

CASE NO. 20967

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

EXHIBITS

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

**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, LEA
COUNTY, NEW MEXICO.**

Case No. 20967

VERIFIED STATEMENT OF MICHAEL MAXEY

Michael Maxey, being duly sworn upon his oath, deposes and states:

1. I am a landman for Kaiser-Francis Oil Company ("KFOC"), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.

2. The following information is submitted in support of the compulsory pooling application filed herein:

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

(b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests to the well.

(c) A Midland Map Co. plat outlining the unit being pooled is attached hereto as Attachment A. KFOC seeks an order approving a 640.00 horizontal spacing unit in the Bone Spring formation comprised of E/2 of Section 31, Township 25 South Range 33 East, NMPM and E/2 of Section 6, Township 26 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in:

(i) Pool Code: 97994 Pool Name: WC-025 G-06 S253329D; Upper Bone Spring, to be dedicated to the Red Hills Well No. 005H, 006H, and 106H; and

(ii) Pool Code: 97903 Pool Name: WC-025 G-08 S253235G; Lower Bone Spring, to be dedicated to the Red Hills Well No. 205H, 206H, 705H, and 706H

EXHIBIT

The 005H, 705H, 205H are horizontal wells with first take points in NW/4 NE/4 of Section 31 and final take points in SW/4 SE/4 of Section 6. C-102s for the wells are attached as Attachment B-1. There is no depth severance in the Upper Bone Spring or Lower Bone Spring formations.

The 006H, 106H 706H, 206H are horizontal wells with first take points in NE/4 NE/4 of Section 31 and final take points in SE/4 SE/4 of Section 6. C-102s for the wells are attached as Attachment B-2. There is no depth severance in the Upper Bone Spring or Lower Bone Spring formations.

(d) The parties being pooled and their interests are set forth in Attachment C. Their current and correct addresses are also set forth.

(e) There are no 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 Authorizations for Expenditure for the proposed wells. The estimated cost of the wells set forth therein are fair and reasonable, and are comparable to the costs of other wells of similar depth and length drilled in this area of Lea County.

(j) KFOC requests overhead and administrative rates of \$8,000.00/month for a drilling well and \$800.00/month for a producing well. These rates are fair, and are comparable to the rates charged by other operators for wells of this type in this portion of Lea County. They are also the rates set forth in the Joint Operating Agreement for the well unit. KFOC requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

(k) KFOC requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

(l) KFOC requests that it be designated operator of the wells.

(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)

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



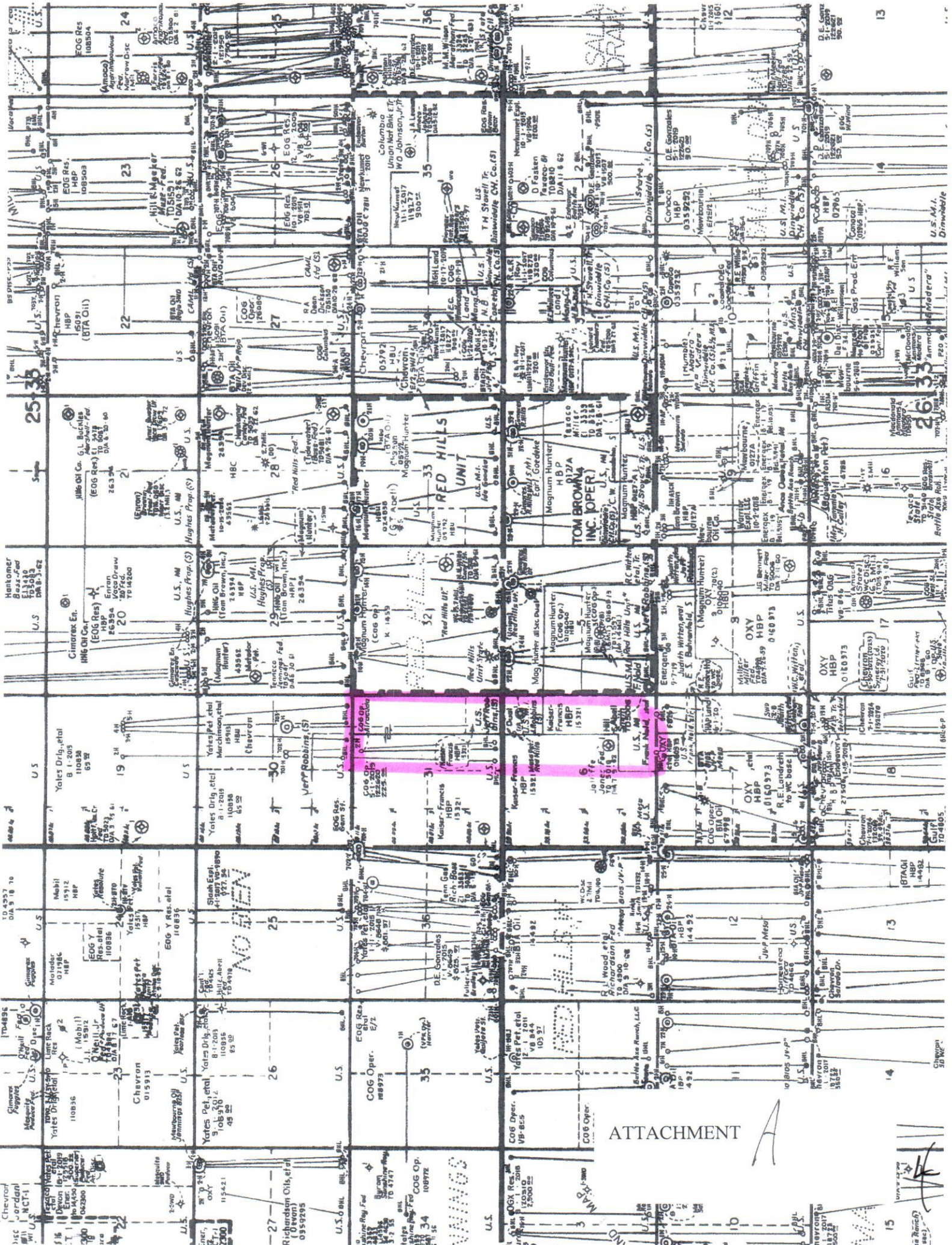
Michael Maxey

SUBSCRIBED AND SWORN TO before me this 21st day of January, 2020 by Michael Maxey.

My Commission Expires: 12-15-22 

Notary Public





ATTACHMENT

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name RED HILLS			
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			
		⁶ Well Number 005H			
		⁹ Elevation 3410.8			

¹⁰ Surface Location									
UL or lot no. B	Section 31	Township 25 S	Range 33 E	Lot Idn	Feet from the 200	North/South line NORTH	Feet from the 2410	East/West line EAST	County LEA

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. O	Section 6	Township 26 S	Range 33 E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the 2240	East/West line EAST	County LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>17 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 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.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	
<p>18 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>NOVEMBER 22, 2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>Certificate Number _____</p>	

Attachment
B-1

5

6

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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Santa Fe, NM 87505

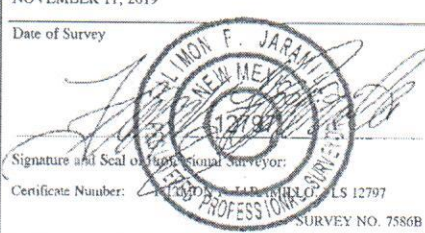
Form C-102
Revised August 1, 2011
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name RED HILLS			⁶ Well Number 205H
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			⁹ Elevation 3410.4
¹⁰ Surface Location					
UL or lot no. B	Section 31	Township 25 S	Range 33 E	Lot Idn	Feet from the 200
				North/South line NORTH	Feet from the 2390
				East/West line EAST	County LEA
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. O	Section 6	Township 26 S	Range 33 E	Lot Idn	Feet from the 100
				North/South line SOUTH	Feet from the 1700
				East/West line EAST	County LEA
¹² Dedicated Acres		¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ Order No.

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>¹⁷ 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 leased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	
<p>¹⁸ 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>NOVEMBER 11, 2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: </p> <p>Certificate Number: _____ SURVEY NO. 7586B</p>	

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name RED HILLS			⁶ Well Number 006H
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			⁹ Elevation 3400.9

*** Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	25 S	33 E		300	NORTH	1075	EAST	LEA

" 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
P	6	26 S	33 E		100	SOUTH	990	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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<p>17 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 _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>		<p>18 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>NOVEMBER 12, 2010</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>Certificate Number: FILIMON F. JARAMILLO, PLS 12797</p> <p>SURVEY NO. 6101D</p>	
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Attachment
B-2

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District I
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name RED HILLS			⁶ Well Number 106H
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			⁹ Elevation 3400.9

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	25 S	33 E		300	NORTH	1055	EAST	LEA

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
P	6	26 S	33 E		100	SOUTH	400	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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9

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name RED HILLS		⁶ Well Number 706H
⁷ OGRID No. 12361	⁸ Operator Name KAISER-FRANCIS OIL CO.		⁹ Elevation 3401.5

¹⁹ Surface Location

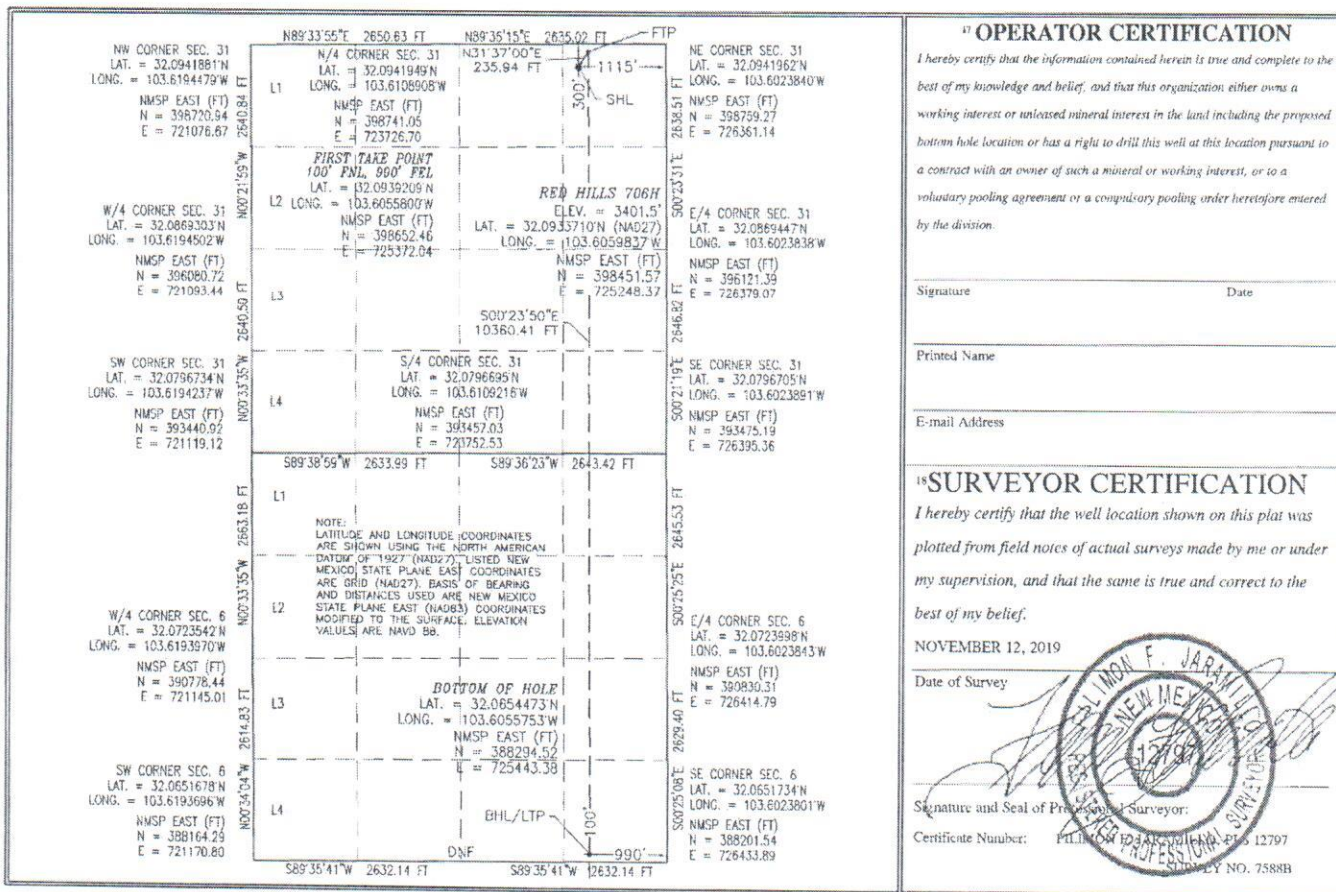
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	25 S	33 E		300	NORTH	1115	EAST	LEA

" 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
P	6	26 S	33 E		100	SOUTH	990	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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Santa Fe, NM 87505

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name RED HILLS			⁶ Well Number 206H
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			⁹ Elevation 3400.8

¹⁰ Surface Location


UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	25 S	33 E		300	NORTH	1095	EAST	LEA

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
P	6	26 S	33 E		100	SOUTH	400	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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<p>18 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>NOVEMBER 12, 2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of  _____</p> <p>Certificate Number: FILM 12737 PLS 12797</p> <p>SURVEY NO. 7589B</p>	

NMOCD Case #20967
Attachment C

Atlas OBO Energy, LP
3501 Allen Parkway
Houston, TX 77019

.9375% WI

COG Operating LLC
Concho Oil & Gas, LLC
Attn: Mr. Luke Bedrick
One Concho Center
600 W. Illinois Avenue
Midland, TX 79701

43.7500% WI

Atlas OBO Energy, LP has 15% of the SE/4 SE/4 of Section 31-25S-33E
Kaiser-Francis Oil Company has 85% of the SE/4 SE/4 of Section 31-25S-33E

COG Operating LLC and Concho Oil & Gas LLC have 100% of the NE/4 and the NE/4 SE/4 and the W/2 SE/4 of Section 31-25S-33E

Kaiser-Francis Oil Company has 100% of the E/2 of Section 6-26S-33E

ATTACHMENT

C

12

KAISER-FRANCIS OIL COMPANY

P. O. BOX 21468

TULSA, OKLAHOMA 74121-1468

6733 South Yale Avenue, 74136
(918) 494-0000

September 19, 2019

Sent by Certified Mail

COG Operating LLC
Attn: Mr. Luke Bedrick
One Concho Center
600 W. Illinois Avenue
Midland, TX 79701

Re: Red Hills 005H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM

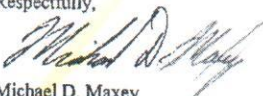
Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 9,300' TVD / 19,960' TMD Avalon "A" Formation test well. FTP 100' FSL and 2,240' FEL of Section 6-26S-33E and LTP 100' FNL and 2,240' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$3,113,930 initial drilling costs and \$10,330,948 total well costs for a completed producer. Two copies of the AFE are enclosed for your review. Should you wish to participate in the well, please execute and return one copy of the AFE, and send that back to us, along with your Well Information Requirements. We do plan to file for Force Pooling with the NMOCD soon, so let us know when you elect to participate whether you want to be supplied a JOA for execution or whether you prefer to be pooled.

Should you have any questions, I can be reached at the above number, extension 4424.

Respectfully,


Michael D. Maxey
Landman

Attachment D

13

September 19, 2019

Sent by Certified Mail

COG Operating LLC
Attn: Mr. Luke Bedrick
One Concho Center
600 W. Illinois Avenue
Midland, TX 79701

Re: Red Hills 006H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM


Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 9,300' TVD / 19,960' TMD Avalon "A" Formation test well. FTP 100' FSL and 1,050' FEL of Section 6-26S-33E and LTP 100' FNL and 1,050' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$3,113,930 initial drilling costs and \$10,330,948 total well costs for a completed producer. Two copies of the AFE are enclosed for your review. Should you wish to participate in the well, please execute and return one copy of the AFE, and send that back to us, along with your Well Information Requirements. We do plan to file for Force Pooling with the NMOCDC soon, so let us know when you elect to participate whether you want to be supplied a JOA for execution or whether you prefer to be pooled.

Should you have any questions, I can be reached at the above number, extension 4424.

Respectfully,


Michael D. Maxey
Landman

KAISER-FRANCIS OIL COMPANY

P. O. BOX 1468

TULSA, OKLAHOMA 74121-1468

6733 South Yale Avenue, 74136
(918) 494-0000

September 19, 2019

Sent by Certified Mail

COG Operating LLC
Attn: Mr. Luke Bedrick
One Concho Center
600 W. Illinois Avenue
Midland, TX 79701

Re: Red Hills 106H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM

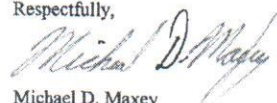
Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 9,900' TVD / 20,560' TMD Avalon "D" Formation test well. FTP 100' FSL and 400' FEL of Section 6-26S-33E and LTP 100' FNL and 400' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$3,249,185 initial drilling costs and \$10,461,478 total well costs for a completed producer. Two copies of the AFE are enclosed for your review. Should you wish to participate in the well, please execute and return one copy of the AFE, and send that back to us, along with your Well Information Requirements. We do plan to file for Force Pooling with the NMOCD soon, so let us know when you elect to participate whether you want to be supplied a JOA for execution or whether you prefer to be pooled.

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Respectfully,


Michael D. Maxey
Landman

15

September 19, 2019

Sent by Certified Mail

COG Operating LLC
Attn: Mr. Luke Bedrick
One Concho Center
600 W. Illinois Avenue
Midland, TX 79701

Re: Red Hills 205H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM

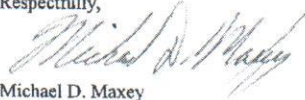
Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of an 11,000' TVD / 21,660' TMD 2nd Bone Spring Formation test well. FTP 100' FSL and 1,600' FEL of Section 6-26S-33E and LTP 100' FNL and 1,600' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$3,896,905 initial drilling costs and \$11,035,173 total well costs for a completed producer. Two copies of the AFE are enclosed for your review. Should you wish to participate in the well, please execute and return one copy of the AFE, and send that back to us, along with your Well Information Requirements. We do plan to file for Force Pooling with the NMOCD soon, so let us know when you elect to participate whether you want to be supplied a JOA for execution or whether you prefer to be pooled.

Should you have any questions, I can be reached at the above number, extension 4424.

Respectfully,



Michael D. Maxey
Landman

KAISER-FRANCIS OIL COMPANY

P. O. BOX 1468

TULSA, OKLAHOMA 74121-1468

6733 South Yale Avenue, 74136
(918) 494-0000

September 19, 2019

Sent by Certified Mail

COG Operating LLC
Attn: Mr. Luke Bedrick
One Concho Center
600 W. Illinois Avenue
Midland, TX 79701

Re: Red Hills 206H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM

Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of an 11,000' TVD / 21,660' TMD 2nd Bone Spring Formation test well. FTP 100' FSL and 400' FEL of Section 6-26S-33E and LTP 100' FNL and 400' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$3,896,905 initial drilling costs and \$11,019,318 total well costs for a completed producer. Two copies of the AFE are enclosed for your review. Should you wish to participate in the well, please execute and return one copy of the AFE, and send that back to us, along with your Well Information Requirements. We do plan to file for Force Pooling with the NMOCD soon, so let us know when you elect to participate whether you want to be supplied a JOA for execution or whether you prefer to be pooled.

Should you have any questions, I can be reached at the above number, extension 4424.

Respectfully,



Michael D. Maxey
Landman

September 19, 2019

Sent by Certified Mail

COG Operating LLC
Attn: Mr. Luke Bedrick
One Concho Center
600 W. Illinois Avenue
Midland, TX 79701

Re: Red Hills 706H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM

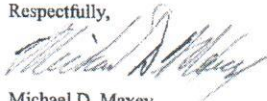
Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 10,300' TVD / 20,960' TMD 1st Bone Spring Formation test well. FTP 100' FSL and 1,050' FEL of Section 6-26S-33E and LTP 100' FNL and 1,050' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$3,886,055 initial drilling costs and \$11,008,573 total well costs for a completed producer. Two copies of the AFE are enclosed for your review. Should you wish to participate in the well, please execute and return one copy of the AFE, and send that back to us, along with your Well Information Requirements. We do plan to file for Force Pooling with the NMOCD soon, so let us know when you elect to participate whether you want to be supplied a JOA for execution or whether you prefer to be pooled.

Should you have any questions, I can be reached at the above number, extension 4424.

Respectfully,



Michael D. Maxey
Landman

KAISER-FRANCIS OIL COMPANY

P. O. BOX 1468

TULSA, OKLAHOMA 74121 1468

6733 South Yale Avenue, 74136
(918) 494-0000

September 19, 2019

Sent by Certified Mail

COG Operating LLC
Attn: Mr. Luke Bedrick
One Concho Center
600 W. Illinois Avenue
Midland, TX 79701

Re: Red Hills 705H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM

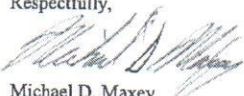
Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 10,300' TVD / 20,960' TMD 1st Bone Spring Formation test well. FTP 100' FSL and 2,240' FEL of Section 6-26S-33E and LTP 100' FNL and 2,240' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$3,886,055 initial drilling costs and \$11,008,573 total well costs for a completed producer. Two copies of the AFE are enclosed for your review. Should you wish to participate in the well, please execute and return one copy of the AFE, and send that back to us, along with your Well Information Requirements. We do plan to file for Force Pooling with the NMOCD soon, so let us know when you elect to participate whether you want to be supplied a JOA for execution or whether you prefer to be pooled.

Should you have any questions, I can be reached at the above number, extension 4424.

Respectfully,


Michael D. Maxey
Landman

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company		Date: 9/11/2019	
Well Name: Red Hills 005H		Field: Red Hills	
Prospect: Red Hills		County / Psh: Lea	
Location: FTP 100' FSL 2240' FEL SECTION 6 T26S R33E, LTP 100' FNL 2240' FEL SECTION 31 T25S R33E		State: NM	
Depth: 19960 MD 9300 TVD	Preparer: CJ/DZ		
Horizon: Avalon A			
Objective: Drill and Complete 2 Mile Avalon A			

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/**	Cond. Rat Hole, Mouse Hole Services	\$24,774			\$24,774
502/602	Location Damages	\$20,000			\$20,000
503/603	Environmental, Regulatory, and Permitting	\$40,000			\$40,000
504/604	Turnkey Completion Rig		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 16 days at \$25,000	\$400,000			\$400,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$85,000			\$85,000
507/**	Directional Drilling Services	\$245,000			\$245,000
508/608	Bits & Reamers	\$95,500			\$95,500
510/610	Fuel/Power	\$88,000			\$88,000
512/612	Drilling Water / Completion Fluid	\$65,000	\$980,000		\$1,045,000
514/614	Mud & Chemicals	\$120,000	\$35,000		\$155,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$275,000	\$37,500		\$312,500
516/616	Surface Equipment Rental / Inspection	\$319,560	\$289,300		\$608,860
517/617	Downhole Equipment Rental / Inspection	\$69,000	\$103,000		\$172,000
518/618	Transportation & Loading	\$5,000	\$50,000		\$55,000
520/**	DCI, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	CH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/**	Mud Logging / Geosteering / LWD	\$24,000			\$24,000
524/624	Cementing & Squeezing	\$208,000			\$208,000
526/626	Casing Crews & Equipment	\$44,000			\$44,000
528/628	Plug & Abandon				\$0
530/**	Stimulation		\$3,850,000		\$3,850,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$76,000	\$51,750		\$127,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$6,400	\$6,300		\$12,700
544/644	Miscellaneous & Unforeseen	\$138,732	\$311,268	\$1,750	\$451,750
	Total Intangible Drilling & Completion	\$2,417,049	\$6,536,618	\$78,750	\$9,032,417

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500			\$45,500
702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000	\$167,500			\$167,500
703	Production Liner (BCP)				\$0
704	Drilling Liner (BCP)				\$0
705	Production Casing (ACP) 5-1/2" P110 20 ppi GBCB 19960	\$361,051			\$361,051
710	Tubing 2 7/8" 6.5# Cr13 9000		\$135,000		\$135,000
721/720	Wellhead Equip. BCP/ACP	\$85,000	\$45,000		\$130,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRI			\$85,000	\$85,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$23,430	\$10,150	\$18,500	\$52,080
	Total Well and Lease Equipment	\$696,881	\$213,150	\$388,500	\$1,298,531
	Total Drilling and Completion Cost	\$3,113,930	\$6,749,768	\$467,250	\$10,330,948

KFOC APPROVALS	PARTNER APPROVAL
Robert Sandford (918) 491-4201 Drilling	Signature _____
David Zerger (918) 491-4350 Completion	Printed Name _____
Michael Maxey (918) 491-4424 Land	Position _____
Chris Miller (918) 491-4443 Geology	Company _____
Blake Humphries (918) 491-4455 Reservoir	Date _____
Mike Raines (918) 491-4658 Asset Manager	
Tom Redman (918) 491-4506 Chief Operating Officer	

Attachment E

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Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company		Date: 9/11/2019
Well Name: Red Hills 006H		Field: Red Hills
Prospect: Red Hills		County / Psh: Lea
Location: FTP 100' FSL 1050' FEL SECTION 6 T26S R33E, LTP 100' FNL 1050' FEL SECTION 31 T25S R33E		State: NM
Depth: 19960 MD 9300 TVD	Preparer: CJ/DZ	
Horizon: Avalon A		
Objective: Drill and Complete 2 Mile Avalon A		

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/**	Cond, Rat Hole, Mouse Hole Services	\$24,774			\$24,774
502/602	Location Damages	\$20,000			\$20,000
503/603	Environmental, Regulatory, and Permitting	\$40,000			\$40,000
504/604	Turnkey Completion Rig		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 16 days at \$25,000	\$400,000			\$400,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$85,000			\$85,000
507/**	Directional Drilling Services	\$245,000			\$245,000
508/608	Bits & Reamers	\$95,500			\$95,500
510/610	Fuel/Power	\$88,000			\$88,000
512/612	Drilling Water / Completion Fluid	\$65,000	\$980,000		\$1,045,000
514/614	Mud & Chemicals	\$120,000	\$95,000		\$155,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$275,000	\$37,500		\$312,500
516/616	Surface Equipment Rental / Inspection	\$319,560	\$289,300		\$608,860
517/617	Downhole Equipment Rental / Inspection	\$69,000	\$103,000		\$172,000
518/618	Transportation & Loading	\$6,000	\$50,000		\$56,000
520/**	DSI, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	DH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/**	Mud Logging / Geosteering / LWD	\$24,000			\$24,000
524/624	Cementing & Squeezing	\$208,000			\$208,000
526/626	Casing Crews & Equipment	\$44,000			\$44,000
528/628	Plug & Abandon				\$0
530/630	Stimulation		\$3,850,000		\$3,850,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$76,000	\$51,750		\$127,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$6,400	\$6,300		\$12,700
544/644	Miscellaneous & Unforeseen	\$138,732	\$311,268	\$3,750	\$453,750
	Total Intangible Drilling & Completion	\$2,417,049	\$6,536,618	\$78,750	\$9,032,417

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500			\$45,500
702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000	\$167,500			\$167,500
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" P110 20 ppi GBCD 19960	\$361,051			\$361,051
710	Tubing 2 7/8" 6.5# Cr13 9000		\$135,000		\$135,000
721/720	Wellhead Equip. BCP/ACP	\$85,000	\$45,000		\$130,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$85,000	\$85,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$23,430	\$10,150	\$18,500	\$52,080
	Total Well and Lease Equipment	\$696,381	\$213,150	\$388,500	\$1,298,031

Total Drilling and Completion Cost:	\$3,113,930	\$6,749,768	\$467,250	\$10,330,948
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KFOC APPROVALS	PARTNER APPROVAL
Robert Sandford (918) 491-4201 Drilling	Signature _____
David Zerger (918) 491-4350 Completion	Printed Name _____
Michael Maxey (918) 491-4424 Land	Position _____
Chris Miller (918) 491-4443 Geology	Company _____
Blake Humphries (918) 491-4455 Reservoir	Date _____
Mike Raines (918) 491-4658 Asset Manager	
Tom Redman (918) 491-4506 Chief Operating Officer	

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Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 9/11/2019
Well Name: Red Hills 106H	Field: Red Hills
Prospect: Red Hills	County / Psh: Lea
Location: FTP 100' FSL 400' FEL SECTION 6 T26S R33E, LTP 100' FNL 400' FEL SECTION 31 T25S R33E	State: NM
Depth: 20560 MD 9900 TVD	Preparer: CJ/DZ
Horizon: Avalon D	
Objective: Drill and Complete 2 Mile Avalon D	

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/**	Cond, Rat Hole, Mouse Hole Services	\$24,774			\$24,774
502/602	Location Damages	\$20,000			\$20,000
503/603	Environmental, Regulatory, and Permitting	\$40,000			\$40,000
504/604	Turnkey Completion Rig		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 18 days at \$25,000	\$450,000			\$450,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$85,000			\$85,000
507/**	Directional Drilling Services	\$256,000			\$256,000
508/608	Bits & Reamers	\$95,500			\$95,500
510/610	Fuel/Power	\$99,000			\$99,000
512/612	Drilling Water / Completion Fluid	\$65,000	\$980,000		\$1,045,000
514/614	Mud & Chemicals	\$120,000	\$20,000		\$140,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$275,000	\$37,500		\$312,500
516/616	Surface Equipment Rental / Inspection	\$346,830	\$289,300		\$636,130
517/617	Downhole Equipment Rental / Inspection	\$69,000	\$103,000		\$172,000
518/618	Transportation & Loading	\$6,000	\$50,000		\$56,000
520/**	BSY, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	CH Logs / CH Logs / Perforating / Stickline		\$302,500		\$302,500
523/**	Mud Logging / Geosteering / LWD	\$27,000			\$27,000
524/624	Cementing & Squeezing	\$708,000			\$708,000
526/626	Casing Crews & Equipment	\$44,000			\$44,000
528/628	Plug & Abandon				\$0
530/**	Stimulation		\$3,850,000		\$3,850,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$92,000	\$51,750		\$143,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonis				\$0
542/642	Drilling Overhead / Completion Overhead	\$7,200	\$6,300		\$13,500
544/644	Miscellaneous & Unforeseen	\$145,617	\$310,518	\$3,750	\$459,885
	Total Intangible Drilling & Completion	\$2,543,004	\$6,520,868	\$78,750	\$9,142,622
JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500			\$45,500
702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000	\$167,500			\$167,500
703	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
705	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 20560	\$370,351			\$370,351
710	Tubing 2 7/8 6.5# Cr13 9700		\$145,500		\$145,500
711/720	Wellhead Equip. BCP/ACP	\$85,000	\$45,000		\$130,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRIU			\$85,000	\$85,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$23,430	\$10,675	\$18,500	\$52,605
	Total Well and Lease Equipment	\$706,281	\$224,175	\$388,500	\$1,318,956
Total Drilling and Completion Cost		\$3,249,185	\$6,745,043	\$467,250	\$10,461,478

KFOC APPROVALS	PARTNER APPROVAL
Robert Sandford (918) 491-4201 Drilling	Signature _____
David Zerger (918) 491-4350 Completion	Printed Name _____
Michael Maxey (918) 491-4424 Land	Position _____
Chris Miller (918) 491-4443 Geology	Company _____
Blake Humphries (918) 491-4455 Reservoir	Date _____
Mike Raines (918) 491-4658 Asset Manager	
Tom Redman (918) 491-4506 Chief Operating Officer	

KFOC - NEW VERSION 1-1-2018

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Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 9/11/2019
Well Name: Red Hills 205H	Field: Red Hills
Prospect: Red Hills	County / Psh: Lea
Location: FTP 100' FSL 1600' FEL SECTION 6 T26S R33E, LTP 100' FNL 1600' FEL SECTION 31 T25S R33E	State: NM
Depth: 21660 MD 11000 TVD	Preparer: CJ/DZ
Horizon: 2nd Bone Springs	
Objective: Drill and Complete 2 Mile 2nd Bone Springs	

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/**	Cond. Rot Hole, Mouse Hole Services	\$24,774			\$24,774
502/602	Location Damages	\$20,000			\$20,000
503/603	Environmental, Regulatory, and Permitting	\$40,000			\$40,000
504/604	Turnkey Completion Rig		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 26 days at \$25,000	\$650,000			\$650,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$85,000			\$85,000
507/**	Directional Drilling Services	\$410,000			\$410,000
508/608	Bits & Reamers	\$95,500			\$95,500
510/610	Fuel/Power	\$143,000			\$143,000
512/612	Drilling Water / Completion Fluid	\$65,000	\$980,000		\$1,045,000
514/614	Mud & Chemicals	\$160,000	\$35,000		\$195,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$275,000	\$37,500		\$312,500
516/616	Surface Equipment Rental / Inspection	\$455,910	\$289,300		\$745,210
517/617	Downhole Equipment Rental / Inspection	\$69,000	\$124,000		\$193,000
518/618	Transportation & Loading	\$6,000	\$50,000		\$56,000
520/**	DST, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/**	Mud Logging / Geosteering / LWD	\$39,000			\$39,000
524/624	Graveling & Squeezing	\$208,000			\$208,000
526/626	Casing Crews & Equipment	\$44,000			\$44,000
528/628	Plug & Abandon				\$0
530/630	Stimulation		\$3,850,000		\$3,850,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$124,000	\$51,750		\$175,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonis				\$0
542/642	Drilling Overhead / Completion Overhead	\$10,400	\$6,300		\$16,700
544/644	Miscellaneous & Unforeseen	\$182,007	\$312,318	\$3,750	\$498,074
	Total Intangible Drilling & Completion	\$3,173,674	\$6,558,668	\$78,750	\$9,811,092
JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500			\$45,500
702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000	\$167,500			\$167,500
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACPI) 5-1/2" P110 20 ppi G8CD 21660	\$387,401			\$387,401
710	Tubing 2 7/8" 6.5# L 80 10000		\$70,000		\$70,000
721/720	Wellhead Equip. BCP/ACP	\$85,000	\$45,000		\$130,000
724	Packers & Downhole Equipment				\$0
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Wellways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$75,000	\$75,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$23,430	\$5,850	\$18,000	\$47,280
	Total Well and Lease Equipment	\$723,231	\$122,850	\$378,000	\$1,224,081
Total Drilling and Completion Cost		\$3,896,905	\$6,681,518	\$456,750	\$11,035,173

KFOC APPROVALS	PARTNER APPROVAL
Robert Sanford (918) 491-4201 Drilling	Signature _____
David Zerger (918) 491-4350 Completion	Printed Name _____
Michael Maxey (918) 491-4424 Land	Position _____
Chris Miller (918) 491-4443 Geology	Company _____
Blake Humphries (918) 491-4455 Reservoir	Date _____
Mike Raines (918) 491-4658 Asset Manager	
Tom Redman (918) 491-4506 Chief Operating Officer	

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Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 9/11/2019
Well Name: Red Hills 206H	Field: Red Hills
Prospect: Red Hills	County / Psh Lea
Location: FTP 100' FSL 400' FEL SECTION 6 T26S R33E, LTP 100' FNL 400' FEL SECTION 31 T25S R33E	State: NM
Depth: 21660 MD 11000 TVD	Preparer: CJ/DZ
Horizon: 2nd Bone Springs	
Objective: Drill and Complete 2 Mile 2nd Bone Springs	

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/***	Cond, Rat Hole, Mouse Hole Services	\$24,774			\$24,774
502/602	Location Damages	\$20,000			\$20,000
503/603	Environmental, Regulatory, and Permitting	\$40,000			\$40,000
504/604	Turnkey Completion Rig		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 26 days at \$25,000	\$650,000			\$650,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$85,000			\$85,000
507/***	Directional Drilling Services	\$410,000			\$410,000
508/608	Bits & Reamers	\$95,500			\$95,500
510/610	Fuel/Power	\$143,000			\$143,000
512/612	Drilling Water / Completion Fluid	\$65,000	\$980,000		\$1,045,000
514/614	Mud & Chemicals	\$160,000	\$35,000		\$195,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$275,000	\$37,500		\$312,500
516/616	Surface Equipment Rental / Inspection	\$455,910	\$269,300		\$725,210
517/617	Downhole Equipment Rental / Inspection	\$69,000	\$103,000		\$172,000
518/618	Transportation & Loading	\$6,000	\$50,000		\$56,000
520/***	BST, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	CH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/***	Mud Logging / Geosteering / LWD	\$39,000			\$39,000
524/624	Cementing & Squeezing	\$208,000			\$208,000
526/626	Casing Crews & Equipment	\$44,000			\$44,000
528/628	Plug & Abandon				\$0
***/630	Stimulation		\$3,850,000		\$3,850,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$124,000	\$51,750		\$175,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$10,400	\$6,300		\$16,700
544/644	Miscellaneous & Unforeseen	\$182,007	\$310,268	\$3,750	\$496,024
	Total Intangible Drilling & Completion	\$3,173,674	\$6,515,618	\$78,750	\$9,768,042

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500			\$45,500
702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000	\$167,500			\$167,500
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-17 1/2" P110 20 ppi GBCD 21660	\$387,401			\$387,401
710	Tubing 2 7/8" 6.5# L80 10700		\$74,900		\$74,900
721/720	Wellhead Equip. BCP/ACP	\$85,000	\$45,000		\$130,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$75,000	\$75,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Deliv / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$23,430	\$7,145	\$18,000	\$48,575
	Total Well and Lease Equipment	\$723,231	\$150,045	\$378,000	\$1,251,276
Total Drilling and Completion Cost		\$3,896,905	\$6,665,663	\$456,750	\$11,019,318

KFOC APPROVALS	PARTNER APPROVAL
Robert Sandford (918) 491-4201 Drilling	
David Zerger (918) 491-4350 Completion	Signature
Michael Maxey (918) 491-4424 Land	Printed Name
Chris Miller (918) 491-4443 Geology	Position
Blake Humphries (918) 491-4455 Reservoir	Company
Mike Raines (918) 491-4658 Asset Manager	Date
Tom Redman (918) 491-4506 Chief Operating Officer	

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Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company		Date: 9/11/2019	
Well Name: Red Hills 705H		Field: Red Hills	
Prospect: Red Hills		County / Psh: Lea	
Location: FTP 100' FSL 1050' FEL SECTION 6 T26S R33E, LTP 100' FNL 1050' FEL SECTION 31 T25S R33E		State: NM	
Depth: 20960 MD 10300 TVD	Preparer: CJ/DZ		
Horizon: 1st Bone Springs			
Objective: Drill and Complete 2 Mile 1st Bone Springs			

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/**	Cond, Rat Hole, Mouse Hole Services	\$24,774			\$24,774
502/602	Location Damages	\$20,000			\$20,000
503/603	Environmental, Regulatory, and Permitting	\$40,000			\$40,000
504/604	Turnkey Completion Rig		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 26 days at \$25,000	\$650,000			\$650,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$85,000			\$85,000
507/**	Directional Drilling Services	\$410,000			\$410,000
508/608	Bits & Reamers	\$95,500			\$95,500
510/610	Fuel/Power	\$143,000			\$143,000
512/612	Drilling Water / Completion Fluid	\$65,000	\$980,000		\$1,045,000
514/614	Mud & Chemicals	\$160,000	\$35,000		\$195,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$275,000	\$37,500		\$312,500
516/616	Surface Equipment Rental / Inspection	\$455,910	\$289,300		\$745,210
517/617	Downhole Equipment Rental / Inspection	\$69,000	\$103,000		\$172,000
518/618	Transportation & Loading	\$6,000	\$50,000		\$56,000
520/**	DST, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/**	Mud Logging / Geosteering / LWD	\$39,000			\$39,000
524/624	Cementing & Squeezing	\$208,000			\$208,000
525/625	Casing Crews & Equipment	\$14,000			\$14,000
528/628	Plug & Abandon				\$0
530/630	Stimulation		\$3,850,000		\$3,850,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$124,000	\$51,750		\$175,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$10,400	\$6,300		\$16,700
544/644	Miscellaneous & Unforeseen	\$182,007	\$311,268	\$3,750	\$497,025
	Total Intangible Drilling & Completion	\$3,173,674	\$6,536,618	\$78,750	\$9,789,042

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500			\$45,500
702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000	\$167,500			\$167,500
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 20960	\$376,551			\$376,551
710	Tubing 2 7/8" 6.5# L80 10000		\$55,000		\$55,000
721/720	Wellhead Equip. BCP/ACP	\$85,000	\$45,000		\$130,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$75,000	\$75,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$23,430	\$6,150	\$18,000	\$47,580
	Total Well and Lease Equipment	\$712,381	\$129,150	\$378,000	\$1,219,531
Total Drilling and Completion Cost		\$3,886,055	\$6,665,768	\$456,750	\$11,008,573

<p align="center">KFOC APPROVALS</p> <p>Robert Sandford (918) 491-4201 Drilling</p> <p>David Zerger (918) 491-4350 Completion</p> <p>Michael Maxey (918) 491-4424 Land</p> <p>Chris Miller (918) 491-4443 Geology</p> <p>Blake Humphries (918) 491-4455 Reservoir</p> <p>Mike Raines (918) 491-4658 Asset Manager</p> <p>Tom Redman (918) 491-4506 Chief Operating Officer</p>	<p align="center">PARTNER APPROVAL</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Position _____</p> <p>Company _____</p> <p>Date _____</p>
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Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company		Date: 9/11/2019	
Well Name: Red Hills 705H		Field: Red Hills	
Prospect: Red Hills		County / Psh Lea	
Location: FTP 100' FSL 2240' FEL SECTION 6 T26S R33E, LTP 100' FNL 2240' FEL SECTION 31 T25S R33E		State: NM	
Depth: 20960 MD 10300 TVD		Preparer: CJ/DZ	
Horizon: 1st Bone Springs			
Objective: Drill and Complete 2 Mile 1st Bone Springs			

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/**	Cond, Rat Hole, Mouse Hole Services	\$24,774			\$24,774
502/602	Location Damages	\$20,000			\$20,000
503/603	Environmental, Regulatory, and Permitting	\$40,000			\$40,000
504/604	Turnkey Completion Rig		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 26 days at \$25,000	\$650,000			\$650,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$85,000			\$85,000
507/**	Directional Drilling Services	\$410,000			\$410,000
508/608	Bits & Reamers	\$95,500			\$95,500
510/610	Fuel/Power	\$143,000			\$143,000
512/612	Drilling Water / Completion Fluid	\$65,000	\$980,000		\$1,045,000
514/614	Mud & Chemicals	\$160,000	\$35,000		\$195,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$275,000	\$97,500		\$372,500
516/616	Surface Equipment Rental / Inspection	\$455,910	\$289,300		\$745,210
517/617	Downhole Equipment Rental / Inspection	\$69,000	\$103,000		\$172,000
518/618	Transportation & Loading	\$6,000	\$50,000		\$56,000
520/**	DST, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/**	Mud Logging / Geosteering / LWD	\$39,000			\$39,000
524/624	Cementing & Squeezing	\$208,000			\$208,000
526/626	Casing Crews & Equipment	\$44,000			\$44,000
528/628	Plug & Abandon				\$0
530/630	Stimulation		\$3,850,000		\$3,850,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$124,000	\$51,750		\$175,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$10,400	\$6,300		\$16,700
544/644	Miscellaneous & Unforeseen	\$182,007	\$311,268	\$8,750	\$497,024
	Total Intangible Drilling & Completion	\$3,173,674	\$6,536,618	\$78,750	\$9,789,042

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500			\$45,500
702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000	\$167,500			\$167,500
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" P110 20 ppf G8CD 20960	\$376,551			\$376,551
710	Tubing 2 7/8" 6.5# L80 10000		\$55,000		\$55,000
721/720	Wellhead Equip. BCP/ACP	\$85,000	\$45,000		\$130,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$10,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$75,000	\$75,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$23,430	\$6,150	\$18,000	\$47,580
	Total Well and Lease Equipment	\$712,381	\$129,150	\$378,000	\$1,219,531
Total Drilling and Completion Cost		\$3,886,055	\$6,665,768	\$456,750	\$11,008,573

KFOC APPROVALS	PARTNER APPROVAL
Robert Sandford (918) 491-4201 Drilling	<div style="border-bottom: 1px solid black; height: 20px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 20px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 20px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 20px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 20px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 20px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 20px; margin-bottom: 5px;"></div>
David Zerger (918) 491-4350 Completion	
Michael Maxey (918) 491-4424 Land	
Chris Miller (918) 491-4443 Geology	
Blake Humphries (918) 491-4455 Reservoir	
Mike Raines (918) 491-4658 Asset Manager	
Tom Redman (918) 491-4506 Chief Operating Officer	

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

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

Case No. 20967

VERIFIED STATEMENT OF MITCH SULLIVAN

COUNTY OF TULSA)
) ss.
STATE OF OKLAHOMA)

Mitch Sullivan, 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. I am a geologist for Kaiser-Francis Oil Company ("KFOC").
2. 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) Exhibit A is a structure map on the top of the 1st Bone Spring Sand. It shows that structure dips gently to the West/Southwest. It also shows the proposed well location along with the location of the pilot hole Red Hills 401.
 - (b) Exhibit B is an Isopach map from the top of the 1st Bone Spring sand to the top of the Wolfcamp A. The contours displayed on the map shows relatively constant thickness along the proposed well path.
 - (c) Exhibit C is a Stratigraphic-Bone Spring type log. The Red Hills 401 log provides a representative sample of the Bone Spring formation in this area. The target zone for the well is the 1st Bone Spring Sand zone, and that zone is continuous across the well unit.
 - (d) Exhibit D is a zoomed in portion of the Red Hills 401 type log that focuses on the 1st Bone Spring landing location. As displayed, the distance from the landing point and the bottom of the Lower Avalon D is 450'.
 - (e) Exhibit E is a zoomed in portion of the Red Hills 401 type log that focuses on the 2nd Bone Spring Sand landing point. As you can see from the type log, the landing point is 1,250' away from the top of the Wolfcamp A interval.

EXHIBIT

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(f) Exhibit F is a zoomed in portion of the Red Hills 401 type log that depicts the Lower Avalon A as well as the Lower Avalon D. As you can see the distance from the Lower Avalon A landing point to the Lower Avalon D formation is 550'.

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 wells.

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

(d) There is sufficient vertical separation between existing drilled wells and future proposed wells.

5. KFOC sees a preference for standup wells in this area.

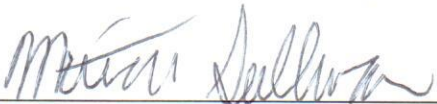
6. KFOC proposes to commence drilling in April, 2020. There will be a total of 16 wells drilled within the pooled unit. The final well will finish drilling in September, 2020. KFOC does not want to complete any wells during drilling operations, therefore, completion operations will commence after all 16 wells are drilled. This would be in October, 2020. Completing all 16 wells after drilling reduces drilling hazards and also ensures that each geologic interval is at virgin pressure, thereby helping to ensure that each frac stimulation will stay within the targeted zone.

7. Attachment F contains the proposed horizontal drilling plan for the well. The producing interval of the well will be orthodox, and will comply with Division setback requirements.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

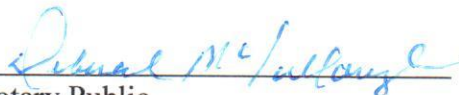
Mitch Sullivan, being duly sworn upon his oath, deposes and states that: He is a geologist for Kaiser-Francis Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his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



Mitch Sullivan

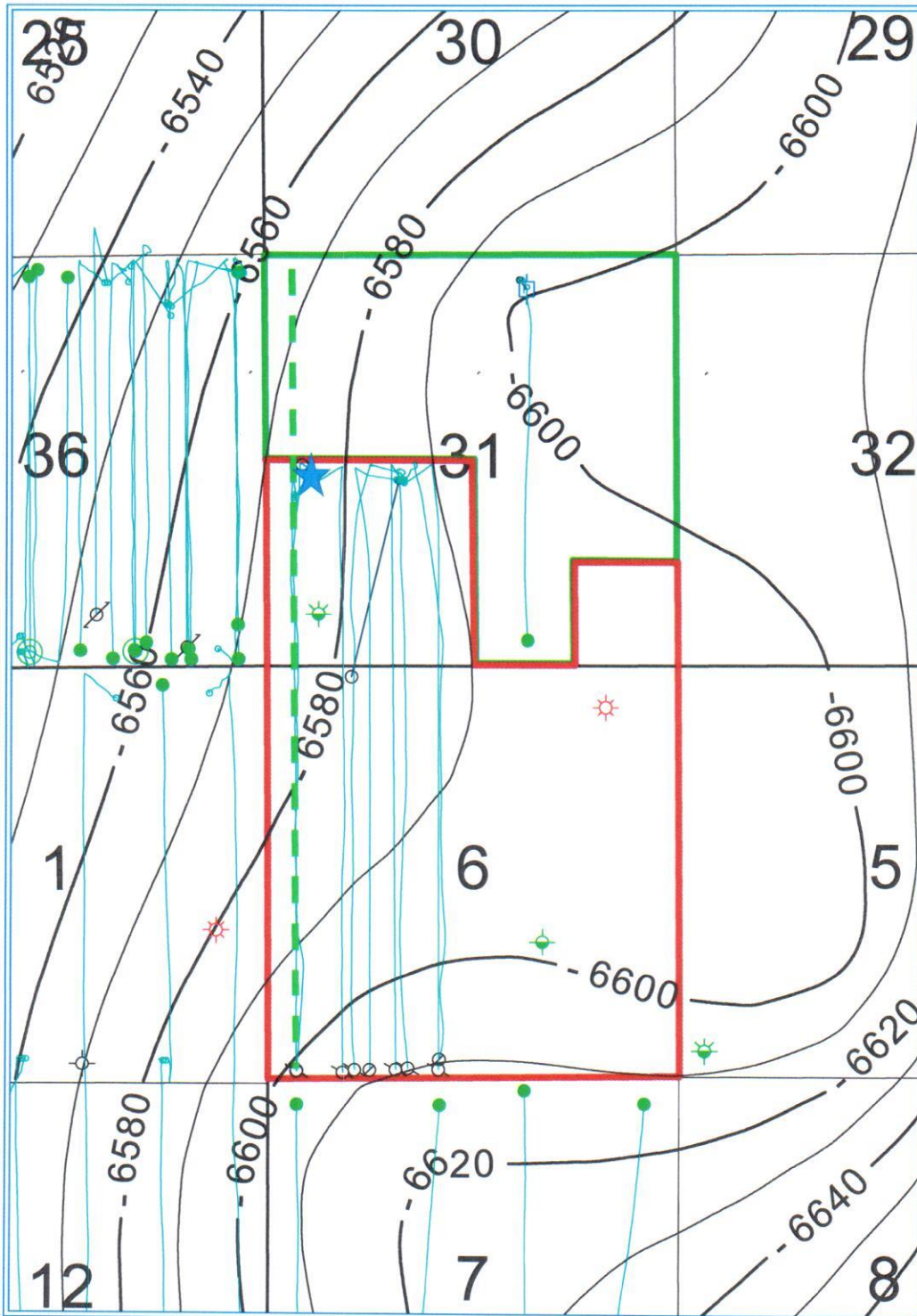
SUBSCRIBED AND SWORN TO before me this 17th day of January, 2020 by Mitch Sullivan.

My Commission Expires: 12-15-22



Notary Public





PETRA 11/05/2019 1:58:47 PM

KAISER-FRANCIS OIL COMPANY

RED HILLS PROJECT

1ST Bone Spring Sand

Structure Map



C.I. = 10'

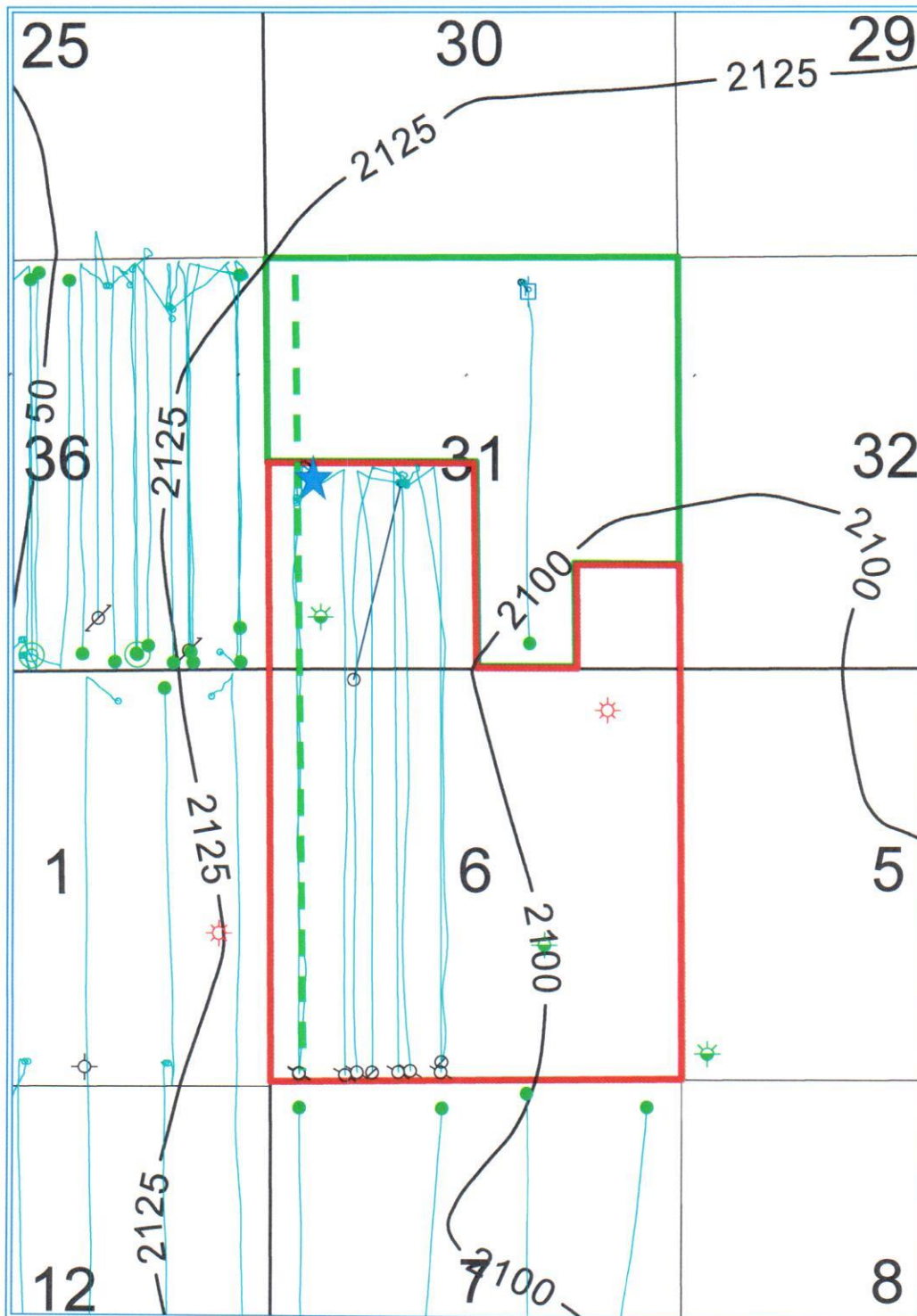
REMARKS

Well Path



Pilot well location

4



PETRA 11/05/2019 2:04:29 PM

KAISER-FRANCIS OIL COMPANY

RED HILLS PROJECT

1ST Bone Spring Sand To Wolfcamp

Isopach Map



C.I. = 25'

REMARKS

Well Path



Pilot well location

5

KAISER-FRANCIS OIL
RED HILLS
o401H
30025455720000

Exhibit C

Subsea
Depth(ft)
-5500 -

-5600 -

-5700 -

-5800 -

-5900 -

-6000 -

-6100 -

-6200 -

-6300 -

-6400 -

-6500 -

-6600 -

-6700 -

-6800 -

-6900 -

-7000 -

-7100 -

-7200 -

-7300 -

-7400 -

-7500 -

-7600 -

-7700 -

-7800 -

-7900 -

-8000 -

-8100 -

-8200 -

-8300 -

-8400 -

-8500 -

-8600 -

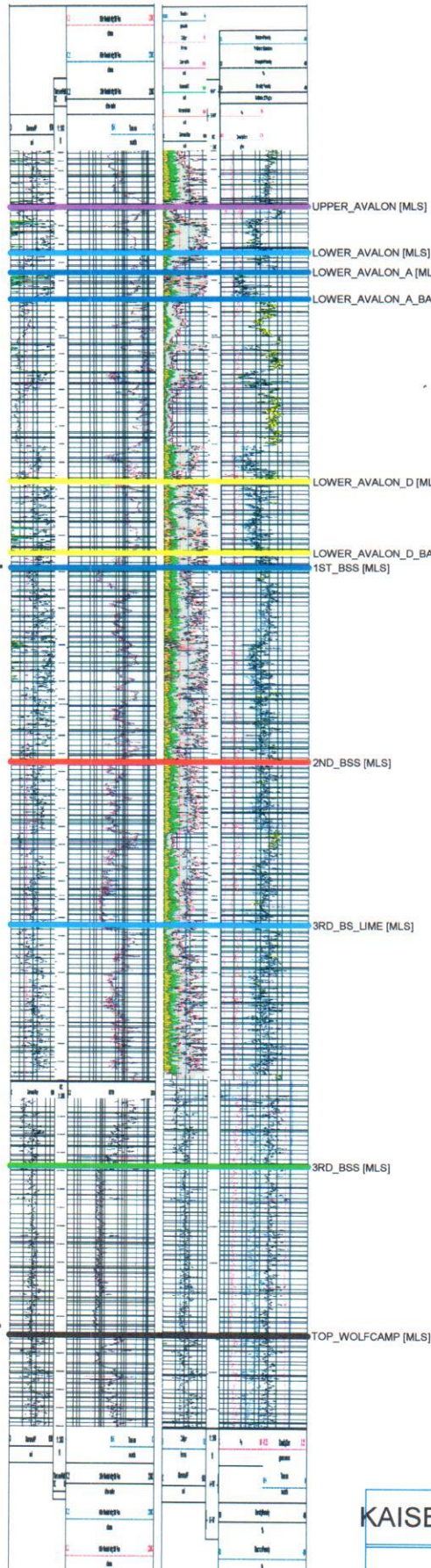
-8700 -

-8800 -

-8900 -

-9000 -

Proposed Bone
Spring Pool Interval



Subsea
Depth(ft)
-5500

-5600

-5700

-5800

-5900

-6000

-6100

-6200

-6300

-6400

-6500

-6600

-6700

-6800

-6900

-7000

-7100

-7200

-7300

-7400

-7500

-7600

-7700

-7800

-7900

-8000

-8100

-8200

-8300

-8400

-8500

-8600

-8700

-8800

-8900

-9000

KAISER-FRANCIS OIL COMPANY

DELAWARE BASIN

Proposed Bone Spring Pool Interval

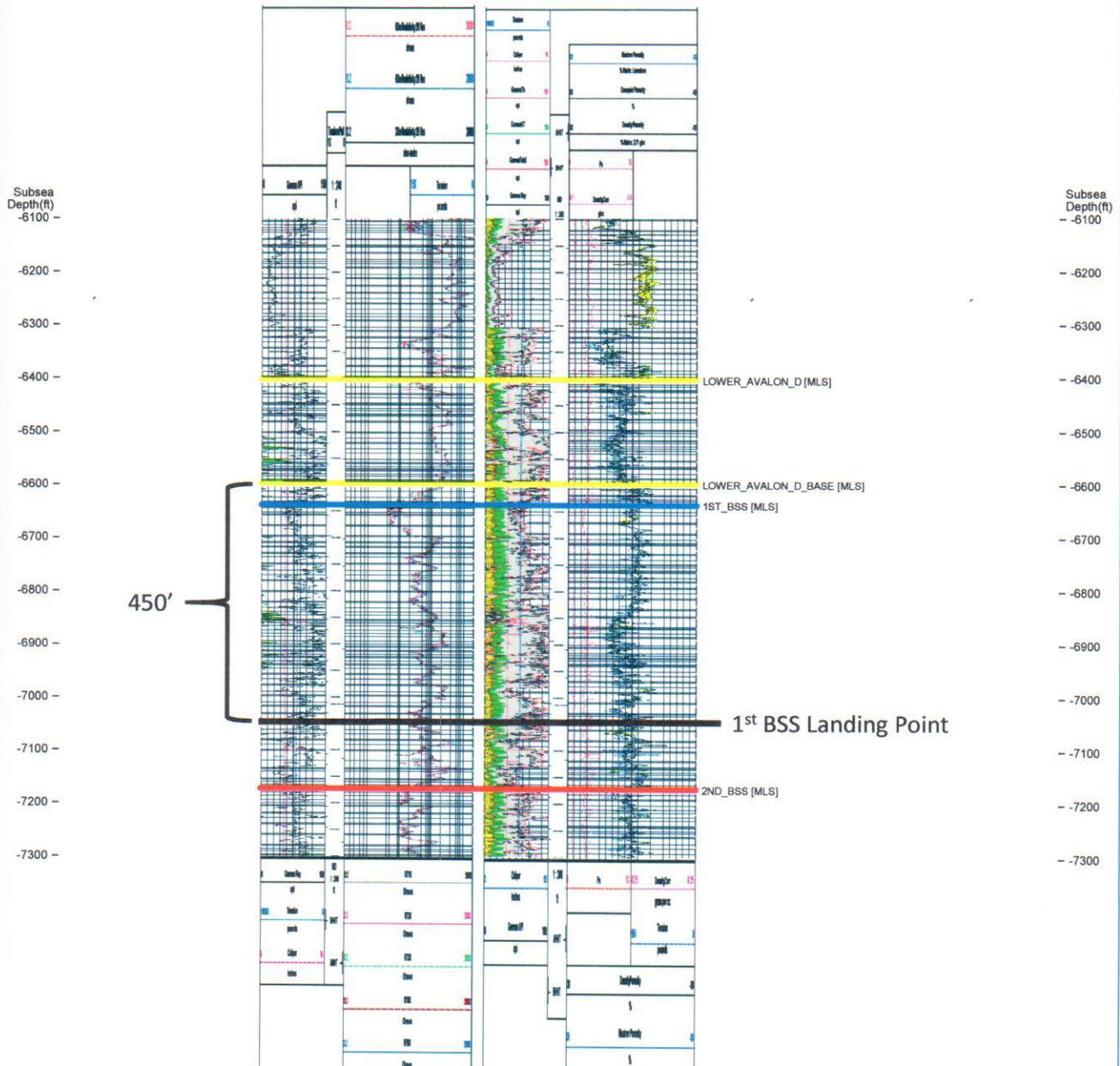
By: MLS

October 31, 2019 10:56 AM

6

Exhibit D

KAISER-FRANCIS OIL RED HILLS ○401H 30025455720000



KAISER-FRANCIS OIL COMPANY

DELAWARE BASIN

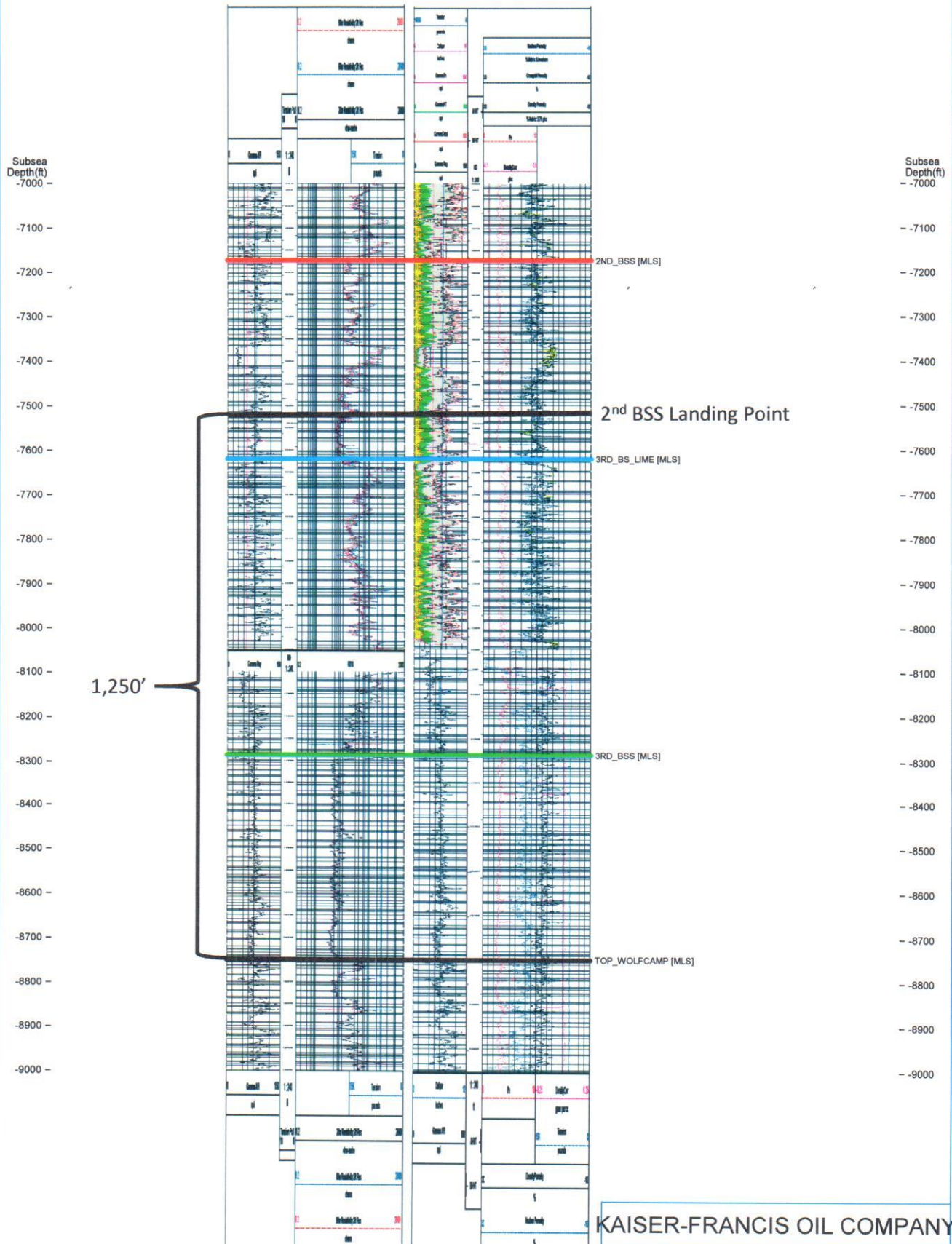
Distance from Avalon D to 1st BSS

By: MLS

October 31,2019 10:54 AM

7

Exhibit E



KAISER-FRANCIS OIL COMPANY

DELAWARE BASIN

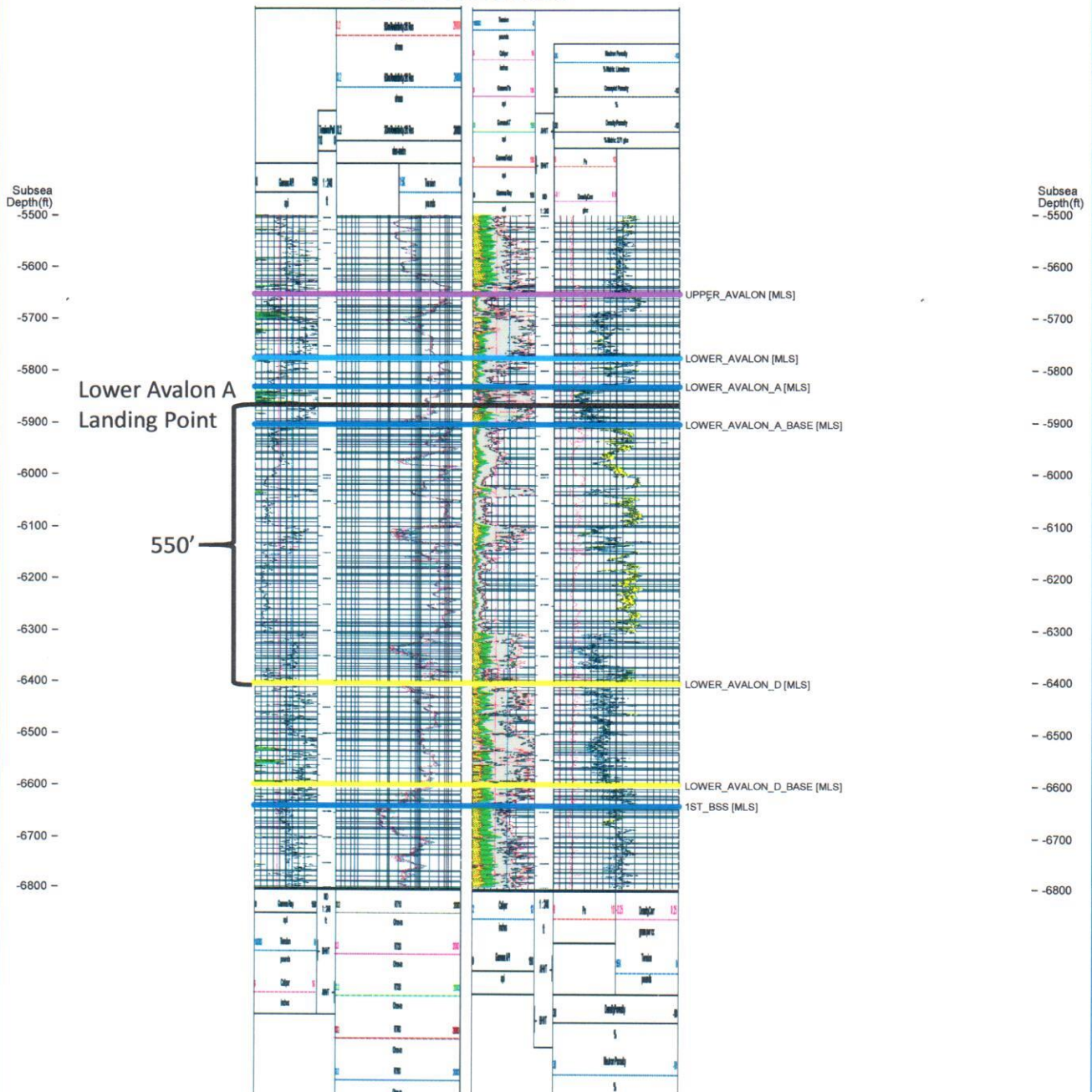
Distance from 2nd BSS to Wolfcamp

By: MLS

October 31, 2019 10:51 AM

KAISER-FRANCIS OIL
RED HILLS
○401H
30025455720000

Exhibit F



KAISER-FRANCIS OIL COMPANY

DELAWARE BASIN

Distance from Avalon A to Avalon D

By: MLS

October 31, 2019 10:47 AM

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case:	20967
Date	February 6, 2020
Applicant	Kaiser-Francis Oil Company
Designated Operator & OGRID (affiliation if applicable)	Kaiser-Francis Oil Company/OGRID No. 12361
Applicant's Counsel:	James Bruce
Case Title:	Application of Kaiser-Francis Oil Company for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	COG Operating Company LLC/Holland & Hart, LP WTG Exploration/Dana Hardy
Well Family	Red Hills Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Bone Spring formation
Pool Name and Pool Code:	Upper Bone Spring/WC-025 G-08 S253329D/Pool Code 97994 and Lower Bone Spring/WC-025 G-08 S253235G/Pool Code 97903
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter Section/40 acre
Spacing Unit	
Type (Horizontal/Vertical)	Vertical
Size (Acres)	640 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E/2 §31-25S-33E and E/2 §6-26S-33E, NMPM, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes
Proximity Defining Well: if yes, description	Red Hills Well No. 006H Red Hills Well No. 205H
Applicant's Ownership in Each Tract	Exhibit 1 page 9
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non- standard)	Red Hills Well No. 005H API No. 30-015-Pending SHL: 200 FNL & 2410 FEL §31 BHL: 100 FSL & 400 FEL §6 FTP: 100 FNL & 2240 FEL §31 LTP: 100 FSL & 2240 FEL §6 Avalon Bone Spring/TVD 9300 feet/MD 19960 feet

EXHIBIT

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Red Hills Well No. 006H
 API No. 30-015-Pending
 SHL: 300 FNL & 1075 FEL §31
 BHL: 100 FSL & 990 FEL §6
 FTP: 100 FNL & 1050 FEL §31
 LTP: 100 FSL & 1050 FEL §6
 Avalon Bone Spring/TVD 9300 feet/MD 19960 feet

Red Hills Well No. 106H
 API No. 30-015-Pending
 SHL: 300 FNL & 1055 FEL §31
 BHL: 100 FSL & 400 FEL §6
 FTP: 100 FNL & 400 FEL §31
 LTP: 100 FSL & 400 FEL §6
 Avalon Bone Spring/TVD 9300 feet/MD 19960 feet

Red Hills Well No. 205H
 API No. 30-015-Pending
 SHL: 200 FNL & 2390 FEL §31
 BHL: 100 FSL & 1600 FEL §6
 FTP: 100 FNL & 1600 FEL §31
 LTP: 100 FSL & 1600 FEL §6
 2nd Bone Spring/TVD 11000 feet/MD 21960 feet

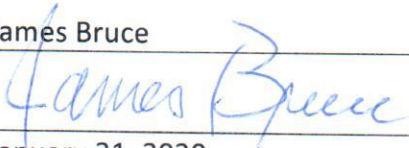
Red Hills Well No. 206H
 API No. 30-015-Pending
 SHL: 300 FNL & 1095 FEL §31
 BHL: 100 FSL & 400 FEL §6
 FTP: 100 FNL & 400 FEL §31
 LTP: 100 FSL & 400 FEL §6
 2nd Bone Spring/TVD 11000 feet/MD 21960 feet

Red Hills Well No. 706H
 API No. 30-015-Pending
 SHL: 300 FNL & 1115 FEL §31
 BHL: 100 FSL & 990 FEL §6
 FTP: 100 FNL & 990 FEL §31
 LTP: 100 FSL & 9900 FEL §6
 1st Bone Spring/TVD 10300 feet/MD 20960 feet

Red Hills Well No. 705H
 API No. 30-015-Pending
 SHL: 200 FNL & 2370 FEL §31
 BHL: 100 FSL & 2240 FEL §6
 FTP: 100 FNL & 2240 FEL §31
 LTP: 100 FSL & 22400 FEL §6
 1st Bone Spring/TVD 10300 feet/MD 20960 feet

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 1 page 2
Requested Risk Charge	Cost + 200%/Exhibit 1 page 2
Notice of Hearing	
Proposed Notice of Hearing	Exhibit 5
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 3
Proof of Published Notice of Hearing (10 days before hearing)	Not necessary
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 1 pages 4 and 12
Tract List (including lease numbers and owners)	Exhibit 1 page 12
Pooled Parties (including ownership type)	Exhibit 1 page 12
Unlocatable Parties to be Pooled	Not applicable
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit 1 pages 13-19
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibit 1 page 2
Chronology of Contact with Non-Joined Working Interests	Exhibit 1 Page 13-19
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 1 pages 20-26
Cost Estimate to Equip Well	Exhibit 1 pages 20-26
Cost Estimate for Production Facilities	Exhibit 1 pages 20-26
Geology	
Summary (including special considerations)	Exhibit 2
Spacing Unit Schematic	Exhibit 1 page 4
Gunbarrel/Lateral Trajectory Schematic	Exhibit 2 pages 6-9
Well Orientation (with rationale)	Standup/Exhibit 2 pages 4-5
Target Formation	Bone Spring
HSU Cross Section	Exhibit 2 pages 6-9
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit 1 pages 5-11
Tracts	Exhibit 1 page 12
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 1 page 12
General Location Map (including basin)	Exhibit 1 page 4
Well Bore Location Map	Exhibit 1 pages 5-8 and Exhibit 2 pages 6-9
Structure Contour Map - Subsea Depth	Exhibit 2 page 4
Cross Section Location Map (including	Exhibit 2 pages 6-9

wells)	
Cross Section (including Landing Zone)	Exhibit 2 pages 6-9
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:	January 21, 2020

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20967

APPLICATION

Kaiser-Francis Oil Company applies for an order pooling all mineral interests in the Bone Spring formation in a (proximity tract) horizontal spacing unit comprised of the E/2 of Section 31, Township 25 South, Range 33 East, N.M.P.M. and the E/2 of Section 6, Township 26 South, Range 33 East, N.M.P.M., and in support thereof, states:

1. Applicant is an interest owner in the E/2 of Section 31 and the E/2 of Section 6, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to depths sufficient to test the Bone Spring formation, and dedicate the E/2 of Section 31 and the E/2 of Section 6 to the wells:

- (a) The Red Hills Well No. 005H to test the Bone Spring Avalon zone;
- (b) The Red Hills Well No. 705H to test the First Bone Spring zone
- (c) The Red Hills Well No. 205H to test the Second Bone Spring zone.

The above three wells have first take points in the NW/4NE/4 of Section 31 and last take points in the SW/4SE/4 of Section 31.

In addition, applicant proposes to drill the following wells in the unit:

(d) The Red Hills Well Nos. 006H and 106H to test the Bone Spring Avalon zone. The wellbore of the Red Hills Well No. 006H;

(e) The Red Hills Well No. 706H to test the First Bone Spring zone. The wellbore of the Red Hills Well No. 706H will be located 1050 feet from the east line of Sections 31 and 6; and

EXHIBIT **5**

(f) The Red Hills Well No. 206H to test the Second Bone Spring zone.

The above four wells have first take points in the NE/4NE/4 of Section 31 and last take points in the SE/4SE/4 of Section 6.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation underlying the E/2 of Section 31 and the E/2 of Section 6 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the E/2 of Section 31 and the E/2 of Section 6, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the E/2 of Section 31 and the E/2 of Section 6 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 Bone Spring formation underlying the E/2 of Section 31 and the E/2 of Section 6, **excepting** the Avalon "D" zone in the W/2E/2 of Section 31 and the W/2E/2 of Section 6, as found in the Airacuda Fed. Well No. 2H (API No. 30-025-40407);

B. Designating applicant as operator of the wells;

- C. Considering the cost of drilling and completing 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 and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

COPY

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

Attorney for Kaiser-Francis Oil Company

PROPOSED ADVERTISEMENT

Case No. 20967:

Application of Kaiser-Francis Oil Company for compulsory pooling, Lea County, New Mexico. Kaiser-Francis Oil Company seeks an order pooling all mineral interests in the Bone Spring formation underlying a (proximity tract) horizontal spacing unit comprised of the E/2 of Section 31, Township 25 South, Range 33 East, N.M.P.M. and the E/2 of Section 6, Township 26 South, Range 33 East, N.M.P.M. (**excepting** the Avalon "D" zone in the W/2E/2 of Section 31 and the W/2E/2 of Section 6, as found in the Airacuda Fed. Well No. 2H (API No. 30-025-40407). The unit will be dedicated to (i) the Red Hills Well Nos. 005H, 705H, and 205H, with first take points in the NW/4NE/4 of Section 31 and last take points in the SW/SE/4 of Section 6, and (ii) the Red Hills Well Nos. 006H, 106H, 706H, and 206H, with first take points in the NE/4NE/4 of Section 31 and last take points in the SE/SE/4 of Section 6. The wellbore of the Red Hills Well No. 706H will be located 1050 feet from the east line of Sections 31 and 6. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 23-1/2 miles west of Bennett, New Mexico.