34E

Section 8-24S-34E

Consisting of 5,747.56 total surface acres

Bell Lake Unit



--- Standard Well Unit

EXHIBIT 2

APPLICATION OF KAISER-FRANCIS OIL COMPANY FOR BELL LAKE SOUTH –BONE SPRING POOL RULES

KAISER-FRANCIS OIL COMPANY requests that special rules and regulations be established for horizontal wells in Bone Spring Pool providing for:

- a) A standard oil spacing and proration units of 480 acres.
- b) Wells to be located no closer than 330' from exterior boundary of 9 section unit, 100' from the interior north south boundary of a standard well unit, and with interior setbacks of 50' from a quarter-quarter section line for the beginning of a wells producing interval.
- c) A special depth bracket allowable of 9,600 barrels of oil per day for a standard 480 acre unit.
- d) A GOR of 5,000 cubic feet of gas per barrel of oil.
- e) All other rules to be in conformance with statewide rules.

EXHIBIT 2

APPLICATION OF KAISER-FRANCIS OIL COMPANY FOR BELL LAKE SOUTH –WOLFCAMP POOL RULES

KAISER-FRANCIS OIL COMPANY requests that special rules and regulations be established for horizontal wells in Wolfcamp Pool providing for:

- a) A standard oil spacing and proration units of 480 acres
- b) Wells to be located no closer than 330' from exterior boundary of 9 section unit, 100' from the interior north south boundary of a standard well unit, and with interior setbacks of 50' from a quarter-quarter section line for the beginning of a wells producing interval.
- c) A special depth bracket allowable of 6,000 barrels of oil per day for a standard 480 acre unit
- d) A GOR of 5,000 cubic feet of gas per barrel of oil; and
- e) All other rules to be in conformance with statewide rules.

EXHIBIT 3	
BELL LAKE SOUTH - WORKING INTEREST OWNERS, ROYALTY OWNERS, ORRI OWNERS, NON-PARTICIPATING ROYALTY OWNERS	
UNLEASED MINERAL INTEREST OWNERS AND OFFSET OPERATORS	
<u>OWNER</u>	<u>ADDRESS</u>
5588 Oil, LLC	P. O. Box 470925 Fort Worth, TX 76107
820MT O & G Multi-State, LLC	201 Main Street, Suite 2600 Fort Worth, TX 76102
820MT I BPEOR NM, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
820MT II BPEOR NM, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
A & P Family Limited Partnership	P.O. Box 1046 Eunice, NM 88231
Ada Resources, Inc.	6603 Kirbyville Street Houston, TX 77033-1104
Ada Mae Rosebrough, Trustee under H. D. and Ada M. Rosebrough Living Trust dated 11/2/84	3105 Pontiac Drive Farmington, NM 87401
ARBGT (RMB) O & G Multi-State, LLC	201 Main Street, Suite 2600 Fort Worth, TX 76102
Barbara Hinkley	260 Waterside Circle San Rafael, CA 94903
Barry B. Thompson	1856 Bugtussie Lane West, TX 75591
Beverly B. Strohl	2635 Bamboo Drive Lake Havasu City, AZ 86403
Besty Bond	43-10 48th Avenue, Apt 3U Woodside, NY 11377
BMT O & G NM, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
Buckeye Energy, Inc.	1401 West Wall Street Midland, TX 79701-6523
Buckeye Oil Producing Company	P. O. Box 129 Wooster, OH 44691
Buckeye Royalty Holdings, LLC	P. O. Box 129 Wooster, OH 44691
Bureau of Land Management	Carlsbad Field Office 620 E. Greene St. Carlsbad, New Mexico 88220-6292
Carrie Ellen Thomas Hair	Address unknown

Cassius Carter	4425 98th St., Ste. 200 Lubbock, TX 79424
Caza Operating, LLC	200 N. Loraine, Suite 1550 Midland, TX 79701
CEP Minerals, LLC	P. O. Box 50820 Midland, TX 79714
CH MINERALS LLC	PO BOX 6387 Beaverton, OR 97007-0387
Chesapeake Operating, Inc.	P. O. Box 18496 Oklahoma City, OK 73154
Chisholm Trail Ventures, L. P.	201 Main Street, Suite 2700 Fort Worth, TX 76102
Chisos Minerals, LLC	1111 Bagby Street, Suite 2140 Houston, TX 77002
Channing B. Brown, Jr.	5612 Pebble Beach El Paso, TX 79912
Charles and Beverly C Overton Trust	P.O. Box 32 Yeso, NM 88136
Chevron USA Inc.	6301 Deauville Blvd. Midland, TX 79706
Chevron USA Inc.	Attn: Shalyce Holmes 1400 Smith Street Houston, TX 77002
Claire Chilton Lopez	620 Rockledge Drive Saginaw, TX 76131
Clifford M. Randel, Trustee of the Ralph M. Randel Trust	P. O. Box 821011 North Richland Hills, TX 76182-1011
Clyde G. Grappe, Trustee of the Lilly May Grappe Trust	312 Sandalwood Lane Levelland, TX 79336
Clyde R. Harris	4220 Village East Circle San Angelo, TX 76904
Cobb Family Trust Kenneth M. Cobb, Trustee	1202 Cherrywood Court Allen, TX 75002
Cody Sims	P. O. Box 2630 Hobbs NM 88241
College of the Southwest	6610 N. Lovington Hwy Hobbs, NM 88240
Concho Oil & Gas, LLC	One Concho Center 600 West Illinois Avenue Midland, TX 79701
COG Operating, LLC	One Concho Center 600 West Illinois Avenue Midland, TX 79701

Conoco Phillips Burlington Resources Oil & Gas, L P	Attention: Cody Travers 600 N. Dairy Ashford Houston, TX 77079
ConocoPhillips Company	Attention: Cody Travers 600 N. Dairy Ashford Houston, TX 77079
Crump Energy Partners II, LLC	P. O. Box 50820 Midland, TX 79710
Dan T. Desmond	208 N McKown Ave Sherman , TX 75092-7430
Darrell R. Roan and Kim E. Roan	2931 Ridge Rd, Ste. 101, #198 Rockwall, TX 75032
Dennis Ray Mobley	606 Oakpark Dr. Brownwood, TX 76801
Devon Energy Production Company, L. P.	Attention: Cari Allen 3333 W. Sheridan Avenue Oklahoma City, OK 73702-5015
Donald A. Klise	1008 Greens View Wooster, OH 44691
Doris Harris Thompson	4220 Village East Circle San Angelo, TX 76904
Edith A. Hover	c/o Wade H. Hover 101 Church Street, Suite 12 Los Gatos, CA 95030
Edward T. Muse	3339 Morris Ranch Road Fredericksburt, TX 78624
Elizabeth Brannin McBee, William Dimmitt McBee II and Michael B. McBee, Trustees W. D. McBee Family Trust - Marital Trust dated 1/21/97	5942 Averill Way Dallas, TX 75225
Elizabeth Lea Daugherty, Trustee of Elizabeth Lea Daugherty Revocable Trust dated 3/22/2010	329 W. Houghton Santa Fe, NM 87505
Elliott Industries Limited Partnership	P.O Box 1328 Santa Fe, NM 87504
Elliot - Hall Company Limited Partnership	P.O. Box 1231 Ogden, UT 88402
Energen Resources Corporation	3510 North A Street Midland, TX 79705
Energex, LLC	4873 Raintree Circle Parker, CO 80134
EOG Resources, Inc.	P. O. Box 2267 Midland, TX 79702
EOG Resources, Inc.	5509 Champions Drive Midland, TX 79706

EOG M Resources, Inc.	105 South Fourth Street Artesia, NM 88210
Ewell H. Must III	5802 Kentucky Derby Court Austin, TX 78746
ExxonMobil	9 Greenway Plaza 2700 Houston, TX 77046
Fine Line O&G NM, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
Fine Line BPEOR NM, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
Frederick L. Stead and Betty Stead	1026 Hall Court Wylie, TX 75098
G. Dan Thompson	12107 Lueders Lane Dallas, TX 75230
GMT Exploration	1560 Broadway Suite 2000 Denver, CO 80202-5138
George Lynn Sims	P. O. Box 34 Mayhill, NM 88339
Heirs and devisees of Luther E. Page, Edna M. Page and Edna One Mobley, deceased	c/o Dennis Ray Mobley 606 Oakpark Drive Brownwood, TX 76801
Heirs or devisees of M. W. Autrey and Melba Autrey	P.O. Box 543 Sonoma, CA 95476
Heirs and devisees of Winnie Sims Kenman	c/o Cody Sims P. O. Box 2630 Hobbs NM 88241
Ida Harriette Fellers, Trustee under Hoyt and Ida H. Fellers Living Trust dated 8/9/85	3503 Greasewood Avenue Alamogordo, NM 88310
Imogene M. Hanners	1004 W. Avenue North Lovington, NM 88260
J. L. Burke III	8928 Meadowknoll Drive Dallas, TX 75243
J. L. Burke, Jr.	8928 Meadowknoll Drive Dallas, TX 75243
J. Penrod Toles	P.O. Box 1300 Roswell, NM 88202
The Toles Company	P.O. Box 1300 Roswell, NM 88202
J. S. Levers Oil Co. Ltd	2024 SW Howards Way, #502 Portland, OR 97201
J. S. Levers Oil Co. Ltd	P.O. Box 1691 Roswell, NM 8202
J. T. Collins	307 Lake Vista South Highland Village, TX 75077

James H. Boles	29747 Eagle Point Drive Canyon Lake, CA 92587
James Daniel Grappe	707 Baylor Street Austin, TX 78703
James D. Gordon	P. O. Box 30 Grant, CO 80448-00300
Jamie E. Jennings	P.O. Box 670326 Dallas, TX 75367
Jean Ann Capps	312 Sandalwood Lane Levelland, TX 79336
Joanne Harris Dietrich, Trustee of the John S. Harris Trust A	8844 North May Oklahoma City, OK 73120
Joe John Bond	1159 Oak Forest Drive Fort Worth, TX 76114
John Ray Grappe	143 South State Road Levelland, TX 79336
John C. Thomas	307 W. 7th Street , Suite 1705 Fort Worth, TX 76102
John Lawrence Chilton	4949 Corriente Lane Fort Worth, TX 76126
John C. Ryan IV	6229 Genoa Road Fort Worth, TX 76116
Katherine Ariel Johnson-Barger	866 Emerald Hills Circle Fairfield, CA 94533
Katherine K. McNyre (formerly Catherine Magruder)	512 Thunder Crest El Paso, TX 79912-4251
Katherine W. Aven	204 Ash Plainview, TX 79072
Keystone Group, LP	201 Main Street, Suite 2700 Fort Worth, TX 76102
Khody Land & Minerals	Attention: Justin R. Hall 3500 One Williams Center, MD 35 Tulsa, OK 74172
KWCL Properties	307 W. 7th Street , Suite 1705 Fort Worth, TX 76102
L. C. Jones	P. O. Box 153 Aransas Pass, TX 78336-0153
LDL Lowe Family Partnership Ltd	Attention: Loretta D. Lowe 1200 Barton Creek Blvd, Apt 2 Austin, TX 78735
Legacy Royalty, LLC	403 West San Francisco Santa Fe, NM 87505
Legacy Royalty, LLC	P. O. Box 1091 Artesia, NM 88211-1091

Lela Ellen Madera	187 George Straight Canyon Lake, TX 78133
Leo V. Sims II	c/o Cody Sims P. O. Box 2630 Hobbs, NM 88241
Levi T. Barger and Katherine A. Johnson-Barger, Trustees of the Barger Family Trust dated October 10, 2001	866 Emerald Hills Circle Fairfield, CA 94533
LMBI, L. P.	201 Main Street, Suite 2700 Fort Worth, TX 76102
LMBI O & G Multi-State, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
Lowe Minerals and Land Family Partnership, Ltd.	Attention: Larry Lowe 2313 Broadway Lubbock, TX 79104
Odell L. Lowe, Trustee of the H. L. Lowe Trusts	8200 Nashville Avenue, Suite 104 Lubbock, TX 79423
Lowe Trusts U/W/O H. L. Lowe	8200 Nashville Avenue, Suite 104 Lubbock, TX 79423
LKM Lowe Family Partnership	Attention: Larry Lowe 2313 Broadway Lubbock, TX 79104
Lucy Ryan Muse	201 Main Street, Suite 2700 Fort Worth, TX 76102
Lynda D. Jacobson	c/o Sharyn Ann Rash Madera 419 East 300 South #15 Salt Lake City, UT 84111
Lynda Madera Jacobsen	c/o Sharyn Ann Rash Madera 419 East 300 South #15 Salt Lake City, UT 84111
Lynda Madera	c/o Sharyn Ann Rash Madera 419 East 300 South #15 Salt Lake City, UT 84111
M. Fred Madera	P.O.Box 645 La Pine, Oregon 97739
Margaret Ann Weber	5906 Joyce Way Dallas, TX 75225
Marian D. Harris and Ford L. Billups, Jr., Trustees of the Joanne D. Harris Dietrich Trust A	8844 North May Oklahoma City, OK 73120
Marilyn Burke Salter	20031 82nd Ave. W. Edmonds, WA 98026
Mavros Minerals, LLC	P. O. Box 50820 Midland, TX 79710
Maxine B. Hannifin, Trustee of Robert and Maxine Hannifin Trust	P. O. Box 218 Midland, TX 79702

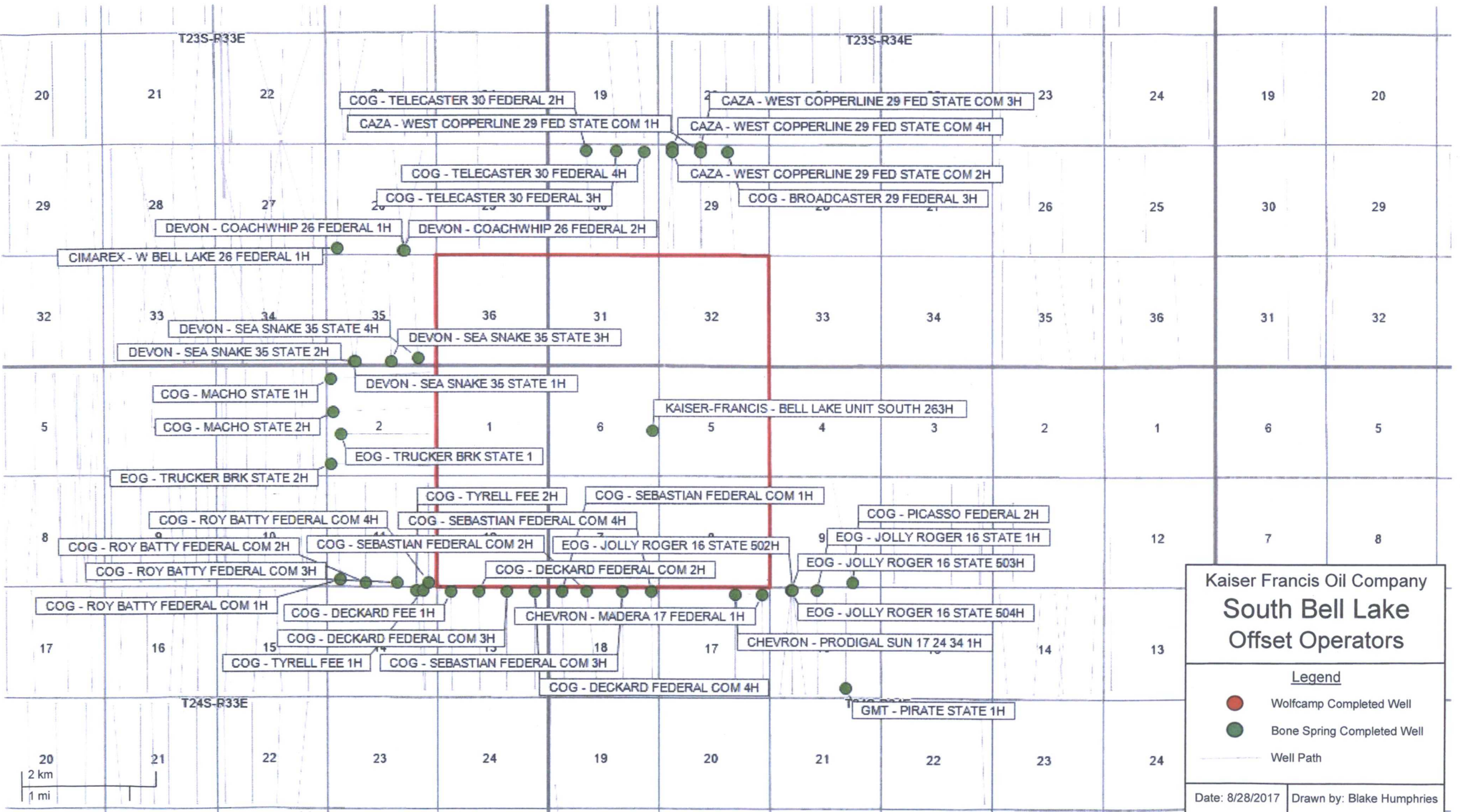
Mildred A. Broman Heirs c/o Sandra Lee Powers	1457 East Whidbey Avenue Oak Harbor, WA 98277
Mildred Maxine Madera McCall	1434 Hamblen Road Kingwood, TX 77339
Mobil Producing Texas & New Mexico, Inc.	9 Greenway Plaza 2700 Houston, TX 77046
Myco Industries, Inc. c/o EOG Resources	105 South Fourth Street Artesia, NM 88210
Myco Industries, Inc. c/o EOG Resources	P. O. Box 2267 Midland, TX 79702
Nancy J. Desmond Trust Nancy J. Desmond, Trustee	4413 Contenta RDG Santa Fe, NM 87507-6613
New Mexico Oil Corporation	P.O. Box 1714 Roswell, NM 88202
Nancy I. Farmer	5136 E. 35th Street Tulsa, OK 74135
Nuevo Seis, Limited Partnership	P. O. Box 2588 Roswell, NM 88202-2588
Oak Valley Mineral and Land, LP	P. O. Box 50820 Midland, TX 79710
Occidental Oil and Gas Corporation Oxy USA WTP LP	Attention: Alec Herzog 5 Greenway Plaza, Suite 110 Houston, TX 77046-0521
Occidental Permain, Ltd	P. O. Box 4294 Houston, TX 77210
Ohio State University	The Ohio State University c/o Real Estate & Property Management 53 W. 11th St., Columbus, Ohio 88202
Opal Page	c/o Dennis Ray Mobley 606 Oakpark Dr. Brownwood, TX 76801
Pamela Madera	4621 W. Agave Eloy, AZ 85131
Patrick Austin Graf	14 Paxton Place Levelland, TX 79336
Powhatan Carter, III	P.O. Box 328 Fort Sumner, NM 88119
R. V. Pepper and Victoria Pepper	2102 Woodlawn Dr. Midland, TX 79705
Realeza Del Spear, L P	P.O. Box 1684 Midland, TX 79702

Remergy, LP	1401 West Wall Street Midland, TX 79701-6523
Richard Royall Ryan	14011 Bluff Park Drive San Antonio, TX 78216
RMB Holdings, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
RMB O&G Multi -State, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
Robert H. Brown	P. O. Box 1288 Canutillo, TX 79835-1288
Rodney Carter	736 Trailside Bend Round Rock, TX 78665
Roger John Allen and Nancy Edge Jennings Allen, Trustees under the Allen Family Revocable Trust dated May 19, 2000, FBO Jancy Edge Jennings Allen	3623 Overbrook Drive Dallas, TX 75205
Roswell Small Investment Company	P.O. Box 5 Roswell, NM 88202
Small Business Administrative Receiver Roswell Small Business Investment Company Investment Division - T. Morris, Director	409 3rd Street SW, 6th Floor Washington, D. C. 20416
Roy M. Page	c/o Dennis Ray Mobley 606 Oakpark Dr. Brownwood, TX 76801
Rubert Madera	P. O. Box 2795 Ruidosa, NM 88355
Sandra Lee Powers	1457 East Whidbey Avenue Oak Harbor, WA 98277
Sara I. Langford	5310 Fairway Dr. West Fayetteville, PA 17222
Shackelford Oil Properties, Inc.	1096 Mechem Dr., Lincoln Towner Suite G-15 Ruidoso, NM 88345-7075
Sharbro Holdings, LLC	P.O. Box 840 Artesia, NM 88211
Sharyn Rash	419 East 300 South, #15 Salt Lake City, UT 84111
Sid R. Bass, Trustee	201 Main Street, Suite 2600 Fort Worth, TX 76102
South Fifth Energy, LLC	P.O. Box 130 Ruidoso, NM 88355
Southwest Royalties, Inc.	6 Desta Drive Midland, TX 79705

Southwest Theological Seminary	The Southwestern Baptist Theological Seminary, a Texas nonprofit corporation, acting by & through Baptist Foundation of Texas, dba HighGround Advisors, its agent & AIF c/o HighGround Advisors 1601 Elm Street, Suite 1700 Dallas, TX 75201-7241
SRBI, L. P.	201 Main Street, Suite 2700 Fort Worth, TX 76102
SRBI O & G Multistate, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
SRBMT O & G NM, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
State Land Office	Attn: Oil and Gas – Sue 310 Old Santa Fe Trail Santa Fe, NM 87504
Strata Production Co.	P. O. Drawer 1030 Roswell, NM 88202
Successor Trustee to Ralph M. Randel, Trustee, according to that certain Trust Agreement executed on March 10, 1995	P. O. Box 821011 North Richland Hills, TX 76182-1011
Successors to Mary E. Thompson (James D. Gordon)	P. O. Box 30 Grant, CO 80448-00300
Sun West Oil & Gas, Inc.	P.O. Box 1684 Midland, TX 79702
Susan J. Croft	4657 Southern Avenue Dallas, TX 75209
Susan Ryan	2208 Mistletoe Blvd Fort Worth, TX 76110
Texas Technological University	15th & Akron Lubbock, TX 79409
Thomas T. Holley	P.O. Box 3602 Wichita Falls, TX 76301
Thru Line L.P.	201 Main Street, Suite 2700 Fort Worth, TX 76102
Thru Line BPEOR, NM, LLC	201 Main Street, Suite 2700 Fort Worth, TX 76102
Tilden Capital	307 W. 7th St. Suite 1203 Fort Worth, TX 76102
The Toles Company	P. O. Box 1300 Roswell, NM 88202
Valerie Shane Harris	PO Box 58 Fairfield, IA 52556
Wade Hover	101 Church Street, Suite 12 Las Gatos, CA 95030

Weldon E. Page	c/o Dennis Ray Mobley 606 Oakpark Dr. Brownwood, TX 76801
Wesmax, Ltd.	c/o Terry Blankenship 1821 WestLake Dr, #123 Austin, TX 78746
Wesmax, Ltd.	C/O Terry Blankenship 1821 Westlake Dr. STE 101 Austin, TX 78746
West Texas A & M University	2501 4th Avenue Canyon, TX 79016
Wilco Properties, Inc.	4809 Cole Avenue Suite 107 Dallas, TX 752205
William I. Lee	Address unknown
Willie Joe Holland	1460 Kaylock Street Stephenville, TX 76401-5110
WPX Energy, Inc.	Attention: Justin R. Hall 3500 One Williams Center, MD 35 Tulsa, OK 74172

EXHIBIT 4



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

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR POOL CREATION AND SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.**

Case No. 15,821

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR POOL CREATION AND SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.**

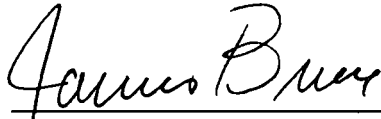
Case No. 15,822

AFFIDAVIT OF NOTICE

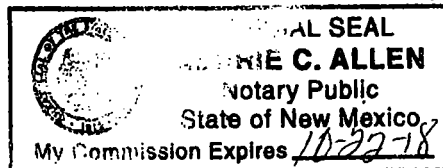
COUNTY OF SANTA FE)
) ss.
STATE OF NEW MEXICO)

James Bruce, being duly sworn upon his oath, 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 or operators, 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 NMAC 19.15.4.9 and 19.15.4.12.


James Bruce

SUBSCRIBED AND SWORN TO before me this 15th day of September, 2017 by James Bruce.



My Commission Expires: _____


Notary Public

EXHIBIT 5

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

August 23, 2017

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

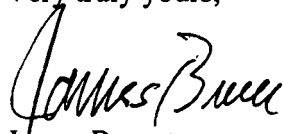
Ladies and gentlemen:

Enclosed are copies of two applications for pool creation and special pool rules, filed with the New Mexico Oil Conservation Division by Kaiser-Francis Oil Company, regarding the South Bell Lake-Bone Spring Pool and the South Bell Lake-Wolfcamp Pool in Lea County, New Mexico.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, September 14, 2017, at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that 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, September 7, 2017. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and its 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. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,


James Bruce

Attorney for Kaiser-Francis Oil Company

ATTACHMENT *A*

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR POOL CREATION AND SPECIAL RULES AND
REGULATIONS THEREFOR THE, LEA COUNTY,
NEW MEXICO.**

Case No. _____

APPLICATION

Kaiser-Francis Oil Company applies for an order (i) creating a new pool for horizontal Bone Spring development, to be named the South Bell Lake-Bone Spring Pool, and (ii) instituting special rules and regulations for the proposed pool, and in support thereof, states:

1. Applicant is an interest owner in and operator of the following acreage in Lea County, New Mexico:

Township 23 South, Range 33 East, N.M.P.M.

Section 36: All

Township 23 South, Range 34 East, N.M.P.M.

Section 31: Lots 1-4, E/2, and E/2W/2 (All)

Section 32: All

Township 24 South, Range 33 East, N.M.P.M.

Section 1: Lots 1-4, S/2N2, and S/2 (All)

Section 12: All

Township 24 South, Range 34 East, N.M.P.M.

Section 5: Lots 1-4, S/2N2, and S/2 (All)

Section 6: Lots 1-7, S/2NE/4, SE/4NW/4, E/2SW/4, and SE/4 (All)

Section 7: Lots 1-4, E/2, and E/2W/2 (All)

Section 8: All

The foregoing acreage is contained in the South Bell Lake Unit (the "Unit"), comprised of 5,747.56 acres of Federal, State, and Fee land.

2. Applicant intends to drill multiple Bone Spring wells inside the Unit. The wells will be 1-1/2 miles in length, and will be drilled as north-south standup units. Applicant's drilling

program is planned to properly drain Bone Spring reserves from the Unit, and obtain maximum recovery therefrom. This will result in certain wells having otherwise unorthodox locations.

3. The allowable established by NMAC 19.15.20.12 is insufficient for the planned multiple horizontal wells per well unit, and may cause or exacerbate overproduction. Therefore, Applicant proposes to create a new pool for horizontal Bone Spring development within the Unit, and special rules and regulations for the new pool.

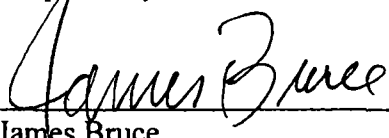
4. Applicant requests the creation of a new pool, named the South Bell Lake-Bone Spring Pool (the "Pool"), to include the lands described in paragraph 1 above. The Pool will cover the entire Bone Spring formation. Applicant requests that special rules and regulations be established for the Pool, providing for:

- (a) A standard oil spacing and proration unit of 480 acres for horizontal wells;
- (b) Horizontal to be located no closer than 330 feet to the exterior boundary of the Unit;
- (c) Interior setbacks of 10 feet from a quarter-quarter section line for horizontal wells;
- (d) Setbacks of 100 feet from the side line of a standard horizontal well unit, except as provided in subparagraph (b) above, and 50 feet from the last take point of a well;
- (e) A special depth bracket allowable of 9600 barrels of oil per day for a standard horizontal well unit;
- (f) A limiting gas:oil ratio of 5000 cubic feet of gas per barrel of oil produced; and
- (g) All other rules to be in conformance with statewide rules.

5. Existing vertical wells in the Unit will retain their current well units.
6. **Applicant requests that the pool rules be limited to lands within the Unit.**
7. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division grant the relief requested above.

Respectfully submitted,

A handwritten signature in cursive script, 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

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR POOL CREATION AND SPECIAL RULES AND
REGULATIONS THEREFOR THE, LEA COUNTY,
NEW MEXICO.**

Case No. _____

APPLICATION

Kaiser-Francis Oil Company applies for an order (i) creating a new pool for horizontal Wolfcamp development, to be named the South Bell Lake-Wolfcamp Pool, and (ii) instituting special rules and regulations for the proposed pool, and in support thereof, states:

1. Applicant is an interest owner in and operator of the following acreage in Lea County, New Mexico:

Township 23 South, Range 33 East, N.M.P.M.

Section 36: All

Township 23 South, Range 34 East, N.M.P.M.

Section 31: Lots 1-4, E/2, and E/2W/2 (All)

Section 32: All

Township 24 South, Range 33 East, N.M.P.M.

Section 1: Lots 1-4, S/2N2, and S/2 (All)

Section 12: All

Township 24 South, Range 34 East, N.M.P.M.

Section 5: Lots 1-4, S/2N2, and S/2 (All)

Section 6: Lots 1-7, S/2NE/4, SE/4NW/4, E/2SW/4, and SE/4 (All)

Section 7: Lots 1-4, E/2, and E/2W/2 (All)

Section 8: All

The foregoing acreage is contained in the South Bell Lake Unit (the "Unit"), comprised of 5,747.56 acres of Federal, State, and Fee land.

2. Applicant intends to drill multiple Wolfcamp wells inside the Unit. The wells will be 1-1/2 miles in length, and will be drilled as north-south standup units. Applicant's drilling

program is planned to properly drain Wolfcamp reserves from the Unit, and obtain maximum recovery therefrom. This will result in certain wells having otherwise unorthodox locations.

3. The allowable established by NMAC 19.15.20.12 is insufficient for the planned multiple horizontal wells per well unit, and may cause or exacerbate overproduction. Therefore, Applicant proposes to create a new pool for horizontal Wolfcamp development within the Unit, and special rules and regulations for the new pool.

4. Applicant requests the creation of a new pool, named the South Bell Lake-Wolfcamp Pool (the "Pool"), to include the lands described in paragraph 1 above. The Pool will cover the entire Wolfcamp formation. Applicant requests that special rules and regulations be established for the Pool, providing for:

- (a) A standard oil spacing and proration unit of 480 acres for horizontal wells;
- (b) Horizontal to be located no closer than 330 feet to the exterior boundary of the Unit;
- (c) Interior setbacks of 10 feet from a quarter-quarter section line for horizontal wells;
- (d) Setbacks of 100 feet from the side line of a standard horizontal well unit, except as provided in subparagraph (b) above, and 50 feet from the last take point of a well;
- (e) A special depth bracket allowable of 6000 barrels of oil per day for a standard horizontal well unit;
- (f) A limiting gas:oil ratio of 5000 cubic feet of gas per barrel of oil produced; and
- (g) All other rules to be in conformance with statewide rules.

5. Existing vertical wells in the Unit will retain their current well units.
6. **Applicant requests that the pool rules be limited to lands within the Unit.**
7. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division grant the relief requested above.

Respectfully submitted,

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

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820MT I BPEOR NM, LLC
201 Main Street, Suite 2700
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820MT II BPEOR NM, LLC
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Houston, TX 77033-1104

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D. and Ada M.
Rosebrough Living Trust dated 11/2/84
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Farmington NM 87401

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Besty Bond
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Midland, TX 79701-6523

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Carrie Ellen Thomas Hair
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CH MINERALS LLC
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Beaverton, OR 97007-0387

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Midland, TX 79706

Chevron USA Inc.
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Houston, TX 77002

Claire Chilton Lopez
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Saginaw, TX 76131

EXHIBIT A-1

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May Grappe Trust
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Levelland, TX 79336

Clyde R. Harris
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San Angelo, TX 76904

Cobb Family Trust
Kenneth M. Cobb, Trustee
1202 Cherrywood Court
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Cody Sims
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College of the Southwest
6610 N. Lovington Hwy
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COG Operating, LLC
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Conoco Phillips
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Houston, TX 77079

ConocoPhillips Company
Attention: Cody Travers
600 N. Dairy Ashford
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Elizabeth Brannin McBee, William Dimmitt
McBee II and
Michael B. McBee, Trustees W. D. McBee
Family Trust - Marital Trust dated 1/21/97
5942 Averill Way
Dallas, TX 75225

Elizabeth Lea Daugherty, Trustee of
Elizabeth Lea Daugherty
Revocable Trust dated 3/22/2010
329 W. Houghton
Santa Fe, NM 87505

Elliott Industries Limited Partnership
P.O. Box 1328
Santa Fe, NM 87504

Elliot - Hall Company Limited
Partnership
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Ogden, UT 88402

Energex Resources Corporation
3510 North A Street
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Energex, LLC
4873 Raintree Circle
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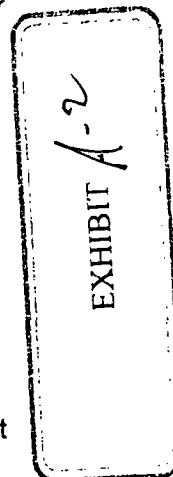
EOG Resources, Inc.
P. O. Box 2267
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EOG Resources, Inc.
5509 Champions Drive
Midland, TX 79706

EOG M Resources, Inc.
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Edna One Mobley, deceased
c/o Dennis Ray Mobley
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Heirs or devisees of M. W. Autrey and
Melba Autrey
P.O. Box 543
Sonoma, CA 95476

Heirs and devisees of Winnie Sims
Kenman
c/o Cody Sims
P. O. Box 2630
Hobbs NM 88241

Ida Harriette Fellers, Trustee under Hoyt
and Ida H. Fellers
Living Trust dated 8/9/85
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Alamogordo, NM 88310

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J. L. Burke, Jr.
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John S. Harris Trust A
8844 North May
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Joe John Bond
1159 Oak Forest Drive
Fort Worth, TX 76114

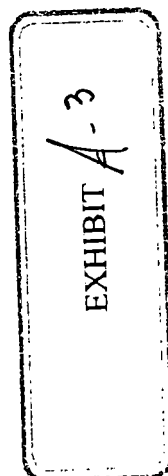
John Ray Grappe
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dated October 10, 2001

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Lowe Trusts U/W/O H. L. Lowe
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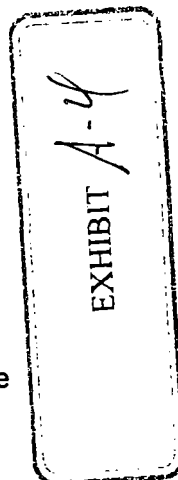
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Occidental Permain, Ltd
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Round Rock, TX 78665

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Dallas, TX 75205

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Roswell, NM 88202

Small Business Administrative Receiver
Roswell Small Business Investment Company
Investment Division - T. Morris, Director
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Washington, D. C. 20416

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Southwest Royalties, Inc.
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Midland, TX 79705

Southwest Theological Seminary
The Southwestern Baptist Theological Seminary,
a Texas nonprofit corporation, acting by & through
Baptist Foundation of Texas, dba
HighGroundAdvisors, its agent & AIF
c/o HighGround Advisors
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Dallas, TX 75201-7241

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Fort Worth, TX 76102

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Fort Worth, TX 76102

SRBMT O & G NM, LLC
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State Land Office
Attn: Oil and Gas - Sue
310 Old Santa Fe Trail
Santa Fe, NM 87504

Strata Production Co.
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Roswell, NM 88202

Successor Trustee to Ralph M. Randel, Trustee,
according to that certain Trust
Agreement executed on March 10, 1995
P. O. Box 821011
North Richland Hills, TX 76182-1011

Successors to Mary E. Thompson
(James D. Gordon)
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Grant, CO 80448-00300

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Valerie Shane Harris
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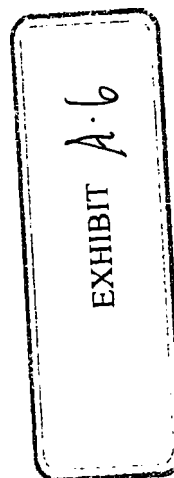
Weldon E. Page
c/o Dennis Ray Mobley
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Wesmax, Ltd.
c/o Terry Blankenship
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Austin, TX 78746

Wesmax, Ltd.
C/O Terry Blankenship
1821 Westlake Dr. STE 101
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West Texas A & M University
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Canyon, TX 79016

Wilco Properties, Inc.
4809 Cole Avenue
Suite 107
Dallas, TX 752205



William I. Lee
Address unknown

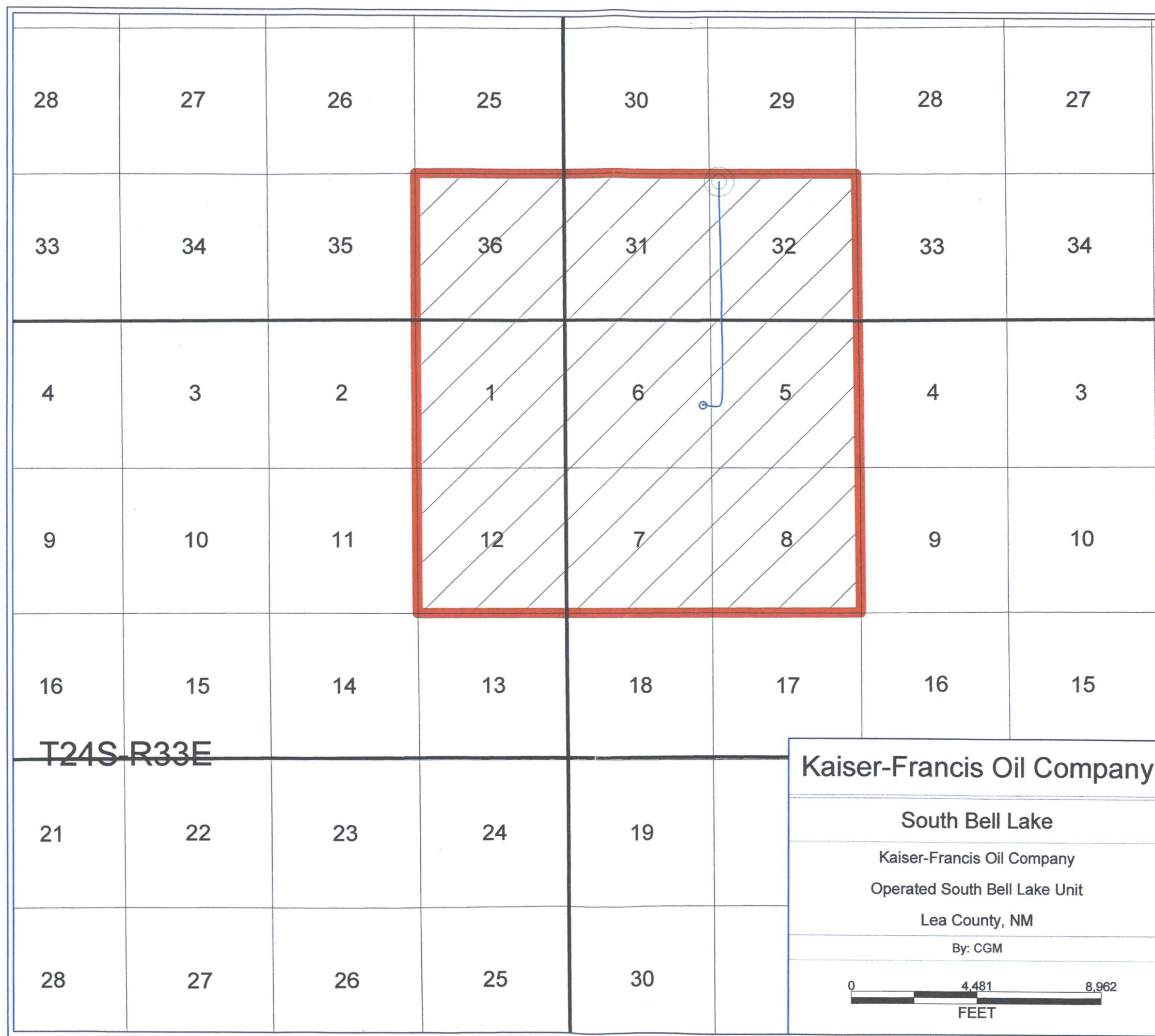
Willie Joe Holland
1460 Kaylock Street
Stephenville, TX 76401-5110

WPX Energy, Inc.
Attention: Justin R. Hall
3500 One Williams Center, MD 35
Tulsa, OK 74172

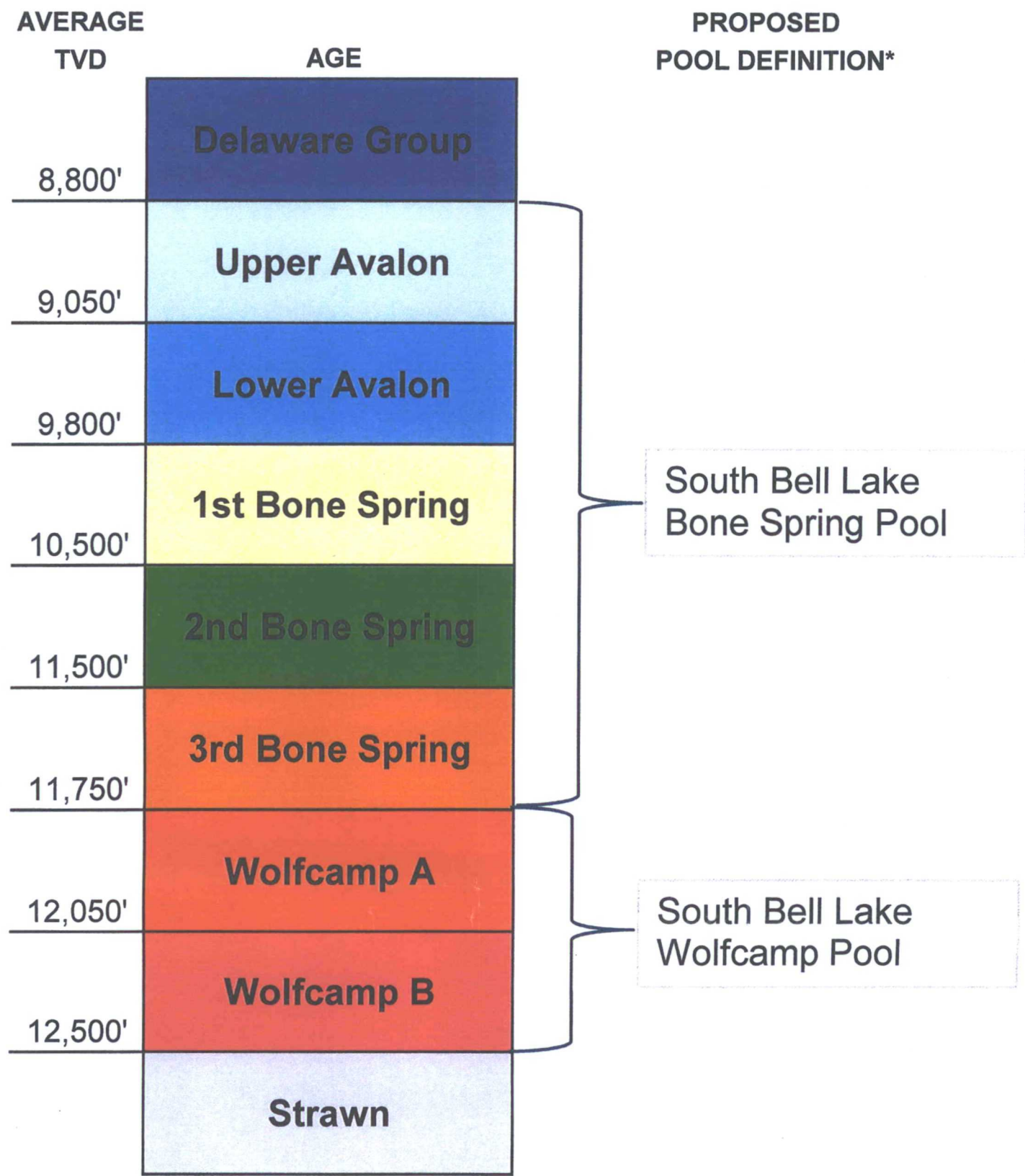
EXHIBIT

A-1

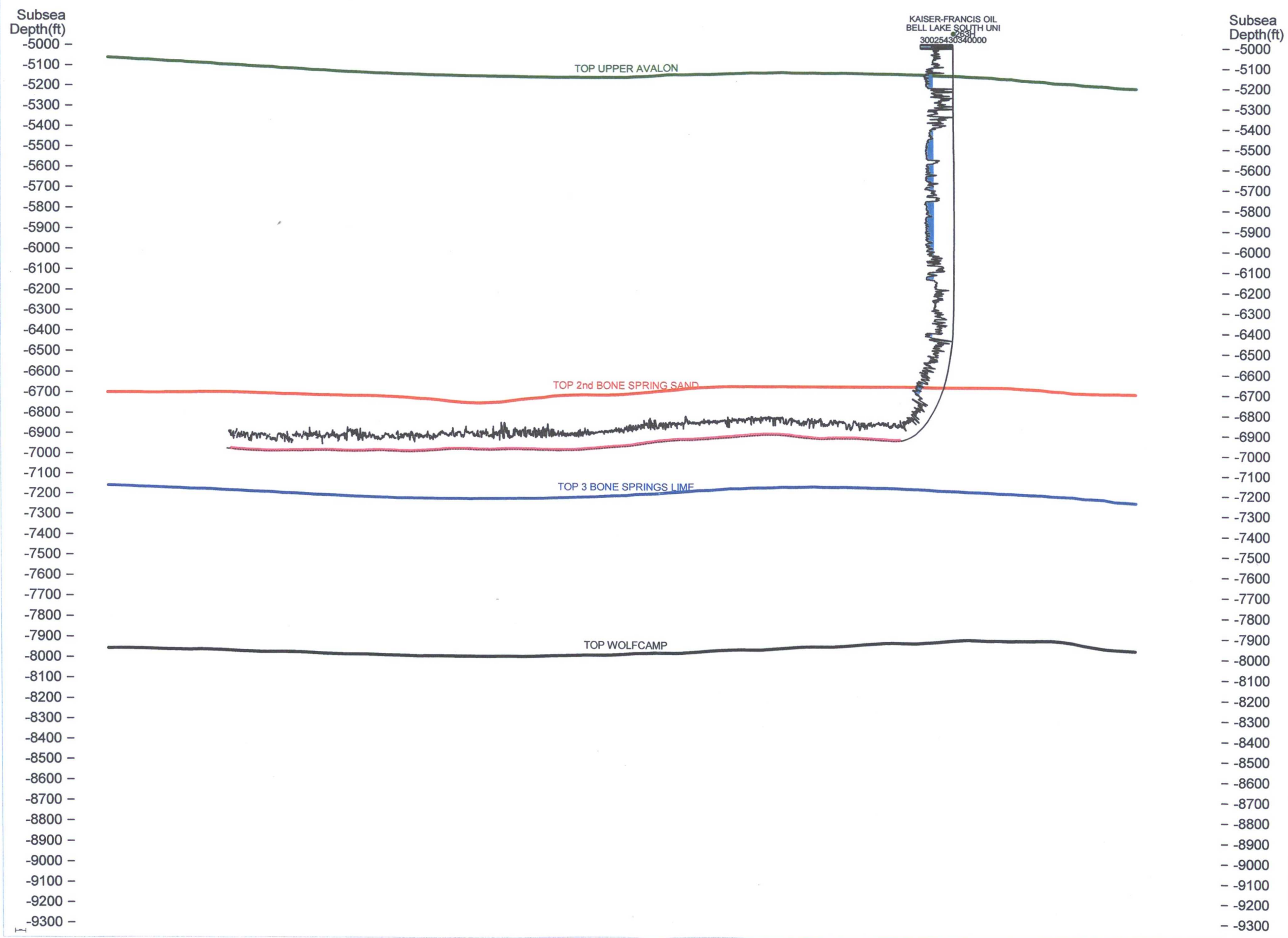
Cases
15821 + 15822

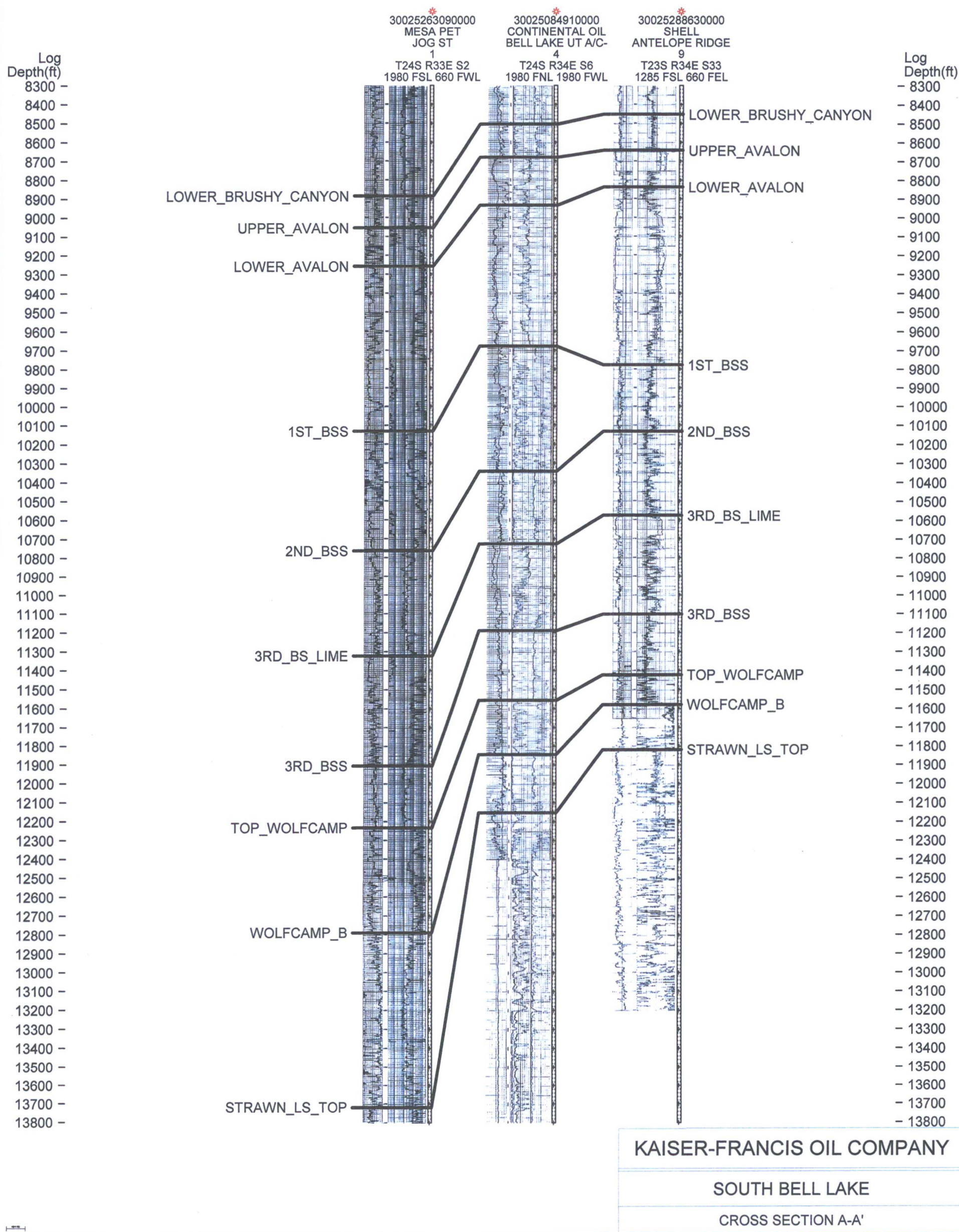


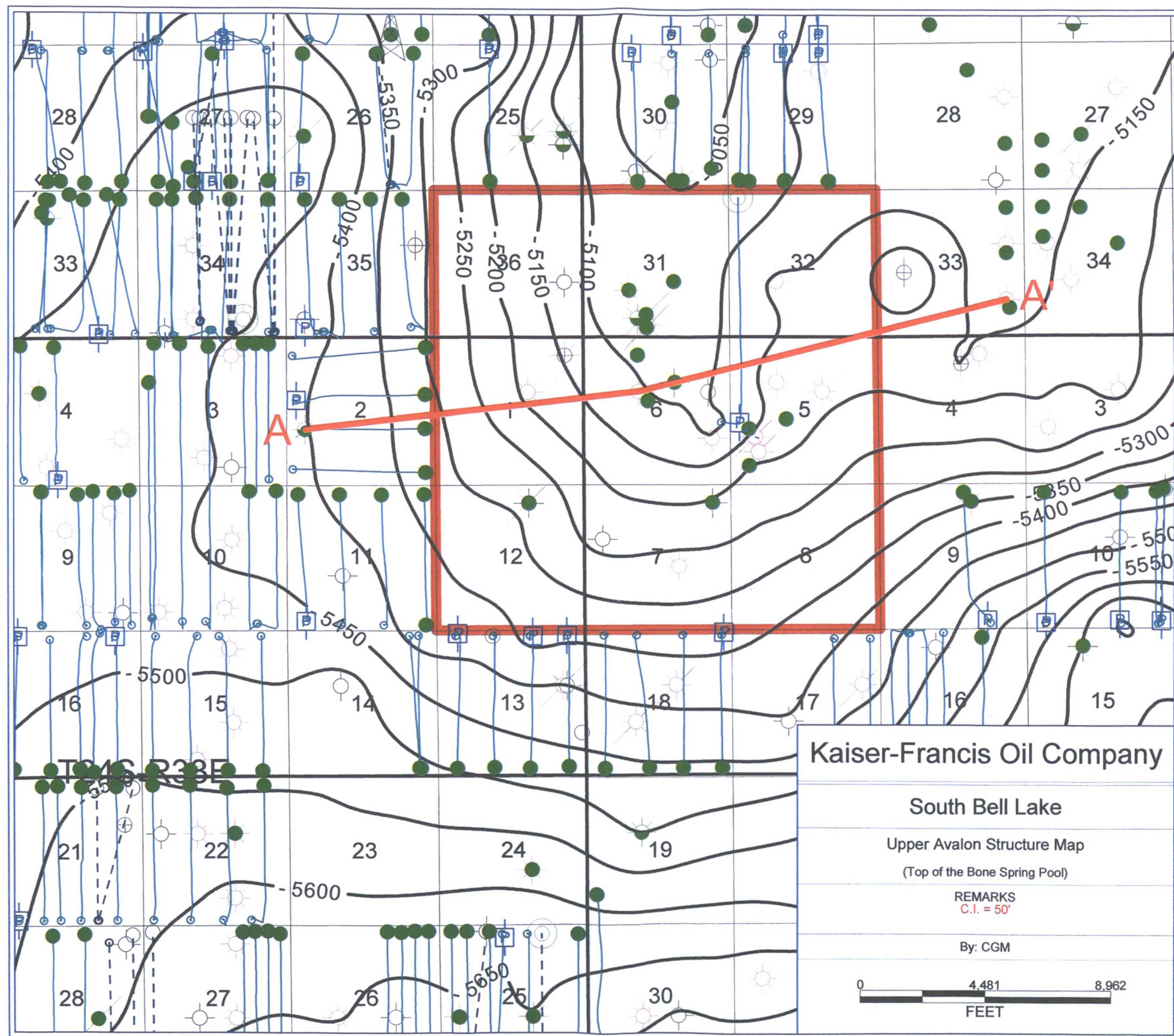
SOUTH BELL LAKE

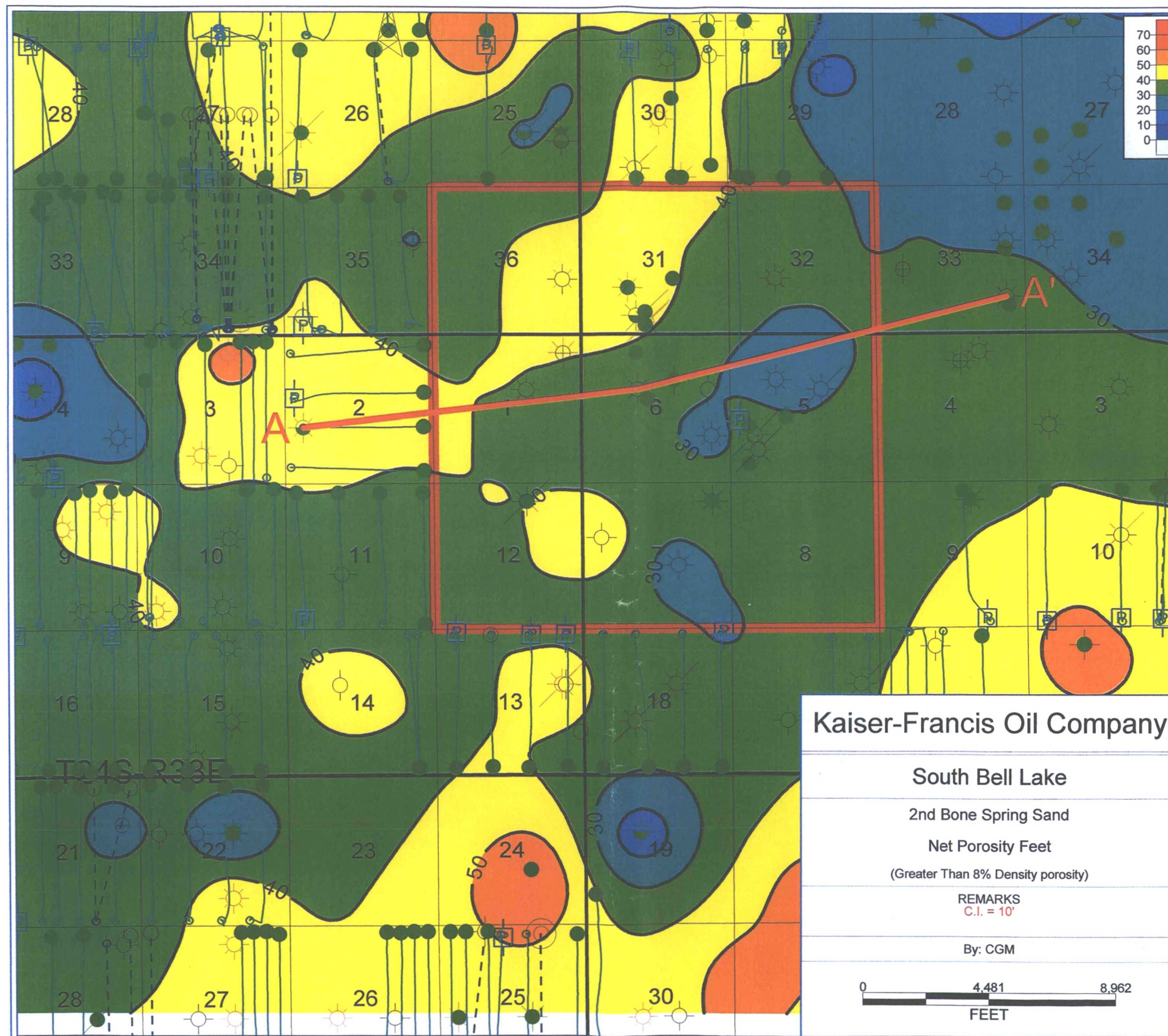


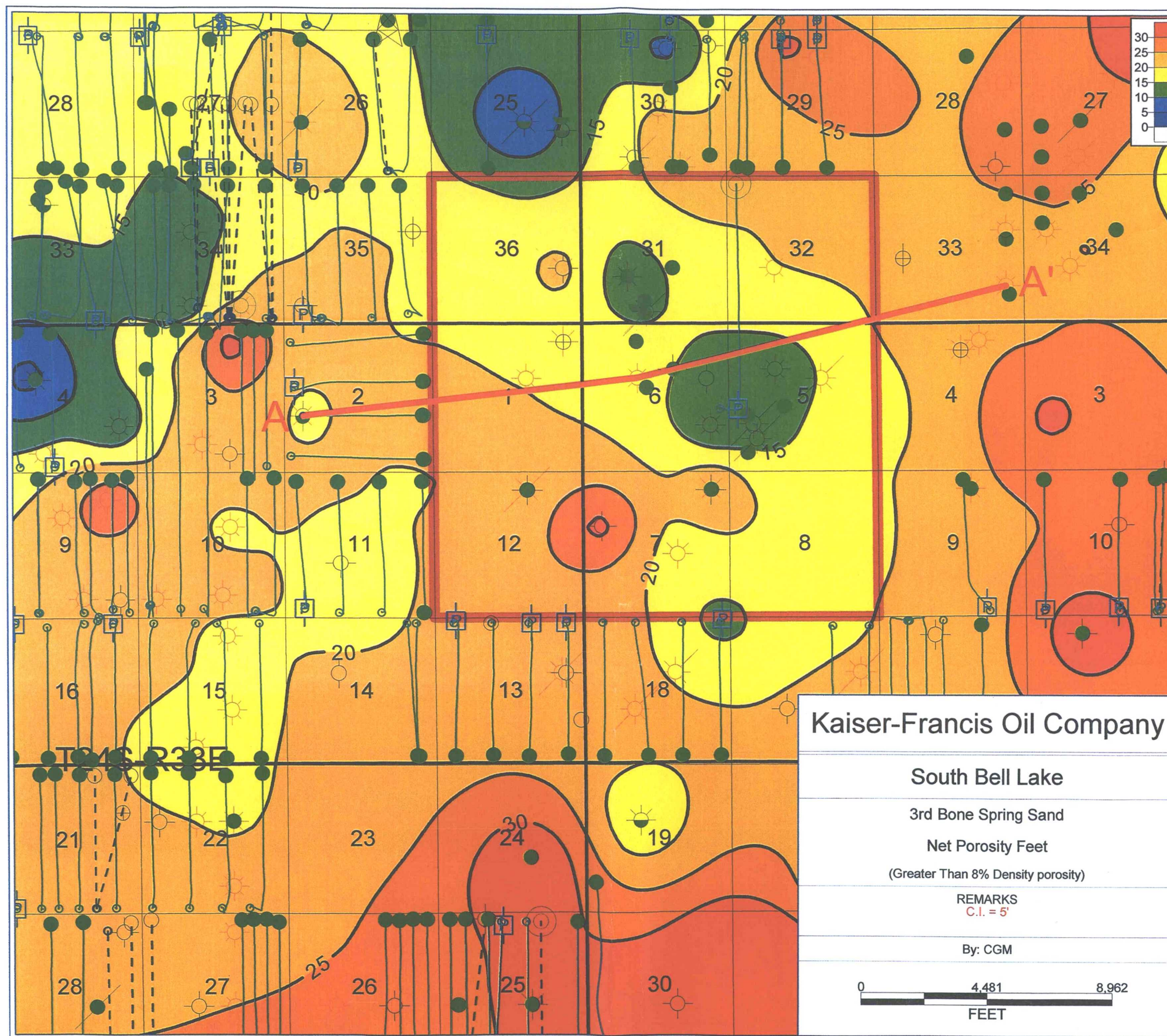
(*Pool definitions discussed with and approved by Paul Kautz)

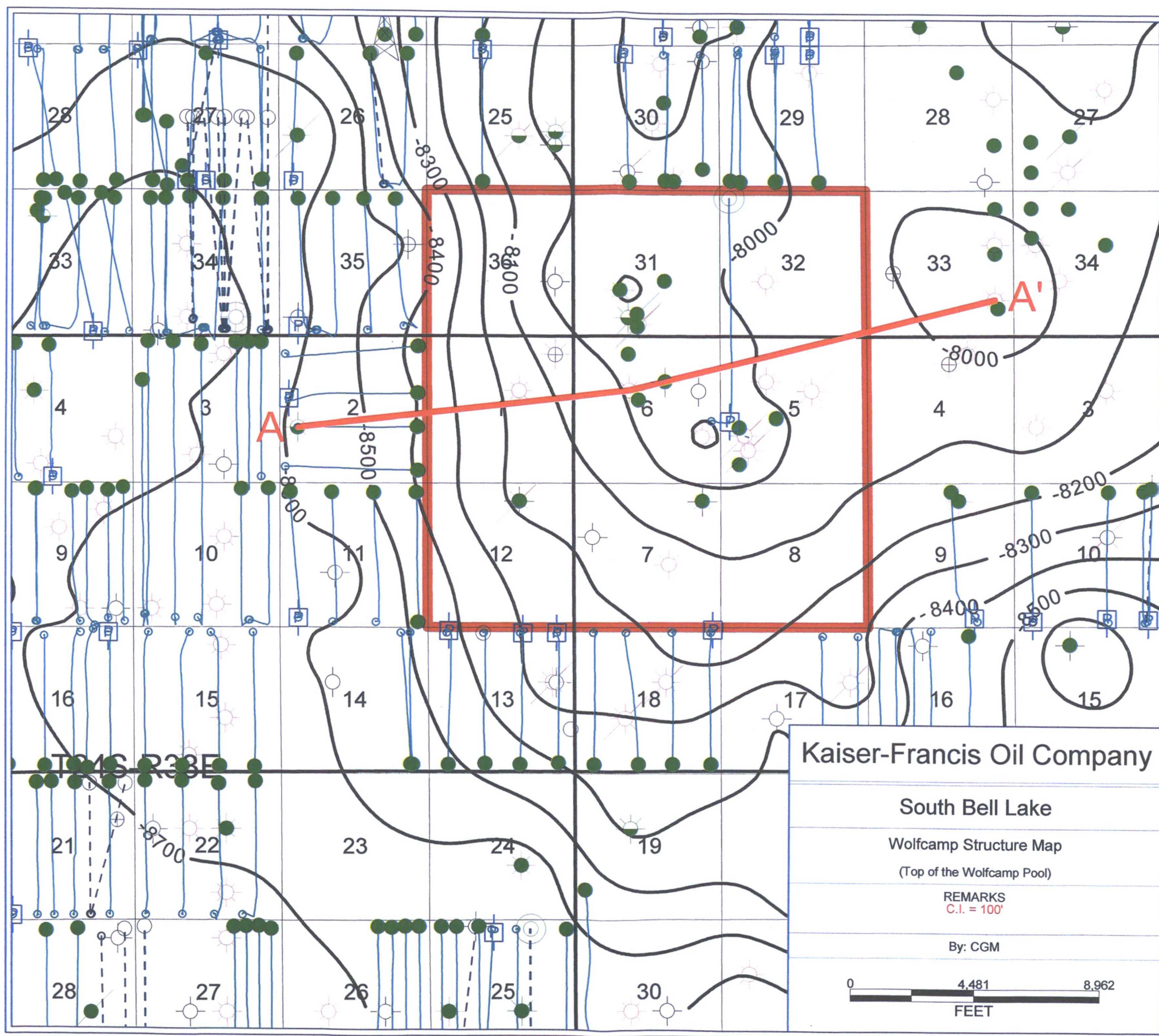


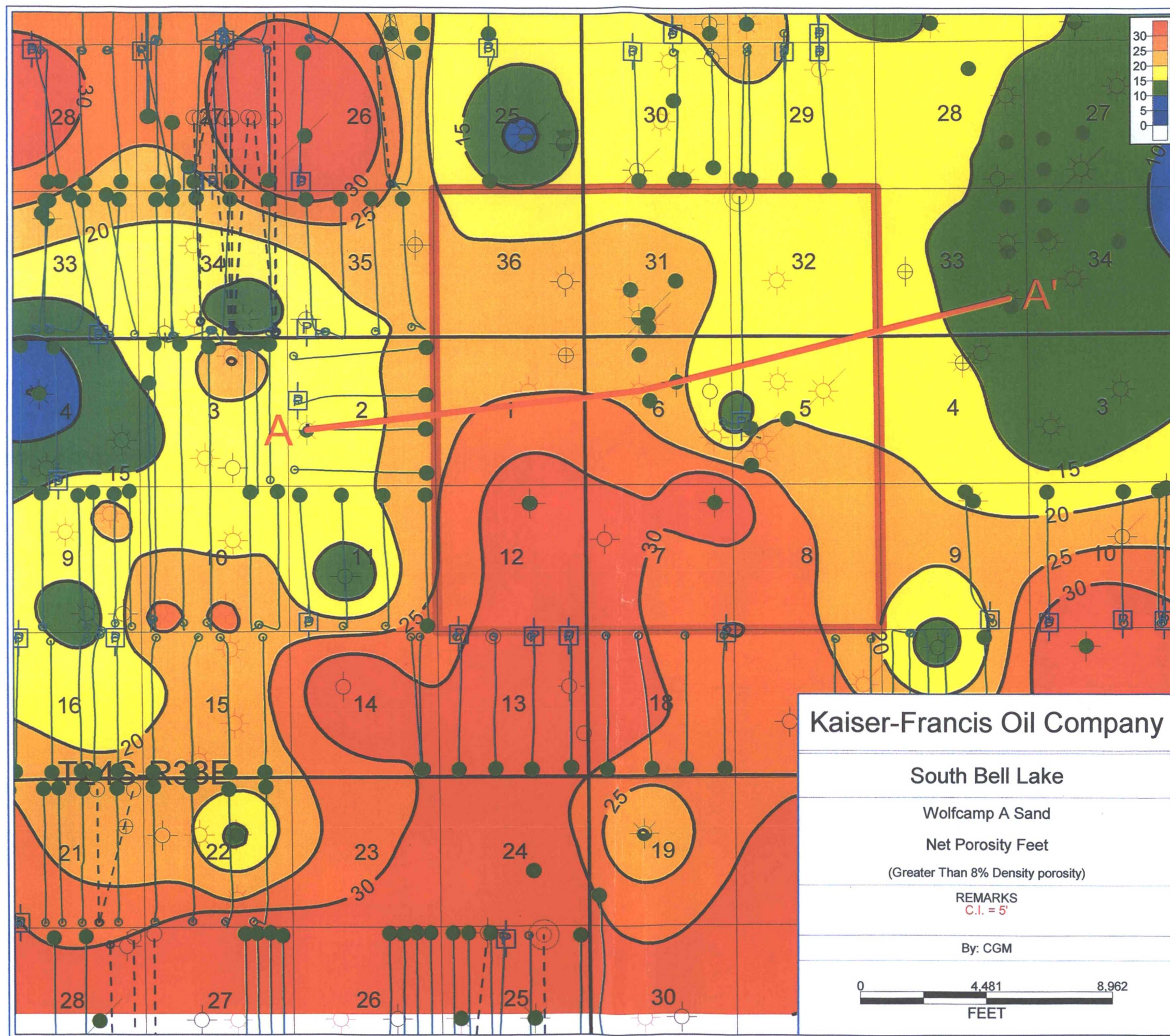












Overview – South Bell Lake

Exhibit 7 - Page 1

Current allowable from state regulation (19.15.20.12 NMAC):

- 320 bopd/40 acre unit
- 2,000 scf/stb

Cons
15821 + 15822

Requesting an allowable increase as follows:

<u>Zone</u>	<u>Oil Allowable</u>	<u>GOR</u>
Bone Spring	800 bopd/40 acre unit	5,000 scf/bbl
	9,600 bopd/480 acre unit	
Wolfcamp	500 bopd/40 acre unit	5,000 scf/bbl
	6,000 bopd/480 acre unit	

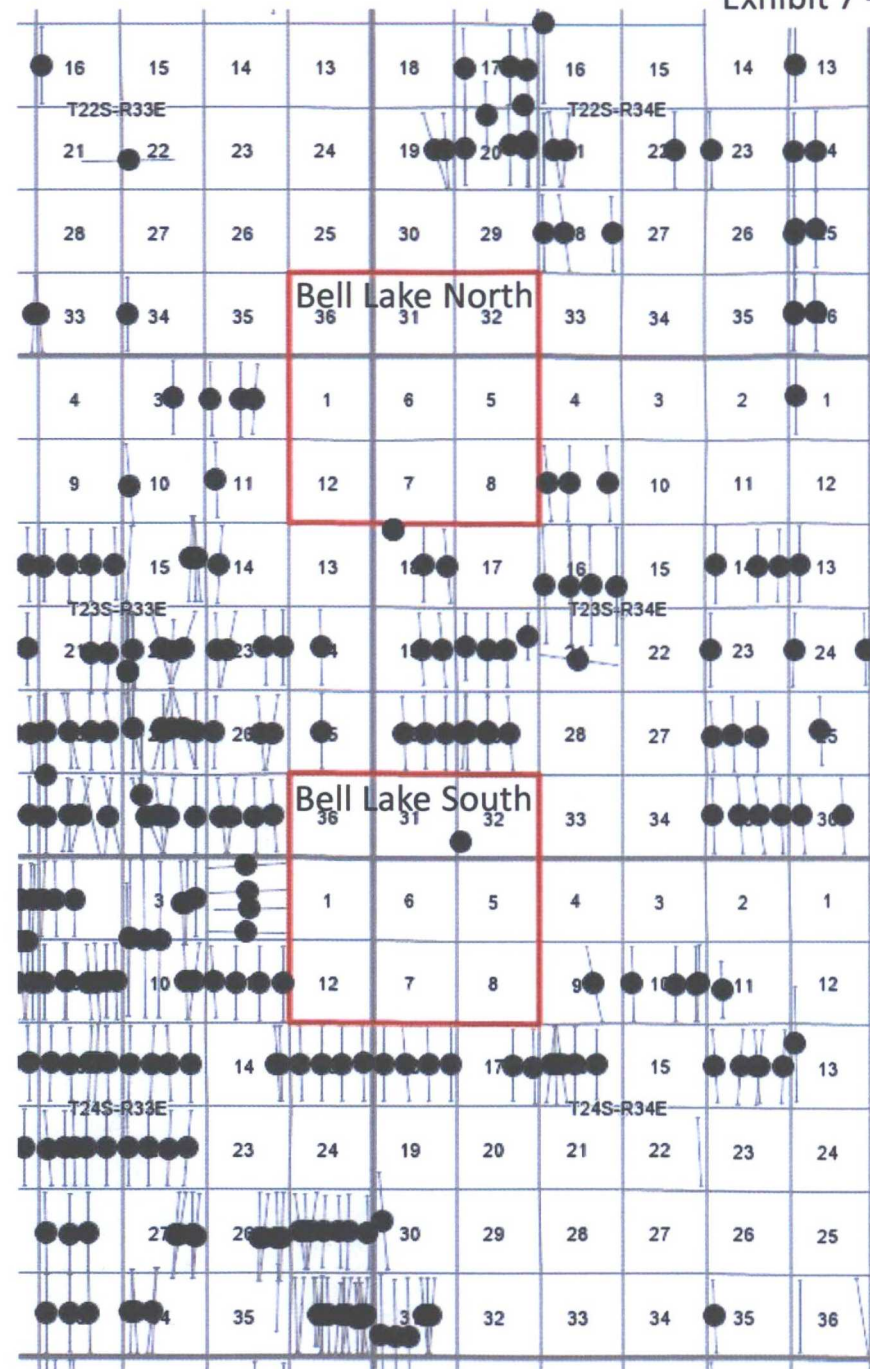
The increased allowable is needed to develop multiple stacked pay zones with the anticipated optimal well density and projected well rates.

The planned well density will allow for maximum resource recovery and development economics.

Offset well production, numerical modeling and our anticipated rig utilization were used to develop production forecasts that support the need for the increase in allowable.

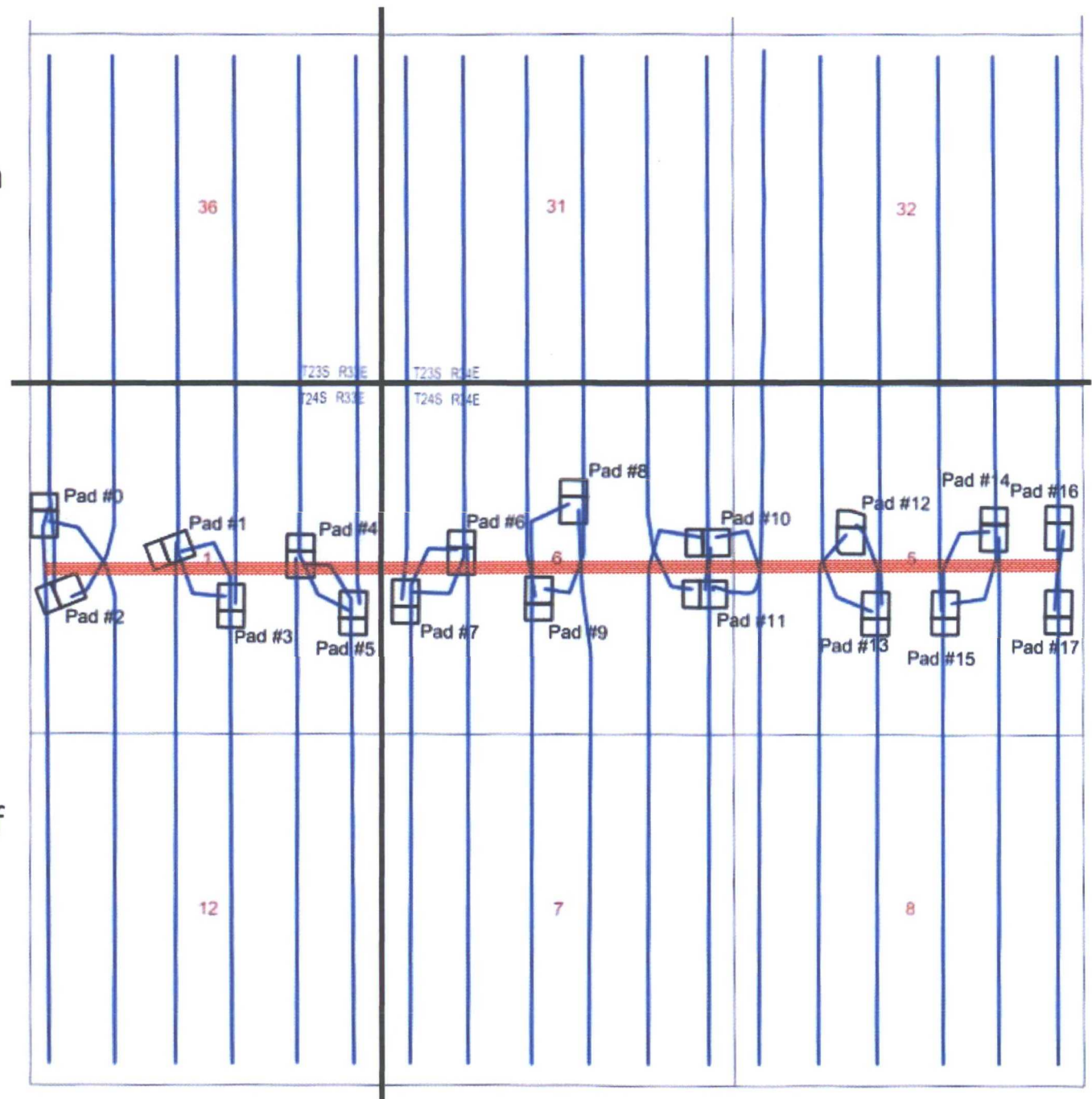
Bell Lake Units Configuration

- North and South Units are each 3 mile by 3 mi square units.
- A large number of horizontal wells have been drilled offsetting Bell Lake.
- The large amount of offset production data available provides key information to use for planning Bell Lake development.
- Bell Lake Development has been optimized for well spacing, lateral length, directional orientation based on offset wells and subsurface geology and engineering evaluations.



Key Elements of Development Plan

- 3 mi. by 3 mi. configuration allows for central corridor for pad and infrastructure locations.
- Central drilling pads allow for all wells to be consistent 1.5 mile laterals.
- Central corridor with all pads, roads, pipelines and power lines will minimize surface impacts and create most efficient deployment of capital.



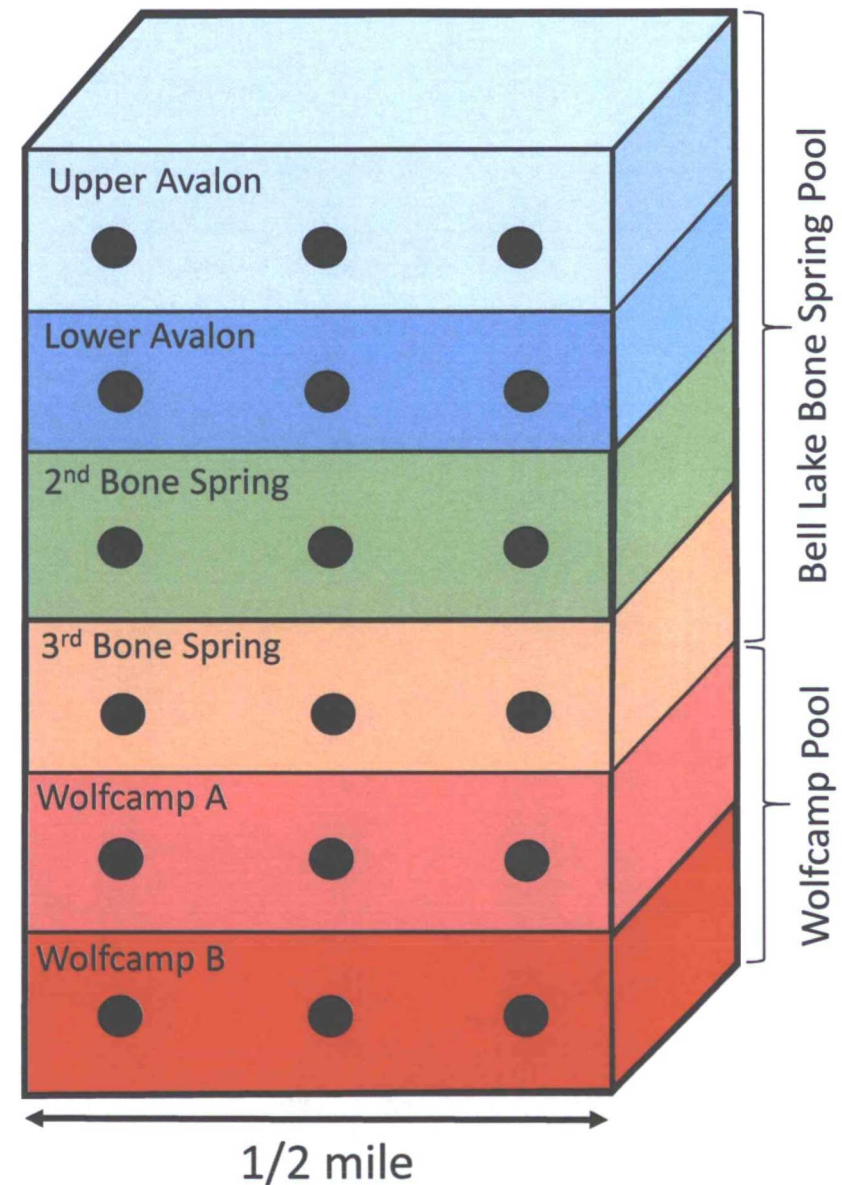
Development of Multiple Stacked Pay Zones

Bell Lake Bone Spring Pool

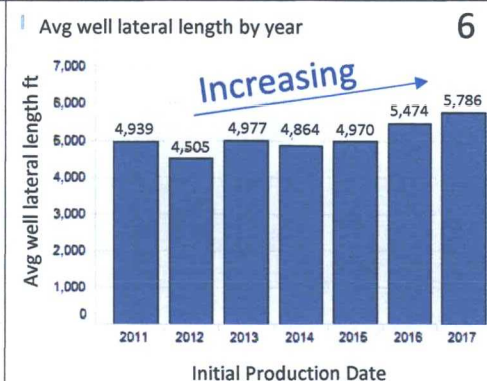
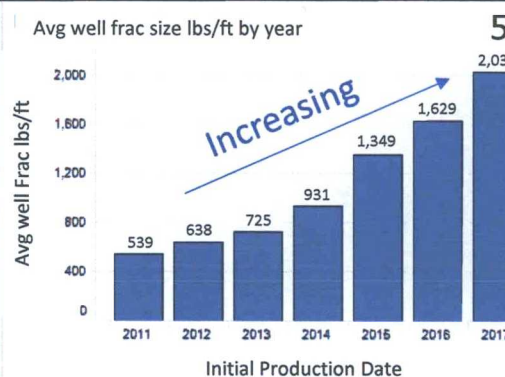
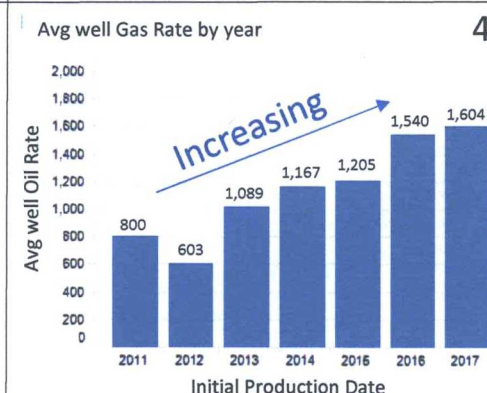
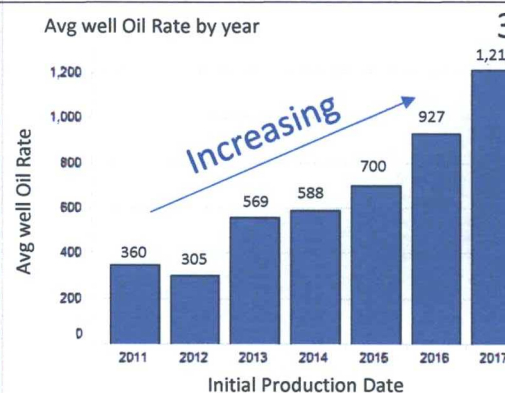
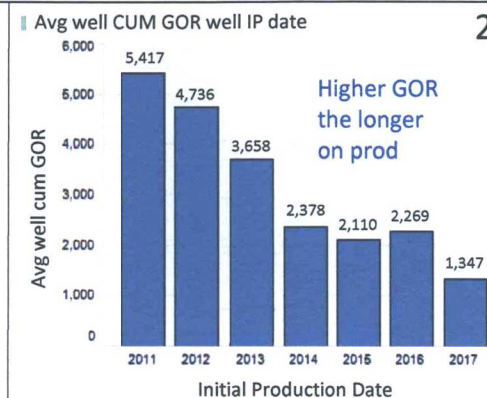
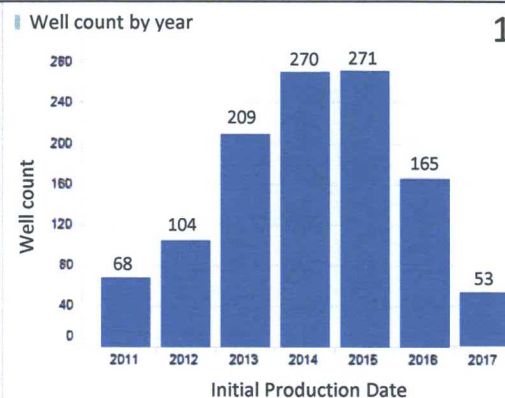
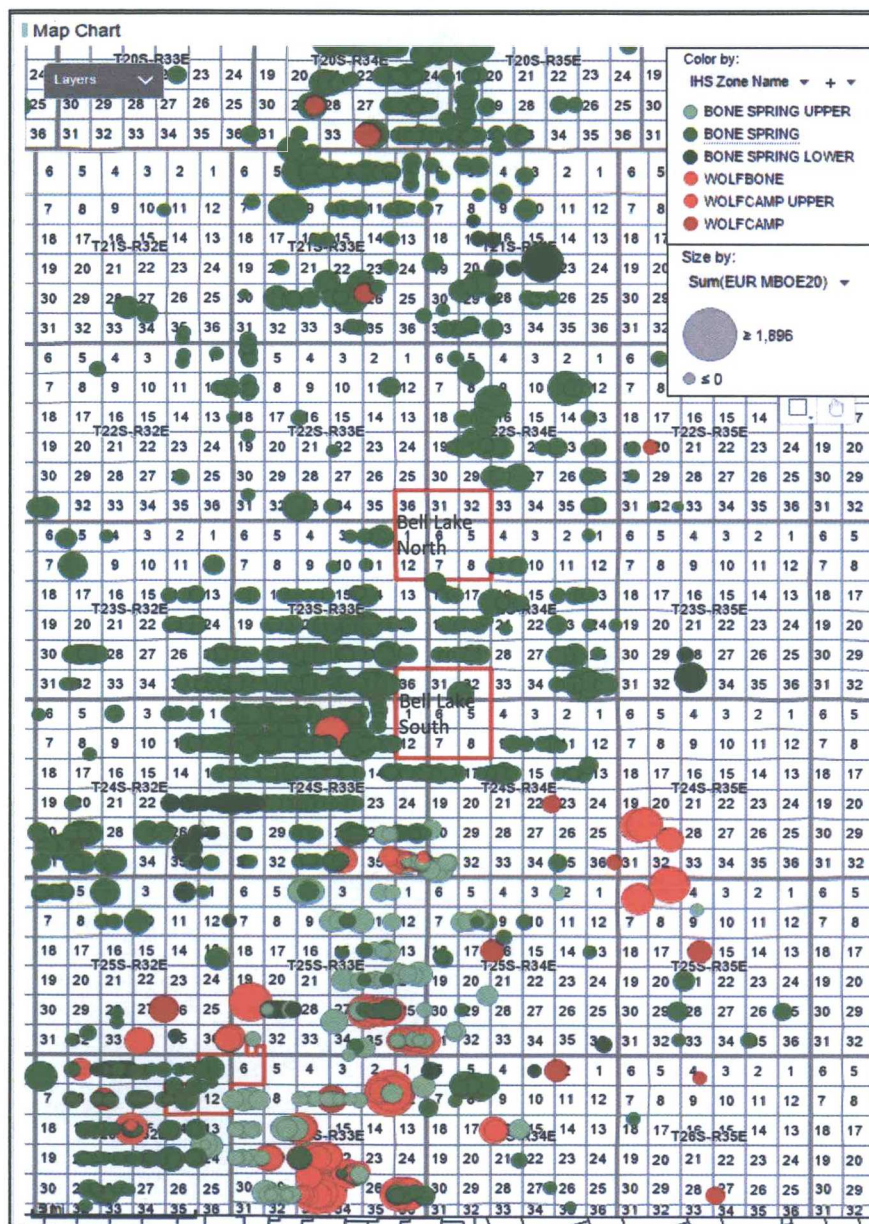
- Over 3000 ft of gross interval
- Four discrete development zones:
 - . Upper Avalon
 - . Lower Avalon
 - . 2nd Bone Spring
 - . 3rd Bone Spring
- Technical work suggest 6 wells per 1 mile wide drainage area is optimal

Wolfcamp Pool

- Over 1700 ft of gross interval
- Two discrete development zones:
 - .Wolfcamp A
 - .Wolfcamp B
- Technical work suggest 6 wells per 1 mile wide drainage area is optimal



- Average well rates are continuing to improve each year due to larger fracs and longer laterals.
- Average well rates were used in reservoir simulation and production forecasting efforts.



Reservoir Simulation Work

Input Summary:

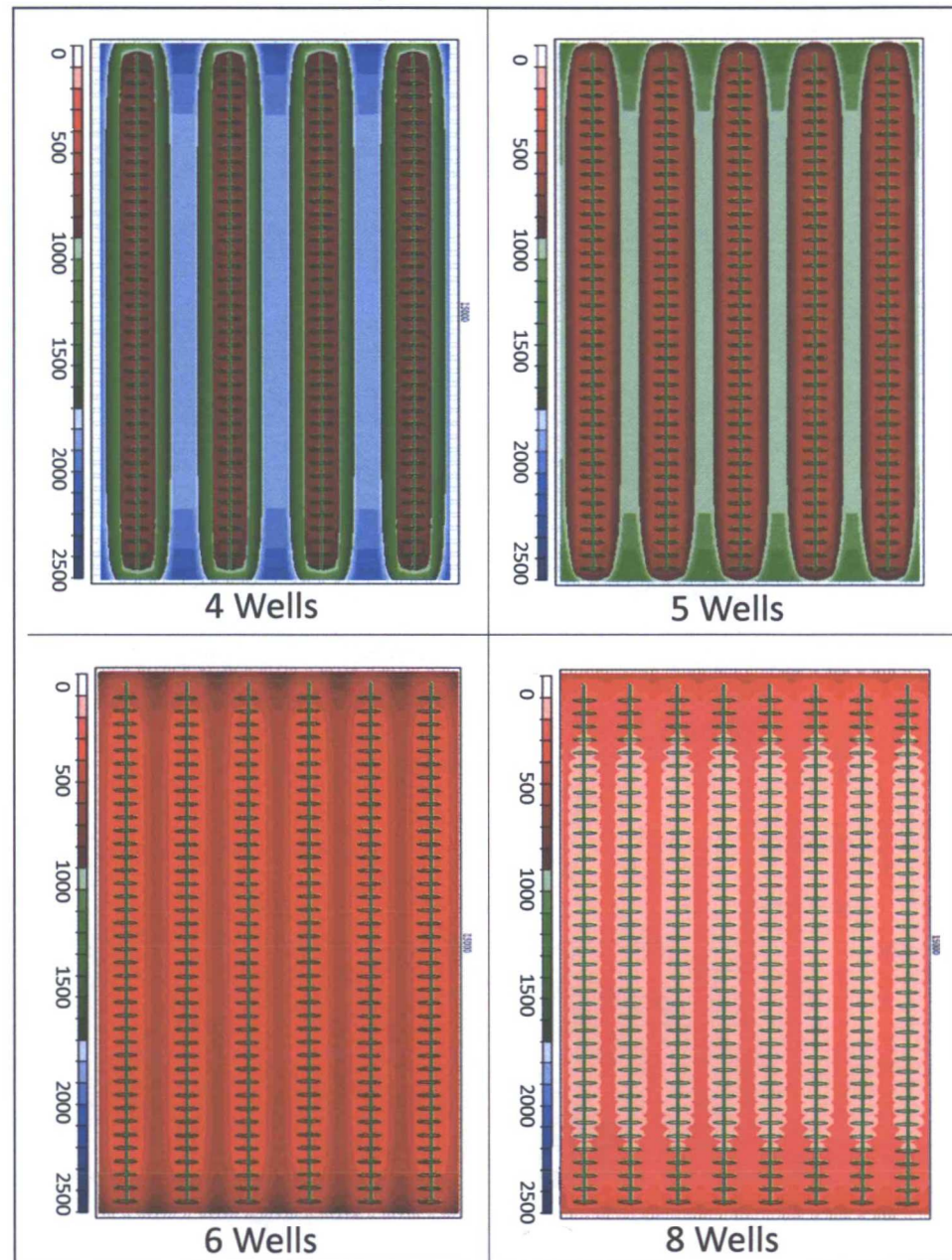
- 960 ac drainage area (1.5 mile X 1.0 mile)
- 7500' laterals, 40 stage fracs, 2200 lbs/ft
- 2 md in fractures, 0.2 md in fracture web, 0.01 md in reservoir, 250' frac half length

Model Results Summary:

- More wells increases drainage area and increases total recovery of oil and gas
- More wells also results in lower reservoir pressure and increased GOR

Well No.	Total Case MBbl Oil	Per Well MBbl Oil	Final Res Press psi	Per Well GOR scf/bbl
4	3,560	890	1,379	4,775
5	3,820	764	759	4,974
6	4,200	700	441	5,000
8	4,440	555	227	5,180

Pressure Maps for Each Simulation Case



Reservoir Simulation Work

- Total oil and gas recovery increases as number of wells increases.
- But recovery per well decreases as number of wells increases.

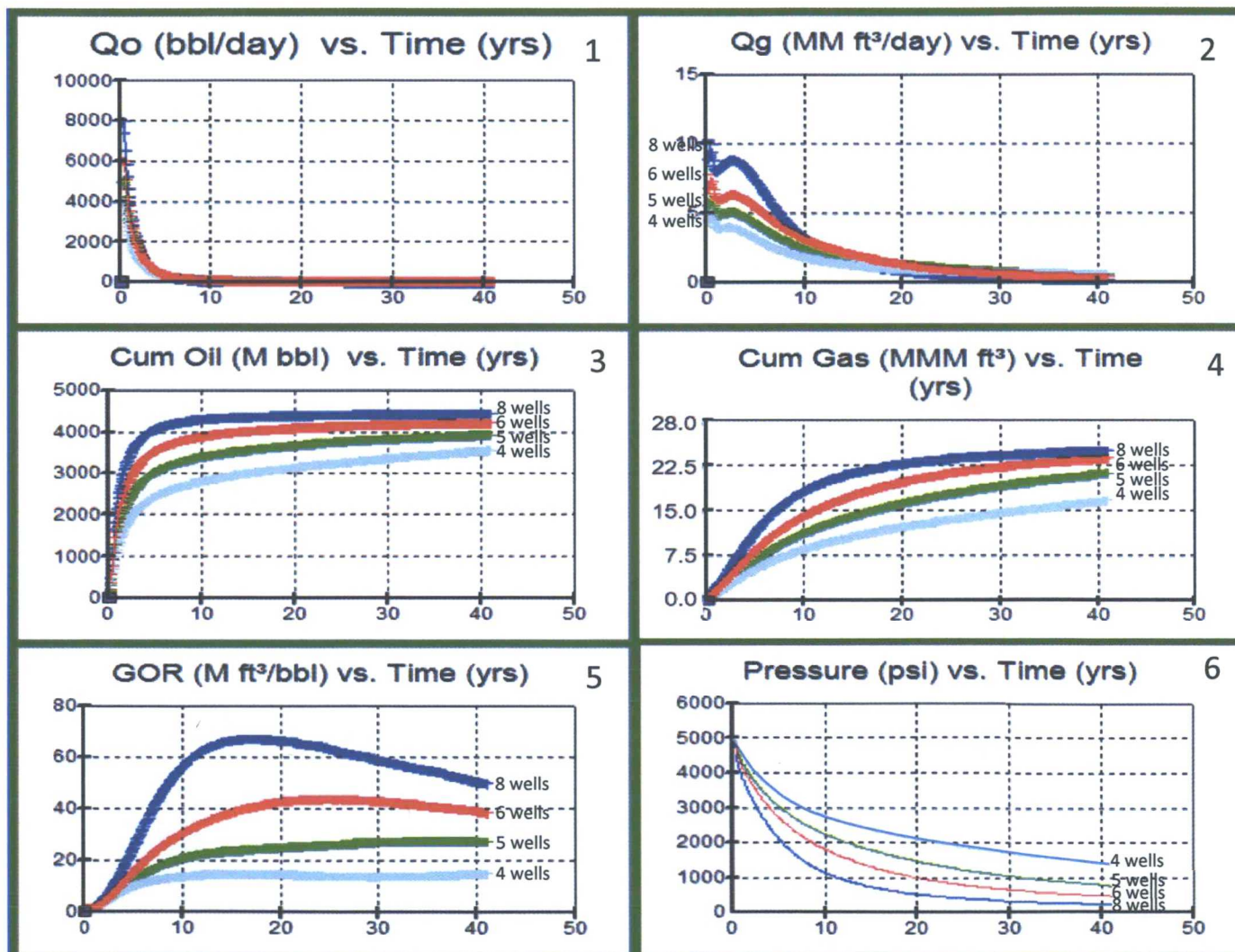
Predicted Production Plots for Each Simulation Case

Results for 960 AC Model

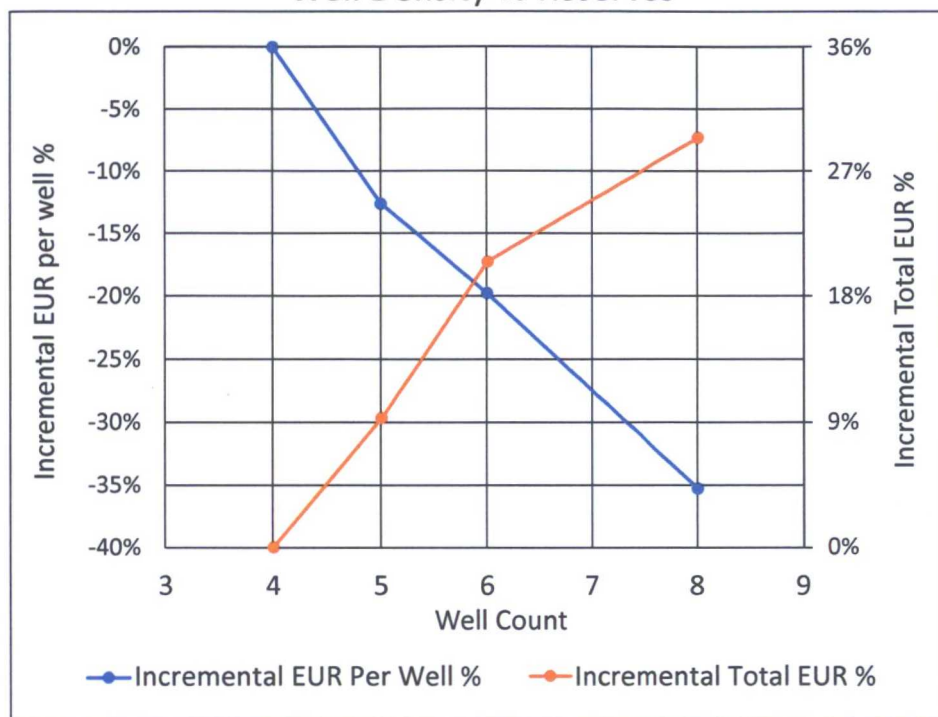
Well No.	TotalCase MBbl Oil	Total MMcf	Total GOR scf/bbl
4	3,560	17,000	4,775
5	3,820	19,000	4,974
6	4,200	21,000	5,000
8	4,440	23,000	5,180

Results per Well

Well No.	Per Well MBbl Oil	Per Well MMCF	Per Well GOR scf/bbl
4	890	4,250	4,775
5	764	3,800	4,974
6	700	3,500	5,000
8	555	2,875	5,180



Well Density vs Reserves



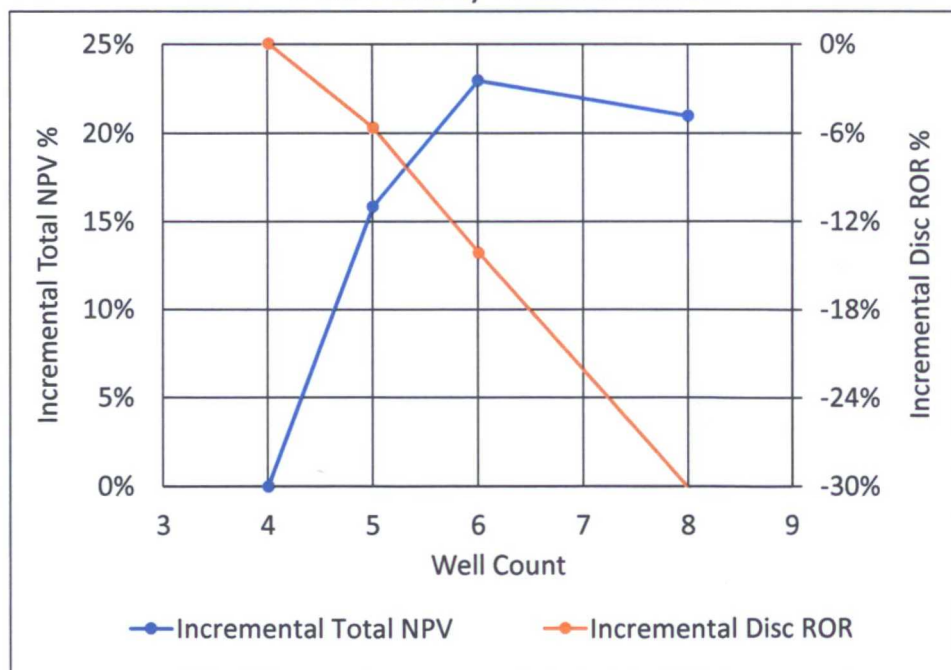
Total EUR increases as well count increases but EUR per well decreases.

Well No.	Incremental Total EUR	Incremental EUR Per Well
4	0%	0%
5	9%	-13%
6	20%	-20%
8	29%	-35%

Optimum spacing is 6 wells per 1 mile wide drainage area.

Well No.	Incremental Total NPV	Incremental Disc ROR
4	0%	0%
5	16%	-6%
6	23%	-14%
8	21%	-30%

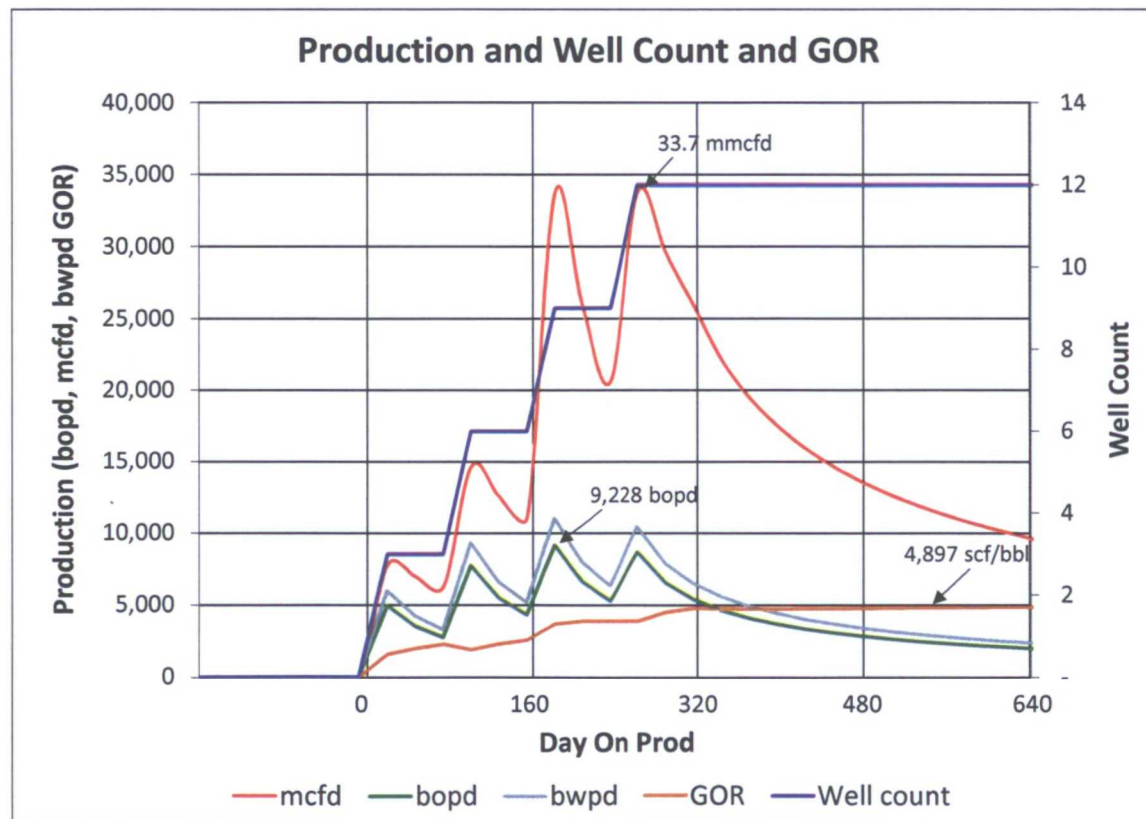
Well Density vs Economics



Bone Spring Unit – Bell Lake South

Unit Production Forecast

- Based on well forecasting for 480 ac spacing unit.
- Uses best estimates from reservoir simulation work.
- Maximum rates are 9,228 bopd and 33.7 mmcfd.
- Max GOR is 4,897 scf/bbl.



Production Forecast Assumptions

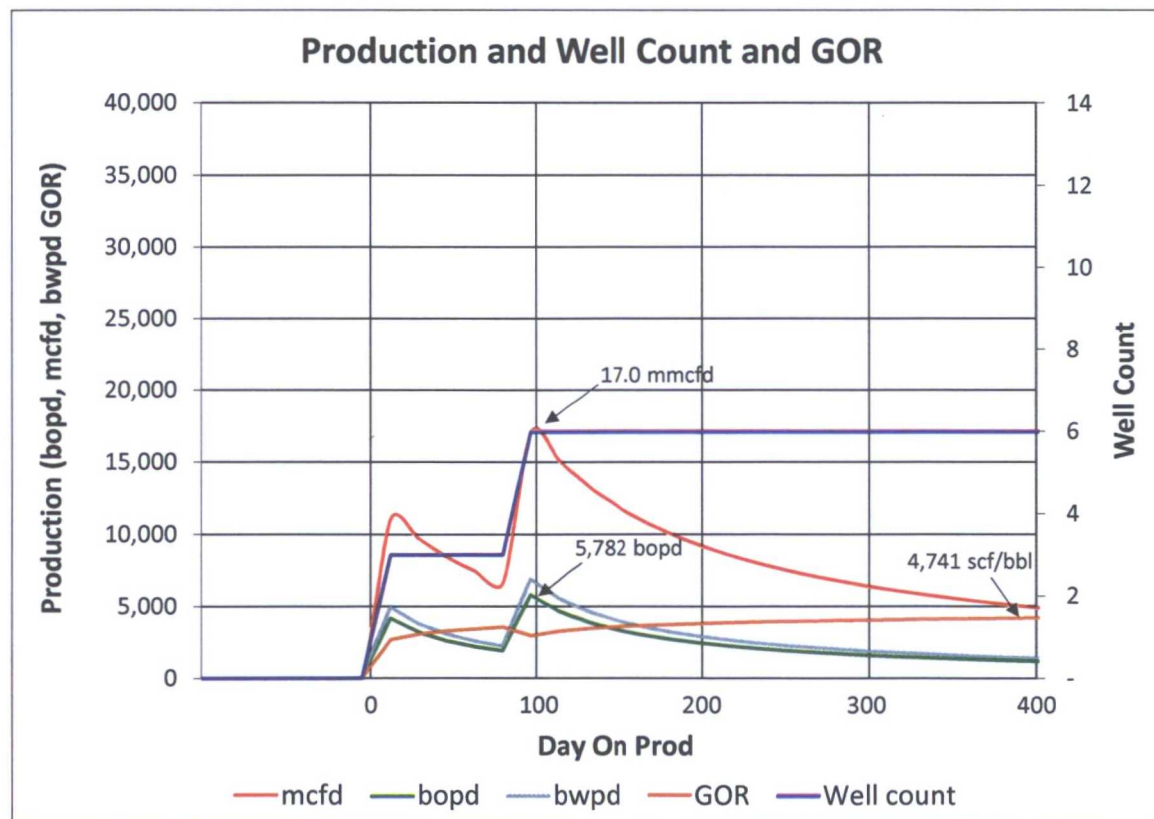
- Development Zone: Bone Spring
- 480 AC Unit
- 4 zones, 3 wells per zone, 12 total wells
- IP rates based on offset well trends
- GOR evolution based on reservoir simulation
- Well schedule reflects current rig plan

Well No.	Zone	Day On
1	2nd Bone Spring Sand	1
2	2nd Bone Spring Sand	1
3	2nd Bone Spring Sand	1
4	3rd Bone Spring Sand	90
5	3rd Bone Spring Sand	90
6	3rd Bone Spring Sand	90
7	Lower Avalon	180
8	Lower Avalon	180
9	Lower Avalon	180
10	Upper Avalon	270
11	Upper Avalon	270
12	Upper Avalon	270

Wolfcamp Unit – Bell Lake South

Unit Production Forecast

- Based on well forecasting for 480 ac spacing unit
- Uses best estimates from reservoir simulation work
- Maximum rates are 5,782 bopd and 17.0 mmcf/d
- Maximum GOR is 4,741 scf/bbl



Production Forecast Assumptions

- Development Zone: Wolfcamp
- 480 AC Unit
- 2 zones, 3 wells per zone, 6 total wells
- IP rates based on offset well trends
- GOR evolution based on reservoir simulation
- Well schedule reflects current rig plan

Well Count	Zone	Day On
1	Wolfcamp-A	1
2	Wolfcamp-A	1
3	Wolfcamp-A	1
4	Wolfcamp-B	90
5	Wolfcamp-B	90
6	Wolfcamp-B	90

Summary

- Multiple landing zones exist within the Bone Spring and Wolfcamp intervals
- A large amount of technical work has been done to assess various development schemes for the Unit.
- Optimum economic recovery appears to be at 6 wells per 1 mile wide drainage area.
- In order to accommodate 6 wells per 1 mile wide drainage area, an increase in current allowable and GOR is requested.
- Requesting an allowable increase as follows:

<u>Zone</u>	<u>Oil Allowable</u>	<u>GOR</u>
Bone Spring	800 bopd/40 acre unit	5,000 scf/bbl
	9,600 bopd/480 acre unit	
Wolfcamp	500 bopd/40 acre unit	5,000 scf/bbl
	6,000 bopd/480 acre unit	