

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

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

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 16137

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 16138

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 16139

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 16140

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR A NON-STANDARD GAS SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 16141

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Kaiser-Francis Oil Company as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, Oklahoma 74121

Attention: Michael Maxey

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OTHER PARTIES

Matador Resources Company

OTHER PARTIES' ATTORNEYS

Michael Feldewert
Adam Rankin

STATEMENT OF THE CASE

APPLICANT

Case No. 16137: Kaiser-Francis Oil Company seeks an order approving a 160 acre non-standard oil spacing and proration unit in the Bone Spring formation underlying the N/2SE/4 of Section 20 and the N/2SW/4 of Section 21, Township 23 South, Range 28 East, NMPM, and pooling all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the Loving Townsite 2021 3BS Well No. 1H, a horizontal well with a surface location in the NW/4SE/4 of Section 20, and a terminus in the NE/4SW/4 of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

Case No. 16138: . Kaiser-Francis Oil Company seeks an order approving a 160 acre non-standard oil spacing and proration unit in the Delaware formation underlying the N/2SE/4 of Section 20 and the N/2SW/4 of Section 21, Township 23 South, Range 28 East, NMPM, and pooling all mineral interests in the Delaware formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the Loving Townsite 2021 LBC Well No. 1H, a horizontal well with a surface location in the NW/4SE/4 of Section 20, and a terminus in the NE/4SW/4 of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

Case No. 16139: Kaiser-Francis Oil Company seeks an order approving a 160 acre non-standard oil spacing and proration unit in the Delaware formation underlying the S/2SE/4 of Section 20 and the S/2SW/4 of Section 21, Township 23 South, Range 28 East, NMPM, and pooling all mineral interests in the Delaware formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the Loving Townsite 2021 LBC Well No. 2H, a horizontal well with a surface location in the SW/4SE/4 of Section 20, and a terminus in the SE/4SW/4 of

Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the wells.

Case No. 16140: and proration unit in the Bone Spring formation underlying the S/2SE/4 of Section 20 and the S/2SW/4 of Section 21, Township 23 South, Range 28 East, NMPM, and pooling all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the Loving Townsite 2021 3BS Well No. 2H, a horizontal well with a surface location in the SW/4SE/4 of Section 20, and a terminus in the SE/4SW/4 of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

Case No. 16141: Kaiser-Francis Oil Company seeks an order approving a 320 acre non-standard gas 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, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to: (a) the Loving Townsite 2021 WC Well No. 1H, a horizontal well with a surface location in the NW/4SE/4 of Section 20, and a terminus in the NE/4SW/4 of Section 21; (b) the Loving Townsite 2021 WA Well No. 1H, a horizontal well with a surface location in the NW/4SE/4 of Section 20, and a terminus in the NE/4SW/4 of Section 21; (c) the Loving Townsite 2021 WC Well No. 2H, a horizontal well with a surface location in the SW/4SE/4 of Section 20, and a terminus in the SE/4SW/4 of Section 21; and (d) the Loving Townsite 2021 WA Well No. 2H, a horizontal well with a surface location in the SW/4SE/4 of Section 20, and a terminus in the SE/4SW/4 of Section 21. The beginning and end of the producing interval of each well will be orthodox. 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.

OTHER PARTIES

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Michael Maxey (landman)	15 min.	Approx. 6
Lee Lindman (geologist)	15 min.	Approx. 4

OTHER PARTIES

WITNESSES

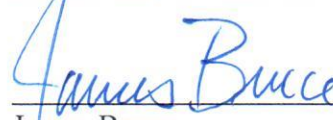
EST. TIME

EXHIBITS

PROCEDURAL MATTERS

Applicant requests that these cases be consolidated for hearing.

Respectfully submitted,



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

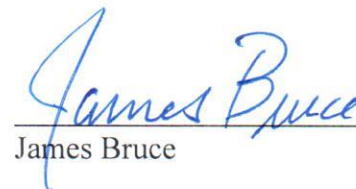
Attorney for Kaiser-Francis Oil Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 10th day of May, 2018 by e-mail:

Adam Rankin
agrarkin@hollanhart.com

Michael Feldewert
mfeldewert@hoolandhart.com



James Bruce