#### **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 COMPANYCOMPULSORY 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 OKLHOMA	)
	) 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.

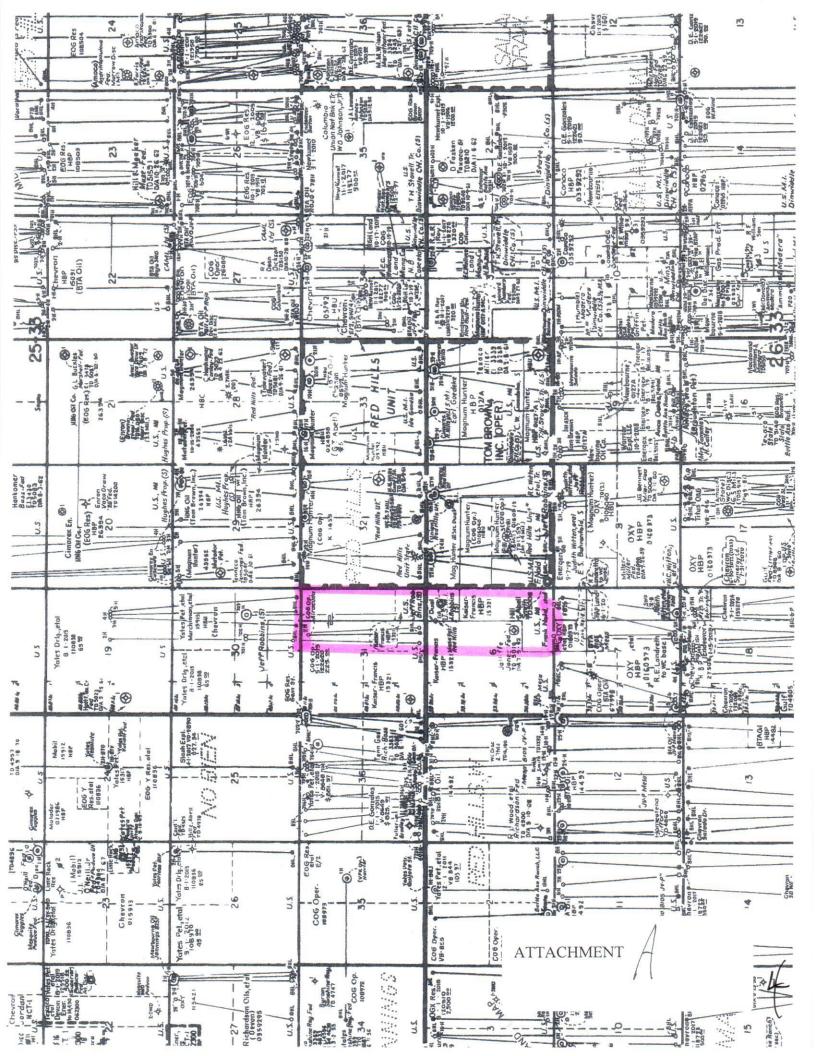
Michael Maxey

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

My Commission Expires: 12-15-22

Notary Public

Notary Public
State of Oklahoma
DEBORAH MCCULLOUGH
TULSA COUNTY
COMMISSION #06011949
Comm. Exp. 12-15-2022



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
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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

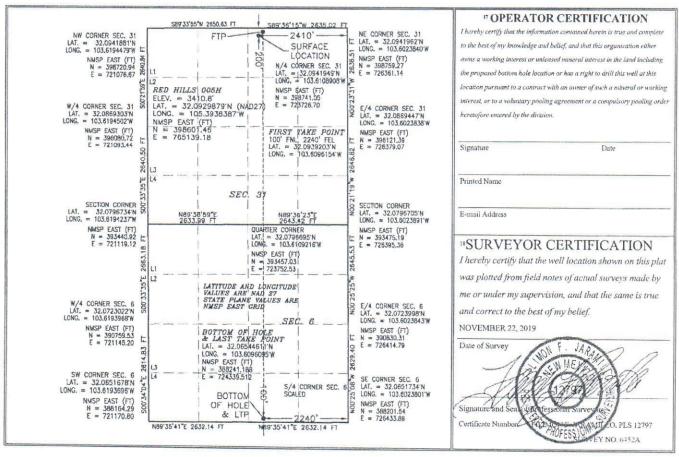
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1	API Numbe	r		<sup>2</sup> Pool Code			<sup>3</sup> Pool Na	me				
4 Property	Code	***************************************		***************************************	<sup>5</sup> Property	Name			6 N	Vell Number		
					RED HI	LLS				005H		
<sup>7</sup> OGRID	No.			<sup>9</sup> Elevation								
12361 KAISER-FRANCIS OIL CO.										3410.8		
					□ Surface	e Location		***************************************				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Wes	t line	County		
В	- 31	25 S	33 E		200	NORTH	2410	EAS	T	LEA		
			пB	ottom H	ole Location	If Different Fro	om Surface					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Wes	t line	County		
0	6	26 S	33 E		100	SOUTH	2240	EAS	T	LEA		
12 Dedicated Acre	es 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.



Attachment 3-1.

5

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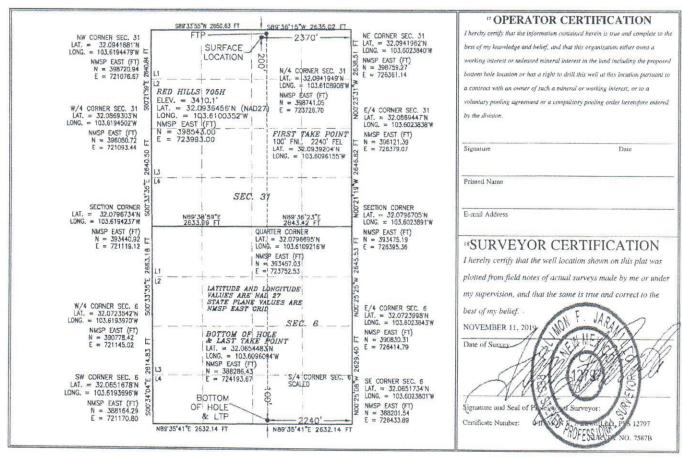
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	WELL LOCATION AND ACREAG	E DEDICATION PLAT
<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	5 Property Name	* Well Number
OGRID No.	RED HILLS  Operator Name	705H
12361	KAISER-FRANCIS OI	and the second s

					* 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 2370	East/West line EAST	County LEA
			пB	ottom Ho	ole Location	If Different Fr	om Surface		
UL or lot no.	Section 6	Township 26 S	Range 33 E	Lot Idn	Feet from the	North/South line SOUTH	Feet from the 2240	East/West line EAST	County LEA
<sup>2</sup> Dedicated Acres	13 Joint	or Infill 14	Consolidation	Code			15 Order No.		



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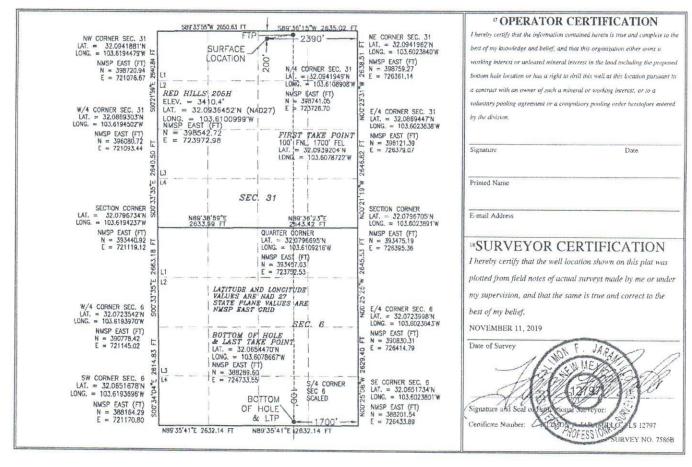
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API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name	<sup>6</sup> Well Number
no Administra	RED HILLS	205H
OGRID No.	* Operator Name	<sup>9</sup> Elevation
12361	KAISER-FRANCIS OF	L CO. 3410.4
	<sup>10</sup> Surface Loca	tion

B	31	25 S	33 E	Lot Idn	Feet from the 200	North/South line NORTH	Feet from the 2390	East/West line EAST	County
			п B	ottom Ho	ole Location	If Different Fr	om Surface		, and a second s
UL or lot no.	Section 6	Township 26 S	Range 33 E	Lot Idn	Feet from the	North/South line SOUTH	Feet from the 1700	East/West line EAST	County
<sup>2</sup> Dedicated Acre	s 13 Joint	or Infill 14	Consolidation	n Code			15 Order No.		



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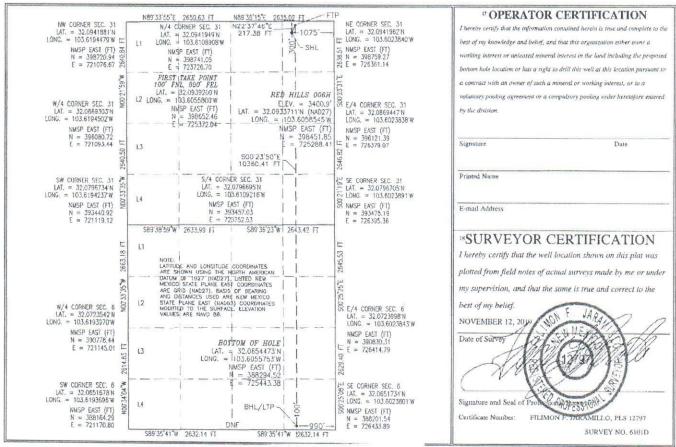
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V	VE	T	T	T	0	C	A	TI	0	IN	I	4	N	T	1	Δ	0	P	T	7	1	C	F	T	1	F	T	T	0	Δ	T	T	0	N	J	D	Γ.	Δ	T	1
·V	VI		1	1_		1	1	11		/ 1 1	1 1		LN		,			. 17		1	-				_,	10	8.	ш		1				'1'	N	1	1.11	~		

	API Numbe	r		2 Pool Code	Ode Pool Name							
<sup>4</sup> Property	Code	Managed American Commission Commi			S Property		<sup>6</sup> Well Number 006H					
<sup>7</sup> OGRID 1236		'Elevation 3400.9										
		- Capa -			» Surface	Location						
UL or lot no.					Feet from the 300	North/South line NORTH	Feet from the	East/West line EAST	County LEA			
		A CONTRACTOR OF THE PARTY OF TH	" B	ottom Ho	ole Location	If Different Fr	om Surface					
P 6 26 S 33 E Lot Io					Feet from the 100	East/West line EAST	County					
Dedicated Acre	Dedicated Acres 13 Joint or Infill 14 Consolidation				order No.							

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Attach ment B-2 District I
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1	API Numbe	r		<sup>2</sup> Pool Code	ode <sup>3</sup> Pool Name							
4 Property	Code			-	Property RED HI		Well Number					
OGRID No.  12361  KAISER-FRANCIS OIL CO.												
					" Surface	Location						
UL or lot no.	Section 31	Township 25 S	Range 33 E	Lot Idn	Feet from the 300	North/South line NORTH	Feet from the 1055	East/West line EAST	County LEA			
			" B	ottom Ho	ole Location	If Different Fr	om Surface					
UL or lot no.	Section 6	Township 26 S	p Range Lot Idn		Feet from the 100	North/South line SOUTH	Feet from the	East/West line EAST	County LEA			
<sup>2</sup> Dedicated Acre	s 13 Joint	or Infill 14	Consolidation	Code	<sup>15</sup> Order No.							

NW CORNER SEC. 31 LAT. = 32.0941881'N LONG. = 103.6194479'W LT NMSP EAST (FT) # N = 398720.94 # E = 721076.67 #S	N89 33'55'E 2650.63 FT	TOPERATOR CERTIFICATION  I hereby certify that the information contained herein is true and complete to the best of my knowledge and bellef, 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
W/4 CORNER SEC. 31 SE LAT. = 32.05693333 N LONG. = 103.6194502W NMSP EAST (F1) N = 396080,72 F = 72109144	FIRST TAKE POINT 100' PNL, 400' PEL  LAT. = 32.033912'N 12 LONG. = 103.6036733W  NMSP FAST (11) N = 398656.53  LONG. = 1103.6057901'W NMSP EAST (17) N = 725961.91  N = 389451.99  N = 389451.99  N = 389451.39  N = 386121.39	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.
2540.50	E = 725308.35 E = 726379.07	Signature Date  Printed Name
SW CORNER SEC. 31 = 32.0796734N   5	S/4 CORNER SEC. 31	E-mail Address
F 81.6342	L1  NOTE  LATITUDE AND LONGITUDE COORDINATES  ARE SHOWN USING THE NORTH AMERICAN	18 SURVEYOR CERTIFICATION  I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under
W/4 CORNER SEC. 6 IAT. = 32.0723542'N LONG. = 103.6193970'W	CATUR OF 1927 (MADZY). LISTED NEW MEMOD STATE PLANE EAST COORDINATES ARE ORIGI (MADZY). BASIS OF BEARNING AND DISTANCES USED ARE NEW MEXICO.  L2 STATE PLANE EAST (KARDIS) COORDINATES MODIFIED TO THE SUMPACE, ELEVATION VALUES ARE NAVO HB.  LDNC. = 103.6023843 W	my supervision, and that the same is true and correct to the best of my belief.  NOVEMBER 12, 2019
NMSP EAST (FT) N = 390778.44 E = 721145.01	BOTTOM OF HOLE   NMSP EAST (F1)   N = 39.0830.31   E = 726414.79   S	Date of Survey
SW CORNER SEC. 6 = LAT. = 32.0651678N = 2.0651678N = 2.0651678N = 2.06516786 = 2.0651678 =	BHL/LTP BHL/LTP S8°35'41"W 2632.14 FT S8°35'	Signature and Seal of Processing Surveyor  Certificate Number: FILIN ON THE CASE THE LS 12797  SURVEY NO. 6455C
		SURVEY NO. 6455C

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<sup>1</sup> API Number <sup>2</sup> Pool Cod			de <sup>3</sup> Pool Name							
<sup>4</sup> Property Code					<sup>3</sup> Property Name RED HILLS				* Well Number 706H	
<sup>7</sup> OGRID No. 12361 K				K	Operator Name AISER-FRANCIS OIL CO.				° Elevation 3401.5	
					<sup>™</sup> Surface	Location				
UL or lot no.	Section 31	Township 25 S	Range 33 E	Lot Idn	Feet from the 300	North/South line NORTH	Feet from the	East/West line EAST	County LEA	
			" B	ottom He	ole Location	If Different Fr	om Surface		-	
UL or lot no.	Section 6	Township 26 S	Range 33 E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the	East/West line EAST	County LEA	
Dedicated Acre	s 13 Joint	or Infill 14	Consolidation	Code			15 Order No.			

			CORD LEON CONTINUES TO A
NW CORNER SEC. 31 LAT. = 32.0941881N LONG. = 103.5194479W L NMSP EAST (FT) 35 N = 398770.94 © E = 721076.67 %	N893355E 2650.63 FT N8935'15'E 2635.02 FT FT N3737'00'E 111.5' LAT 32.0941949 N LONG 103.6108908'W NMSP 6A5T (FT) N = 398741.05 E = 723726.70	NE CORNER SEC. 31 LAT. = 32.0941962 N L. LONG. = 103.6923840 W 35 NWSP EAST (FT) 90 N = 388759.27 62 E = 726361.14	OPERATOR CERTIFICATION  I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to
W/4 CORNER SEC. 31 DS LAT. = 32.08693037N LONG = 103.6194502 W NIMSP EAST (FT) N = 396080.72 E = 721093.44	FIRST TAKE POINT   100" PNL, 960" PEL   LAT. = 132.0939209 N   RE\$ HILLS 706H	E/4 CORNER SEC. 31 LAT. = 32.0869447 N LONG. = 103.602383W NMSP EAST (FT) L N = 396121.39 E = 726379.07	a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a computiony pooling order heretofore entered by the division.  Signature Date
SW CORNER SEC. 31 LAT. = 32,0796734N 53 LONG. = 103,6194237 W 32 NMSP PAST (FT) N = 393440,92 E = 721119,12	10360.41 FT	SE CORNER SEC. 31 F. LAT. = 32.0796705 N TO LONG. = 103.602389 TW NMSP EAST (FT) N = 393475.19 E = 726395.36	Printed Name E-mail Address
W/4 CORNER SEC. 6 € 1 LAT. = 32.0723542 N LONG. = 103.6139370 W	NOTE:  NOTE:  AND LONGITUDE COORDINATES  ARE SHOWN USING THE NIGHTH AMERICAN  DESCRIPTION OF THE NIGHTH AMERICAN  MENO(0) STATE PACK EAST COME NIGHTS  ARE GRID (NAD27). BASIS OF BEARING  AND DISTANCES USED ARE NEW MEXICO  12 STATE PLANE EAST (NAD83). COORDINATES  MODIFIED TO THE SURFACE, ELEVATION  VALUES ARE NAVO BB.	E/4 CORNER SEC. 6  E/4 CORNER SEC. 6  IAI. = 32.0723996 N  IONG. = 103.6023843 W	In SURVEYOR CERTIFICATION  I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  NOVEMBER 12, 2019
NMSP EAST (FT) N = 390778.44 E = 721145.01 L.	BOTTOM OF HOLE     LAT. = 32.0654473 N     LONG. = 103.6055753 W     NMSP EAST (FT)     N = 3.88294.52	NMSP EAST (FT)  N = 300830.31  E = 726414.79	Date of Survey
SW CORNER SEC. 6 ALT. = 32.0551678 ALT. = 32.0551678 ALT. ELONG. = 103.6193995 ALT. ELONG. = 10.051678	L4	# SE CORNER SEC. 6    LAIT. = 32.0651734 N   LONG. = 103.6023861 W   NMSP EAST (FT)   N = 388201.54   E = 726433.89	Sanature and Seal of Processing Surveyor:  Certificate Number: PILINGS 103 ARS WILLIAM PLS 12797  STORERY NO. 7588B

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WELL	LOC	ATION	AND A	CREAGE	DEDICA	TION PLAT

<sup>1</sup> API Number <sup>2</sup> Pool Co			<sup>2</sup> Pool Cod	de <sup>3</sup> Pool Name						
<sup>4</sup> Property Code					<sup>5</sup> Property Name RED HILLS				' Well Number 206H	
'OGRID No. 12361 F				K	Operator Name  (AISER-FRANCIS OIL CO.				<sup>9</sup> Elevation 3400.8	
					Surface     Surface	Location				
UL or lot no.	Section 31	Township 25 S	Range 33 E	Lot Idn	Feet from the 300	North/South line NORTH	Feet from the 1095	East/West line EAST	County	
			n В	ottom H	ole Location	If Different Fr	om Surface			
UL or lot no.	Section 6	Township 26 S	Range 33 E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the	East/West line EAST	County	
Dedicated Acre	s <sup>13</sup> Joint	or Infill 14	Consolidation	1 Code			15 Order No.		1	

NW CORNER SEC. 31 LAT. = 32.0941881'N LONG. = 103.6194479'W to NMSP EAST (FT) ₹ N = 398720.94 ₹ E = 721076.67 ₹	N89'33'55'E 2650.63 FT	POPERATOR CERTIFICATION  I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to
W/4 CORNER SEC. 31 DX W/4 CORNER SEC. 31 DX LAT. = 32.0869303N LONG. = 103.6194502 W NMSP EAST (TI) N = 3760807.72	FIRST TAKE POINT 160' PNL, 400' PEL LAT. = 32.0939212'N L2 LONG. = 103.6038753'W MSP EAST (TT) N = 396656.53 LONG. = 103.6059191'W NMSP EAST (FT) N = 725961.91 N = 398451.71 N = 398451.73	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.
E = 721093.44 L 0970495	E = 725268.39	Signature Date
SW CORNER SEC. 31 LAT. = 32.07367341 PS LONG. = 103.6194237W S NMSP EAST (FT) N = 393440.92 E = 721119.12	S/4 CORNER SEC. 31   SECONDER SEC. 31   LAT. = 32.0796795 N   LA	Printed Name  E-mail Address
L 817992 7 # 55,000 A	NOTE:  NOTE:  LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN  DATUR OF 1927 (NAD27). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRIO (NAD27). BASIS OF BEARING AND DISTANCES USED ARG NEW MEXICO LS STATE PLANE EAST (NADBS) COORDINATES ON DISTANCES USED ARG NEW MEXICO LS STATE PLANE EAST (NADBS) COORDINATES ON DISTANCES USED ARG NEW MEXICO LS STATE PLANE EAST (NADBS) COORDINATES ON DISTANCES USED ARG NEW MEXICO	18SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.
NAT = 32.0723542 N LONG. = 103.6193370W NMSP EAST (FT) N = 390778.44 E = 721145.01	VALUESI ARE NAVO BB.    IAT = 32.0723998 N     LONG. = 103.6023843 W     MISP EAST (T)     N = 390830.31     N = 390830.31     N = 276443.29     N = 276443.	NOVEMBER 12, 2019 CM F. JAPA
SW CORNER SEC. 6 LAT. = 32.0651678 N LONG. = 103.6193665 N MNSP EAST (FT) N N = 388164.29 E = 721170.80	L4 BHL/LTP BHL	Signature and Seal of Proceedings Communicate Number: FILIMON PLS 12797 SURVEY NO. 7589B

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** 

September 19, 2019

Sent by Certified Mail

P. O. BOX 21468

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

September 19, 2019

Sent by Certified Mail

P. O. BOX 21468

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 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 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.

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 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  $2^{nd}$  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

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  $2^{nd}$  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

O. BOX 21468

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

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" hercinafter) 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-Frands Oil Company		Date:	9/11/2019	
	Red Hills 005H		Field:	Red Hills	
Prospect:	Red Hills		County / Psh	Lea	
Location: Depth:	FTP 100' FSL 2240' FEL SECTION 6 T265 R33E, LTP 100' FNL 2240' FEL SECTION 3	1 T255 R33E	State:	NM	************************************
Horizon:	19960 MD 9300 TVD Avalon A		Preparer:	CJ/DZ	
Objective:	Drill and Complete 2 Mile Avalon A	***************************************		~~~~	
JIB Code					
500/600	Intangible Drilling and Completion Costs  Location / Road Expense / Frac Pit Construction	Drilling	Completion	Eqpt/Const	Total
501/***	Cond, Rat Hole, Mouse Hole Services	\$32,083	\$14,000	\$40,000	\$86,083
502/602	Location Damages	\$24,774			\$24,774
503/603	Environmental, Regulatory, and Permitting	\$20,000			\$20,000
504/604	Turnkey Completion Rig	\$40,000			\$40,000
***************************************	Footage @ per foot		\$8,000		\$8,000
		*****			\$0
505/605	Colled Tubing & Related Services \$25,000	\$400,000			\$400,000
506/606	Rig Mob / Demob	ĆOF OOO	\$360,000		\$360,000
507/***	Directional Drilling Services	\$85,000 \$245,000			\$85,000
508/608	Bits & Reamers	\$95,500	-	-	\$245,000
510/610	Fuel/Power	\$88,000			\$95,500
512/612	Drilling Water / Completion Fluid	\$65,000	\$980,000	-	\$88,000
514/614	Mud & Chemicals	\$120,000	\$35,000	<b>-</b>	\$1,045,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$275,000	\$37,500		\$155,000
516/616	Surface Equipment Rental / Inspection	\$319,560	\$289,300	+	\$312,500 \$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/***	DST, Coring & Analysis			1	50
521/621 522/62 <b>2</b>	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs OH Logs / CH Logs / Perforating / Slickline		\$82,500		\$82,500
523/***	Mud Logging / Geosteering / LWD	\$24,000	5302,500		\$302,500
524/624	Cementing & Squeezing	\$208,000			524,000
526/626	Casing Crews & Equipment	\$44,000		-	\$208,000
528/628	Plug & Abandon				50
***/630 532/632	Stimulation Geological & Engineering		53,850,000		53,850,000
534/634	Supervision		\$13,000		\$13,000
536/636	Misce laneous Contract Labor	\$76,000 \$ <b>25,000</b>	551,750 542,500	732 333	5127,750
	Prof. Fees & Abstracts	\$10,000	342,500	\$35,000	\$102,500
541/641	Liability Insurance / Bonds	740,000			\$10,000 50
542/642 544/644	Drilling Overhead / Competion Overhead	\$6,400	\$6,300		\$12,700
344/844	Miscellaneous & Unforeseen Total Intangible Onling & Completion	\$138,732	5311,268	\$3,750	5453,749
	1 Completion	52,417,049	56,536,618	578,750	59,032,417
110	T			270,730	27/022/417
JIB Code 700	Conductor	Orilling	Completion	Eqpt/Const	otal
700 701	Conductor	Orilling		·	fotal S0
700 701 702	Conductor   13 3/8 54.5#1-55 BYC   1000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000	0rilling \$45,500		·	fotal 50 545,500
700 701 702 702	Conductor   Surface Casing   13 3/8 54.5# 1-55 BTC   1000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casing   1000	Orilling		·	Total 50 545,560 \$167,500
700 701 702 702 704	Conductor   Surface Casing   13 3/8 54.5# 1-55 BYC   1000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casing   Drilling Liner (BCP)	0rilling \$45,500		·	Total \$0 \$45,500 \$167,500 \$0
700 701 702 702 704 703	Conductor   Surface Casing   13 3/8 54.5# 1-55 BYC   1000   Intermediate Casing   9 5/8 40# P-110HC LYC   5000   Intermediate Casing   Drilling Liner (BCP)   Production Liner (ACP)	545,500 5167,500		·	Total 50 545,560 \$167,500
700 701 702 702 704 703 706	Conductor   13 3/8 54.5#1-55 BYC   1000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casing   Drilling Liner (BCP)   Production Liner (ACP)   Production Casing (ACP)   5-1/2" P110 20 ppf GBCD   19960   199	0rilling \$45,500	Completion	·	Total
700 701 702 702 704 703	Conductor   13 3/8 54.5# 1-55 BYC   1000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casins   9 5/8 40# P-110HC LTC   5000   Intermediate Casins   07/8 inter	545,500 \$167,500 \$361,053	Completion	·	Total 50 545,500 5167,500 50 50 50 50 5361,051 5135,000
700 701 702 702 704 703 706 710 721/728	Conductor   13 3/8 54.5#1-55 BTC   1000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casing   Drilling Liner (BCP)   Production Liner (ACP)   Production Casing (ACP)   5-1/2" P110 20 ppf GBCD   19960   Tubing   2 7/8" 6 5# Cr13   9000   Wellhead Equip, BCP/ACP   Packers & Downhole Equipment   19960   19	545,500 5167,500	\$135,000 \$45,000	·	Total \$0 \$45,500 \$167,500 \$0 \$0 \$0 \$0 \$0 \$167,500 \$10 \$10 \$10 \$10 \$10 \$10 \$10 \$
700 761 762 702 704 703 706 710 721/720 724 726	Conductor   Surface Casing   13 3/8 54.5# 1-55 BTC   1000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casing   Drilling Liner (BCP)   Production Liner (ACP)   Production Casing (ACP)   5-1/2" P110 20 ppf GBC0   19960   Tubing   27/8" 6.5# Cr13   9000   Wellhead Equip, BCP/ACP   Packers & Downhole Equipment   Rods & Pumps   Pumps   Packers & Downhole Equipment   Packers & Dow	545,500 \$167,500 \$361,053	Completion	·	Total \$0 \$45,560 \$167,500 \$0 \$0 \$0 \$5 \$551,051 \$135,000 \$130,000 \$21,000
700 761 762 702 704 703 706 710 721/728 724 726 733	Conductor   Surface Casing   13 3/8 54.5# 1-55 BYC   1000     Intermediate Casing   9 5/8 40# P-110HC LTC   5000     Intermediate Casins   9 5/8 40# P-110HC LTC   5000     Intermediate Casins   Orilling Liner (BCP)     Production Liner (ACP)   Production Liner (ACP)     Production Casing (ACP)   5-1/2" P110 20 ppf GBCD   19960     Tubing   2 7/8" 6 5# Cr13   9000     Wellhead Equip. BCP/ACP     Parkers & Downhole Equipment     Rods & Pumps     Line Pipe / Fittings / Pipeline	545,500 \$167,500 \$361,053	\$135,000 \$45,000	Eqpt/Const	Total 50 545,500 5167,500 50 50 50 50 50 50 50 5135,000 5130,000 521,000 58
700 701 702 702 704 703 706 710 721/720 724 726 737 738	Conductor   13 3/8 54.5#1-55 BTC   1000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casing   Drilling Liner (BCP)   Production Liner (ACP)   Production Casing (ACP)   5-1/2" P110 20 ppf GBCD   19960   Tubing   2 7/8" 6.5# Cr13   9000   Wellhead Equip. BCP/ACP   Packers & Downhole Equipment   Rods & Pumps   Liner Pipe / Fittings / Pipeline   Automation/SCADA/Mass Electrical Equipment   Automation/SCADA/Mass Electrical Equipment   1000   1	545,500 \$167,500 \$361,053	\$135,000 \$45,000	Eqpt/Const  \$30,000 \$88,000	Total \$0 \$45,560 \$167,500 \$0 \$0 \$0 \$5 \$551,051 \$135,000 \$130,000 \$21,000
700 761 762 702 704 703 706 710 721/728 724 726 733	Conductor   Surface Casing   13 3/8 54.5# 1-55 BYC   1000     Intermediate Casing   9 5/8 40# P-110HC LTC   5000     Intermediate Casins   9 5/8 40# P-110HC LTC   5000     Intermediate Casins   Orilling Liner (BCP)     Production Liner (ACP)   Production Liner (ACP)     Production Casing (ACP)   5-1/2" P110 20 ppf GBCD   19960     Tubing   2 7/8" 6 5# Cr13   9000     Wellhead Equip. BCP/ACP     Parkers & Downhole Equipment     Rods & Pumps     Line Pipe / Fittings / Pipeline	545,500 \$167,500 \$361,053	\$135,000 \$45,000	\$30,000 \$85,000 \$30,000	Total 50 545,500 5167,500 50 50 50 50 5130,000 5130,000 530,000 530,000 530,000
700 761 762 702 704 703 706 710 721/720 724 726 737 738 747 752 765	Conductor   13 3/8 54.5#1-55 BTC   1000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casing   9 5/8 40# P-110HC LTC   5000   Intermediate Casing   Drilling Liner (BCP)   Production Liner (ACP)   Production Casing (ACP)   5-1/2" P110 20 ppf GBCD   19960   Tubing   2 7/8" 6.5# Cr13   9000   Wellhead Equip. BCP/ACP   Packers & Downhole Equipment   Rods & Pumps   Liner Pipe / Pittings / Pipelline   Automation/SCADA/Misc Electrical Equipment   Valves   Valves   Heaters / Treaters / Separator / VBIJ	545,500 \$167,500 \$361,053	\$135,000 \$45,000	\$30,000 \$45,000 \$50,000 \$50,000	Total 50 545,500 545,500 50 50 50 50 50 50 5356,051 5135,000 521,000 50 530,000 530,000 530,000 530,000 530,000 530,000 530,000 530,000 530,000 530,000 530,000
700 701 702 702 704 703 706 710 721/720 724 726 737 738 747 752 765 768	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 10 5/8 40#	545,500 \$167,500 \$361,053	\$135,000 \$45,000	\$30,000 \$85,000 \$30,000	Total   50   545,500   545,500   5167,500   50   50   550,500   5361,051   5135,000   530,000   530,000   530,000   530,000   530,000   530,000   530,000   535,000
700 701 702 702 704 703 706 710 721/720 724 726 737 738 747 752 765 768	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 5/8 40# P-110HC LTC 5000 Intermediate Casing 5/8 40# P-110HC LTC 5000 Intermediate Casing 5/8 5/8 40# P-110HC LTC	545,500 5167,500 5361,051 5361,051	\$135,000 \$45,000	\$30,000 \$45,000 \$50,000 \$50,000	Total 50 545,500 5167,500 50 50 50 50 50 5135,000 5130,000 521,000 530,000 530,000 530,000 530,000 535,000
700 701 702 704 708 708 708 710 721/720 724 726 737 738 747 752 765 768 770 775/774	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing Drilling Liner (BCP) Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 19960 Tubing 27/8" 6.5# Cr13 9000 Wellhead Equip, BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRII Artificial UR / Compressor Cas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight & CP/ACP	545,500 5167,500 5361,051 5361,051 5361,050	\$135,000 \$45,000	\$30,000 \$45,000 \$30,000 \$30,000 \$85,000	Total 50 545,500 545,500 50 50 50 50 50 50 535,000 530,000 521,000 585,000 585,000 585,000 590,000 585,000 50 50 55,000
700 701 702 702 704 703 706 710 721/720 724 726 737 738 747 752 765 768	Conductor Surface Casing 13 3/8 54.5#1-55 BTC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing Drilling Liner (BCP) Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 19960 Tubing 27/8" 6.5# Cr13 9000 Wellhead Equip, BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Values Tanks & Walkways Heaters / Treaters / Separator / VRIJ Artificial Lift / Compressor Gas Sales Unit / Deby / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP	545,500 5167,500 5361,051 5361,051 5361,050 54,000 54,400	\$135,000 \$135,000 \$45,000 \$21,000	\$30,000 \$85,000 \$30,000 \$30,000 \$30,000 \$50,000 \$5,000 \$45,000	Total 50 545,500 5167,500 50 50 50 50 5361,051 5135,000 521,000 530,000 530,000 530,000 585,000 585,000 557,000 557,000 557,000 557,000
700 701 703 702 704 705 710 721 726 737 726 737 747 752 765 768 776 776 777 777 777 777	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casins 62P Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 19960 Tubing 27/8" 6 5# Cr13 9000 Wellhead Equip, BCP/ACP Packers & Downhole Equipment 8000 Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRIJ Artificial UII / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP	545,500 5167,500 5361,051 5361,051 535,000 54,400 523,430	\$135,000 \$45,000 \$21,000 \$21,000	\$30,000 \$35,000 \$45,000 \$35,000 \$35,000 \$35,000 \$35,000 \$35,000 \$35,000 \$35,000	Total \$0 \$45,560 \$167,500 \$0 \$0 \$0 \$50 \$50 \$50 \$133,000 \$21,000 \$30,000 \$30,000 \$30,000 \$30,000 \$50,000
700 701 702 702 704 705 710 710 721 726 737 74 726 737 752 765 768 770 775/774	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casins 62 5/8 40# LTC 5000 Intermediate Casins 62 5/8 40# L	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150	\$30,000 \$35,000 \$45,000 \$30,000 \$30,000 \$35,000 \$45,000 \$45,000 \$45,000 \$38,000	Total 50 545,500 5167,500 50 50 50 50 5138,000 5138,000 521,000 530,000 530,000 530,000 585,000 555,000 557,000 557,000 557,000 557,000 557,000 557,000
700 701 702 702 704 705 710 710 721 726 737 74 726 737 752 765 768 770 775/774	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casins 6000 Production Liner (ACP) Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 19960 Tubing 27/8" 6 5# Cr13 9000 Wellinead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRIJ Artificial UII / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BC	545,500 5167,500 5361,051 5361,051 535,000 54,400 523,430	\$135,000 \$45,000 \$21,000 \$21,000	\$30,000 \$35,000 \$45,000 \$35,000 \$35,000 \$35,000 \$35,000 \$35,000 \$35,000 \$35,000	Total \$0 \$45,560 \$167,500 \$0 \$0 \$0 \$50 \$50 \$50 \$133,000 \$21,000 \$30,000 \$30,000 \$30,000 \$30,000 \$50,000
700 701 702 702 704 705 710 710 721 726 737 74 726 737 752 765 768 770 775/774	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casins 62 5/8 40# LTC 5000 Intermediate Casins 62 5/8 40# L	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768	\$30,000 \$35,000 \$45,000 \$30,000 \$30,000 \$35,000 \$45,000 \$45,000 \$45,000 \$38,000	Total \$0 \$45,500 \$45,500 \$1467,500 \$0 \$0 \$5 \$0 \$50 \$30,051 \$135,000 \$3130,000 \$21,000 \$30,000 \$30,000 \$30,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000
700 701 702 702 704 705 710 710 721 726 737 74 726 737 752 765 768 770 775/774	Conductor Surface Casing 13 3/8 54.5#1-55 BTC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing Drilling Liner (BCP) Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 19960 Tubing 27/8" 6.5# Cr13 9000 Wellhead Equip, BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipelline Automation/5CADA/Misc Electrical Equipment Valvex Tanks & Walkways Heaters / Treaters / Separator / VRIU Artificial Ufi / Compressor Gas Sales Unit / Deby / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Foral Well and Lease Equipment Total Brilling and Completion Cost  RECC APPROVALS	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total 50 545,500 545,500 50 50 50 50 50 50 536,051 5135,000 521,000 585,000 585,000 585,000 590,000 585,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000
700 701 702 702 704 705 710 710 721 726 737 74 726 737 752 765 768 770 775/774	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casins 6000 Production Liner (ACP) Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 19960 Tubing 27/8" 6 5# Cr13 9000 Wellinead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRIJ Artificial UII / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BC	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total \$0 \$45,500 \$45,500 \$1467,500 \$0 \$0 \$5 \$0 \$50 \$30,051 \$135,000 \$3130,000 \$21,000 \$30,000 \$30,000 \$30,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000
700 701 702 702 704 705 710 710 721 726 737 74 726 737 752 765 768 770 775/774	Conductor Surface Casing 13 3/8 54.5# 1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing Inter (BCP) Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBC0 19960 Tubing Wellhead Equip. BCP/ACP 2 7/8" 6.5# Cr13 9000 Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Unit / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Total Uniling and Completion Cost  KFOC APPROVALS Robert Sandford (918) 491-4201 Drilling	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total \$0 \$45,500 \$45,500 \$1467,500 \$0 \$0 \$5 \$0 \$50 \$30,051 \$135,000 \$3130,000 \$21,000 \$30,000 \$30,000 \$30,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000
700 701 702 702 704 705 710 710 721 726 737 74 726 737 752 765 768 770 775/774	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casins 10HI LTC 5000 Intermediate Casins 10HI LTC 5000 Intermediate Casins 10HI Section 10HI Se	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total \$0 \$45,500 \$45,500 \$1467,500 \$0 \$0 \$5 \$0 \$50 \$30,051 \$135,000 \$3130,000 \$21,000 \$30,000 \$30,000 \$30,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000
700 701 702 702 704 705 710 710 721 726 737 74 726 737 752 765 768 770 775/774	Conductor Surface Casing 13 3/8 54.5# 1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing Inter (BCP) Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBC0 19960 Tubing Wellhead Equip. BCP/ACP 2 7/8" 6.5# Cr13 9000 Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Unit / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Total Uniling and Completion Cost  KFOC APPROVALS Robert Sandford (918) 491-4201 Drilling	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total 50 545,500 545,500 50 50 50 50 50 50 536,051 5135,000 521,000 585,000 585,000 585,000 590,000 585,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000
700 701 702 702 704 703 706 710 710 721 726 737 74 726 737 752 765 768 770 775/774 777/776	Conductor Surface Casing 13 3/8 54.5# 1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing Inter (BCP) Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 19960 Tubing Wellhead Equip. BCP/ACP 2 7/8" 6.5# LT13 9000 Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Inspect/Test Tubulars BCP/ACP Flotal Well and Lease Equipment Total Brilling and Completion Cost  KFOC APPROVALS  Robert Sandford (918) 491-4201 Drilling David Zerger (918) 491-4350 Completion	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768 PARTINER:	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total \$0 \$45,500 \$45,500 \$1467,500 \$0 \$0 \$5 \$0 \$50 \$30,051 \$135,000 \$3130,000 \$21,000 \$30,000 \$30,000 \$30,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000
700 701 702 702 704 703 706 710 7107 721 726 737 738 747 752 765 768 770 775/774 777/776	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casins 10HI LTC 5000 Intermediate Casins 10HI LTC 5000 Intermediate Casins 10HI Section 10HI Se	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768 PARTINER	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total \$0 \$45,500 \$45,500 \$1467,500 \$0 \$0 \$5 \$0 \$50 \$30,051 \$135,000 \$3130,000 \$21,000 \$30,000 \$30,000 \$30,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000
700 701 702 702 704 703 706 710 7107 721 726 737 738 747 752 765 768 770 775/774 777/776	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casins 10HI Selection Intermediate 10HI	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768 PARTINER:	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total 50 545,500 545,500 50 50 50 50 50 50 536,051 5135,000 521,000 585,000 585,000 585,000 590,000 585,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000
700 701 702 702 704 703 706 710 710 721 726 737 74 726 737 752 765 768 770 775/774 777/776	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casing 10PH	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768 PARTINER	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total 50 545,500 5467,500 50 50 50 50 50 5361,051 5135,000 521,000 530,000 530,000 530,000 585,000 585,000 585,000 585,000 557,000 557,000 557,000 557,000 557,000 557,000
700 701 702 702 704 703 706 710 710 721 726 737 74 726 737 752 765 768 770 775/774 777/776	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casins 10HI Selection Intermediate 10HI	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768 PARTINER	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total 50 545,500 5467,500 50 50 50 50 50 5361,051 5135,000 521,000 530,000 530,000 530,000 585,000 585,000 585,000 585,000 557,000 557,000 557,000 557,000 557,000 557,000
700 701 702 702 704 703 706 710 710 721 726 737 74 726 737 752 765 768 770 775/774 777/776	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casins 10HI Section	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768 PARTINER:	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total 50 545,500 5467,500 50 50 50 50 50 5361,051 5135,000 521,000 530,000 530,000 530,000 585,000 585,000 585,000 585,000 557,000 557,000 557,000 557,000 557,000 557,000
700 701 703 702 704 705 710 721 726 737 726 737 747 752 765 768 776 776 777 777 777 777	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casing 10PH	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$135,000 \$45,000 \$21,000 \$21,000 \$21,000 \$213,150 \$213,150 \$213,150 \$213,150 \$213,150 \$213,150 \$213,150	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total 50 545,500 5467,500 50 50 50 50 50 5361,051 5135,000 521,000 530,000 530,000 530,000 585,000 585,000 585,000 585,000 557,000 557,000 557,000 557,000 557,000 557,000
700 701 702 702 704 703 706 710 710 721 726 737 74 726 737 752 765 768 770 775/774 777/776	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casing 9 5/8 40# P-10HC LTC 5000 Intermediate Casing 10PH	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$45,000 \$21,000 \$21,000 \$10,150 \$213,150 \$6,749,768 PARTINER:	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total 50 545,500 5467,500 50 50 50 50 50 5361,051 5135,000 521,000 530,000 530,000 530,000 585,000 585,000 585,000 585,000 557,000 557,000 557,000 557,000 557,000 557,000
700 701 702 702 704 703 706 710 7107 721 726 737 738 747 752 765 768 770 775/774 777/776	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing Drilling Liner (BCP) Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 19960 Tubling 2 7/8" 6.5# Cr13 9000 Wellhead Equip, BCP/ACP Packers & Downhole Equipment Rods & Pumps Liner Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Unitropy of Pittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Reaters / Treaters / Separator / VRIJ Artificial Uti / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP IoTal Well and Lease Equipment Total Brilling and Completion Cost  KFOC APPROVALS  Robert Sandford (918) 491-4201 Drilling 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) 491-4455	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$135,000 \$45,000 \$21,000 \$21,000 \$21,000 \$213,150 \$213,150 \$6,749,768 PARTNER  Signature  Printed Name  Position  Company	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total 50 545,500 545,500 50 50 50 50 50 50 536,051 5135,000 521,000 585,000 585,000 585,000 590,000 585,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000
700 701 702 702 704 703 706 710 710 721 726 737 74 726 737 752 765 768 770 775/774 777/776	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 10PH	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$135,000 \$45,000 \$21,000 \$21,000 \$21,000 \$213,150 \$213,150 \$213,150 \$213,150 \$213,150 \$213,150 \$213,150	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total \$0 545,500 \$167,500 \$0 \$0 \$0 \$0 \$50,501 \$135,000 \$130,000 \$21,000 \$30,000 \$30,000 \$30,000 \$30,000 \$30,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000 \$55,000
700 701 702 702 704 703 706 710 7107 721 726 737 738 747 752 765 768 770 775/774 777/776	Conductor Surface Casing 13 3/8 54.5#1-55 BYC 1000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing Drilling Liner (BCP) Production Liner (ACP) Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 19960 Tubling 2 7/8" 6.5# Cr13 9000 Wellhead Equip, BCP/ACP Packers & Downhole Equipment Rods & Pumps Liner Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Unitropy of Pittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Reaters / Treaters / Separator / VRIJ Artificial Uti / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP IoTal Well and Lease Equipment Total Brilling and Completion Cost  KFOC APPROVALS  Robert Sandford (918) 491-4201 Drilling 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) 491-4455	\$45,500 \$167,500 \$361,051 \$361,051 \$35,000 \$4,000 \$23,430 \$690,881	\$135,000 \$135,000 \$45,000 \$21,000 \$21,000 \$21,000 \$213,150 \$213,150 \$6,749,768 PARTNER  Signature  Printed Name  Position  Company	\$30,000 \$85,000 \$85,000 \$30,000 \$85,000 \$50,000 \$45,000 \$18,500 \$388,500 \$388,500	Total 50 545,500 545,500 50 50 50 50 50 50 536,051 5135,000 521,000 585,000 585,000 585,000 590,000 585,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000 557,000

Attach ment E

#### 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 Drill and Complete 2 Mile Avalon A Objective: JIB Code Intengible Drilling and Completion Costs Drilling Completion Eqpt/Const Total 500/600 Location / Road Expense / Frac Pit Construction \$32,083 \$14,000 \$40,000 \$85,083 501/\*\*\* 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 \$25,000 16 days at \$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 520/\*\*\* DST, Coring & Analysis \$50,000 556,000 50 582,500 521/621 Downhole tools: Whipstocks, Liner Hanger 522/622 OH Logs / CH Logs / Perforating / Slickine \$82 \$88 \$302,500 5302,500 523/\*\* Mult Logging / Geosteering / LWD 524/624 Cementing & Squeezing 526/626 Casing Crews & Equipment \$24,000 \$24,000 \$208.000 5208,000 \$44,000 544,000 528/628 Plug & Abandon \*\*\*/630 Stimulation 532/632 Geological & Engineering \$3,850,000 53,850,000 \$13,000 513,000 534/634 Supervision
536/636 Miscellaneous Contract Labor \$76,000 51,750 127,750 \$25,000 542,500 535,000 3102,500 538/638 Prof. Fees & Abstracts \$10,000 510.000 541/641 Liability Insurance / Bonds 542/642 Drilling Overhead / Competion Overhead 30 542/642 Drilling Overneer Completion
544/644 Miscellaneous & Unforeseen
Total Intangible Drilling & Completion 6,400 \$6,300 \$12,700 5138,732 5311,268 53,750 5453,749 \$6,536,618 52,417,049 578.750 langible Well and Lease Equipment Costs Drilling completion Egpt/Const ota Conductor 700 SO 701 Surface Casing 13 3/8 54.5# J-55 BTC \$45,500 345,500 702 intermediate Casing 9 5/8 40# P-110HC LTC 5000 167,500 Intermediate Casing 5167,500 702 Drilling Liner (BCP) 50 \$0 703 Production Liner (ACP) 30 Production Casing (ACP) 5-1/2" P110 20 ppl GBCD 19960 5361.051 361,051 710 Tubing 2 7/8" 6.5# Cr 13 9000 \$135,000 Wellhead Equip. BCP/ACE 721/720 724 Packers & Downhole Equipm \$21,000 521.000 726 tods & Pumps Line Pipe / Fittings / Pipeling \$30,000 \$30,000 Automation/SCADA/Misc Electrical Equipment \$85,000 747 Tanks & Walkways 530,000 590 000 Heaters / Treaters / Separator / VRU Artificial Uli / Compressor 590,000 765 85,000 \$85,000 768 770 Gas Sales Unit / Deby / Line Heater / Flare 30 55 000 5,000 775/774 Tranportation and Freight BCP/ACP \$10,000 2.000 45,000 557.000 Inspect/Test Tubulars BCP/ACP \$4,400 \$4,400 779/778 Non-Controllable Equipment BCP/ACP 523,430 10,150 518 500 \$**52,080** Total Well and Lease Equipment Total Drilling and Completion Cost \$3,113,930 \$6,749,768 \$467,250 \$10,330,948 KFOC APPROVACS PARTNER APPROVAL Robert Sandford (918) 491-4201 Drilling David Zerger (918) 491-4350 Signature Michael Maxey (918) 491-4424 Printed Name Chris Miller (918) 491-4443 Position Blake Humphries (918) 491-4455 Mike Raines (918) 491-4658 Date Tom Redman (918) 491-4506 Chief Operating Officer



Kaiser-Francis Oil Company Authority for Expenditure Operator: Kalser-Francis Oil Company Date: 9/11/2019 Well Name: Red Hills 106H Field: Red Hills Prospect: Red Hills County / Psh lea FTP 100' FSL 400' FEL SECTION 6 T26S R33E, LTP 100' FNL 400' FEL SECTION 31 T2SS R33E Location: State: NM Depth: 20560 MD 9900 Preparer Horizon: Avalon D Objective: Drill and Complete 2 Mile Avalon D JIB Code Intangible Drilling and Completion Costs Drilling Completion Eapt/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 days at \$25,000 \$450,000 \$450,000 505/605 Coiled Tubing & Related Services \$360,000 \$360,000 506/606 Rig Mob / Demob 507/\*\*\* Directional Drilling \$85,000 \$85,000 **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 520/\*\*\* OST, Coring & Analysis 56,000 556,000 521 /621 Downhole toels: Whipstocks, Liner Hangers, Frak Pl**ugs** OH Logs / CH Logs / Perforating / Slickline COS CAS 522/622 523/\*\*\* 524/624 \$302,500 302.500 Mud Logging / Geasteering / LWD \$22,000 527,000 5208,000 Cementing & Squeezing 528/628 Plug & Abamion \*\*\*/630 Stimulation \$44,000 544,000 3,850,000 3,850,000 532/632 Geological & Engineering \$13,000 513,000 534/634 Supervision 592,000 551.750 143,750 536/636 Miscellaneous Contract Labor \$25,000 42,500 35,000 102.500 538/638 Prof. Fees & Abstracts 541/641 Liability Insurance / Bonds 542/642 Drilling Overhead / Competion Overhead \$10,000 10,000 50 513,500 \$7.200 \$6,300 544/644 Miscellaneous & Unforeseen Total Intangible Drilling & Completion 5145.617 \$310,518 \$3,750 5459,884 7,543,004 III Code angible Well and Lease Equipment Costs Orilling ompletion Eqpt/Const ota Conductor 700 701 Surface Casing 13 3/8 54.5# J-55 BTC 1000 \$45,500 545 500 Intermediate Casing 702 9 5/8 40# P-110HC LTC 5000 \$167.500 \$167,500 702 Intermediate Casing 50 704 Drilling Liner (BCP 50 703 Production Liner (ACP) 5-1/2" P110 20 pp GBCD 2 7/8" 6.5# Cr13 Production Casing (ACP) 20560 5370,351 \$370,351 Tubing 710 721/720 Wellhead Equip. BCP/ACP \$145,500 \$85,000 545,000 \$130,000 Packers & Downhole Equipment Rods & Pumps 724 571,000 \$21,000 Line Pipe / Fittings / Pipel 73 30,000 Automation/SCADA/Misc Electrical Equipment 385 000 385 000 747 Tanks & Walkways \$30,000 752 765 90.000 590,000 Heaters / Treaters / Separator / VRU 85,000 \$85,000 768 Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare 770 5,000 5,000 Tranportation and Freight BCP/ACP 775/774 Tranportation and relegions for ACP
779/778 Inspect/Test Tubulars BCP/ACP
779/778 Non-Controllable Equipment BCP/ACP
Total Well and Lease Equipment 10,000 2 000 45,000 557,000 \$4.400 23.430 510,675 18,500 52,605 224,175 5388,500 Total Drilling and Completion Cost \$3,249,185 \$6,745,043 \$467,250 \$10,461,478 KEOL APPROVALS PARINER APPROVAL Robert Sandford (918) 491-4201 David Zerger (918) 491-4350 Signature Michael Maxey (918) 491-4424 Printed Name Chris Miller (918) 491-4443 Position Blake Humphries (918) 491-4455 Reservoir Company Mike Raines (918) 491-4658 Asset Manager Date

> Tom Redman (918) 491-4506 Chief Operating Officer



#### Kaiser-Francis Oil Company

Operator:	Authority for Expendit Kaiser-Francis Oil Company	cor C	Date:	9/11/2019	
	: Red Hills 205H		Field:	Red Hills	
rospect:	Red Hills	***************************************	County / Psh	lea	
ocation:	FTP 100' FSL 1600' FEL SECTION 6 T265 R33E, LTP 100' FNL 1600' FEL SECTION 3:	1 T25S R33E	State:	NM	
Depth:	21660 MD 11000 TVD	***************************************	Preparer:	CJ/DZ	***************************************
lorizon:	2nd Bone Springs				
Objective:	Drill and Complete 2 Mile 2nd Bone Springs			***************************************	***************************************
JIB Code	Intengible 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
************	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 Footage @ per foot		\$8,000		\$8,000
***************************************					\$0
505/605	Daywork 26 days at \$25,000 Colled Tubing & Related Services	\$650,000	1		\$650,000
506/606	Rig Mob / Demob	\$85,000	\$360,000	-	\$360,000
507/+**	Directional Drilling Services	\$410,000			\$85,000 \$410,000
508/608	Bits & Reamers	\$95,500		-	**************************************
510/610	Fuel/Power	\$143,000		-	\$95,500 \$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		\$455,910	\$289,300		\$745,210
517/617	Downhole Equipment Rental / Inspection	\$69,000	\$124,000	-	\$193,000
518/618	Transportation & Loading DST, Coring & Analysis	\$6,000	\$50,000		\$56,000
521/621			7		50
522/622	OH Logs / CH Logs / Perforating / Sticking		\$82,500 \$392,50 <b>0</b>		\$82,500
523/***	Mud Logging / Geosteering / LWD	539,000	3392,500	-	5302,500 539,000
524/624	Cementing & Squeezing	\$208,000	***************************************	-	\$208,000
526/626		\$44,000			544,000
528/628	Plug & Abandon Stimulation				50
532/632			\$3,850,000		\$3,850,000
	Supervision	\$124,000	\$13,000 \$51,750		\$13,000
536/636		\$25,000	942,500	\$35,000	\$175,750 \$10 <b>2,500</b>
538/638		\$10,000		333,000	\$10,000
541/641			··	1	\$0
542/642 544/644	Drilling Overhead / Competion Overhead Miscellaneous & Unioreseen	10,400	6,300		516,700
3447 (7444	total Intangible Drilling & Completion	5182,007	5312,318	\$3,750	5498,074
JIB Code		\$3,173,674	56,558,668	\$78,750	59,811,092
700	Tangible Well and Lease Equipment Costs Conductor	Drilling	Completion	Eqpt/Const	ota
701	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500			50
702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000	\$167,500			545,500
702	Intermediate Casing	1 201,500		-	\$167,500 \$0
704 703	Drilling Liner (BCP)				50
703	Production Liner (ACP)				50
710	Production Casing (ACP)         5-1/2" P110 20 ppf GBCD         21660           Tubing         2.7/8" 6.5# L.80         10000	\$387,401			5387,401
721/720	Wellhead Equip. BCP/ACP	\$85,000	\$70,000 \$ <b>45,000</b>		\$70,000
724	Packers & Downhole Equipment	3227,000	343,000		\$136,000
726	Rods & Pumps	·		*	253
737 738	Une Pipe / Fittings / Pipeline			\$30,000	530,000
747	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
752	Tanks & Wall ways			\$30,000	\$30,000
765	Heaters / Treaters / Separator / VRU			\$90,000 \$75,000	\$90,000 \$75,000
76 <b>8</b> 770	Artificial Lift / Compressor	***************************************		272,000	50
775/774	Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP			\$5,000	\$5,000
777/776	Inspect/Test Tubulars BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
779/778	Non-Control able Equipment BCP/ACP	\$4,400 \$23,430	,,,,		\$4,400
	Total Well and Lease Equipment	\$ <b>23,430</b> \$7 <b>23,231</b>	\$5,850 \$122,850	\$18,000 \$378,000	\$47,280
	Total Drilling and Completion Cost			4	51,224,081
	XFOC APPROVALS	\$3,896,905	\$6,681,518	\$456,750	\$11,035,173
	NOCATION PAGE		PARTNER	APPROVAL	
	Robert Sandford (918) 491-4201				
	David Zerger (918) 491-4350				
	Michael Maxey (918) 491-4424		Signature		
	Chris Miller (918) 491-4443	***************************************	Printed Name		***************************************
		***************************************	Pasition		***************************************
	Geology Blake Humphries (918) 491-4455		Position		
	Blake Humphries (918) 491-4455	***************************************	Company		
	Blake Humphries (918) 491-4455				



#### Kaiser-Francis Oil Company

Authority for Expenditure

MANAGE CONTRACTOR COMPANY	Red Hills 206H		Date: Field:	9/11/2019 Red Hills	***************************************
rospect:	Red Hills	***************************************	County / Psh	Lea	
cation:	FTP 100' FSL 400' FEL SECTION 6 T265 R33E, LTP 100' FNL 400' FEL SECTION 31 T	255 R33E	State:	NM	***************************************
pth:	21650 MD 11000 TVD		Preparer:	CJ/DZ	
orizon: ojective:	2nd Bone Springs Drill and Complete 2 Mile 2nd Bone Springs				***************************************
IIB Code	Intangible Drilling and Completion Costs		-		
500/600	Location / Road Expense / Frac Pit Construction	Drilling	Completion	Eqpt/Const	Total
501/***	Cond, Rat Hole, Mouse Hole Services	532,083	\$14,000	\$40,000	\$86,083
502/602	Location Damages	\$24,774		ļ	\$24,774
503/603	Environmental, Regulatory, and Permitting	\$20,000		1	\$20,000
504/604	Turnkey Completion Rig	\$40,000	60.000		\$40,000
	Footage @ per foot		\$8,000	-	\$8,000
****************	Daywork 26 days at \$25,000	\$650,000		-	\$0
505/605	Colled Tubing & Related Services	3030,000	\$360,000	<del>                                     </del>	\$650,000
506/605	Rig Mob / Demob	\$85,000	<b>\$300,000</b>		\$85,000
507/***	Directional Drilling Services	\$410,000		<b>†</b>	\$410,000
508/608	Bits & Reamers	\$95,500	<u> </u>	<b>†</b>	\$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
517/617 518/618	Downhole Equipment Rental / Inspection	\$69,000	\$103,000		\$172,000
520/***	Transportation & Loading DST, Coring & Analysis	\$6,000	\$50,000		\$56,000
	Downhole tools; Whipstocks, Liner Hangers, Frac Plugs		784748		50
522/622	OH Logs / CH Logs / Perforating / Shekline		\$82,500 \$302,500		582,500 5302, <b>500</b>
523/***	Mud Logging / Geasteering / LWD	\$39,000	2375,300	ł	5302,500
524/624	Cementing & Squeezing	\$208,000	-		5208,000
526/626	Casing Crews & Equipment	\$44,000			544,000
528/628	Plug & Abanion Stimulation				\$6
532/632	Geological & Engineering		\$3,850,000		\$3,850,000
534/634	Supervision	\$124,000	\$13,000 \$\$1,750		513 <b>,0</b> 00
536/636	Misce aneous Contract Labor	\$25,000	\$42,500	\$35,000	\$175,750 \$102,500
538/638	Prol. Fees & Abstracts	\$10,000	3-12,000	333,000	\$10,000
541/641	Clability Insurance / Bonds			<u> </u>	50
542/642 544/644	Drilling Overhead / Competion Overhead Miscellaneous & Unforeseen	\$10,400	\$6,300		516,700
344/044	Total Intangible Origing & Completion	\$182,007	5310,268	53,750	5496,024
IIB Z-J-		53,173,674	55,515,618	578,750	59,768,047
JIB Code 700	Tangible Well and Lease Equipment Costs Conductor	Orilling	Completion	Eqpt/Const	ota
701	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500			50
702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000	5167,500			\$45,500
702	Intermediate Casing	7 101,300		-	5 <b>167,500</b> 50
704	Drilling Uner (BCP)			-	30
703 706	Production Liner (ACP)				50
710	Production Casing (ACP)         5-1/2" P110 20 ppl GBCD         21660           Tubing         2.7/8" 6.5# L80         10760	5387,401			5387,401
721/720	Wellhead Equip. BCP/ACP 2.7/8 6.5# L80 10700		57 <b>4,9</b> 00		\$74,900
724	Packers & Downhole Equipment	385,000	\$45,000		\$130,000
726	Rods & Pumps		521,000		\$21,000
737	Line Pipe / Fittings / Pipeline			\$30,000	50 530,000
738 747	Automation/SCADA/Misc Electrical Equipment		+	385,000	\$85,000
752	Valves Tanks & Walkways			\$30,000	\$30,000
765	Heaters / Treaters / Separator / VRU			590,000	\$90,000
768	Artilicial Lift / Compressor			\$75,000	\$75,000
770	Gas Sales Unit / Deliy / Line Heater / Flare	***************************************		55,000	50 35,000
775/774	Tranportation and Freight BCP/ACP	\$10,000	\$2,000	545,000	\$5,000 \$57,000
77 <b>7</b> /776 779/778	Inspect/Test Tubulars BCP/ACP	54,400			\$4,400
137118	Non-Controllable Equipment BCP/ACP Total Well and Lease Equipment	523,430	\$7,145	\$18,000	548,575
		5723,231	\$150,045	\$378,000	\$1,251,276
	rotal Drilling and Completion Cost	\$3,896,905	\$6,665,663	\$456,750	\$11,019,318
	KFOC APPROVALS		PARTNER	APPROVAL	
	Robert Sandford (918) 491-4201	***************************************			
	David Zerger (918) 491-4350	***************************************	Signature		***************************************
	Michael Maxey (918) 491-4424		Printed Name		
	Chris Miller (918) 491-4443 Geology	40000000000000000000000000000000000000	*		***************************************
	Blake Humphries (918) 491-4455	***************************************	Position		
	Parameter .				
	Reservoir Mike Raines (918) 491-4658	***************************************	Company		
			Company		

### Kaiser-Francis Oil Company Authority for Expenditure

Vell Name	Kalser-Francis Oil Company Authority for Expendi		P .		
	: Red Hills 706H		Date: Field:	9/11/2019 Pad Hills	
rospect:	Red Hills	***************************************		Red Hills	***************************************
ocation:	FTP 100' FSL 1050' FEL SECTION 6 T26S R33E, LTP 100' FNL 1050' FEL SECTION 3	1 T255 B33F	County / Psh State:	Lea NM	***************************************
epth:	20960 MD 10300 TVD	1 1233 R33E		*******************************	
orizon:	1st Bone Springs		Preparer:	CJ/DZ	
bjective:	Drill and Complete 2 Mile 1st Bone Springs			***************************************	
JIB Code	Intangible Drilling and Completion Costs	P. 1111	7	<del>-</del>	
500/600	Location / Road Expense / Frac Pit Construction	Drilling	Completion	Eqpt/Const	Total
501/***	Cond, Rat Hole, Mouse Hole Services	\$32,083	\$14,000	\$40,000	\$86,083
502/602	Location Damages	\$24,774			\$24,774
503/603		\$20,000			\$20,000
504/604	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	***************************************	<b>†</b>	\$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	-	THE RESIDENCE OF THE PARTY OF T
516/616	Surface Equipment Rental / Inspection	\$455,910	\$289,300		\$312,500
517/617	Downhole Equipment Rental / Inspection	\$69,000	\$103,000	+	\$745,210
18/618	Transportation & Loading	36,000	550,000		\$172,000
\$20/***	OST, Coring & Analysis	-5,00	220,000		556,000 50
5217621			582,500		\$82,500
522/622 523/***	OH Logs / CH logs / Perforating / Slickline		5302,500	1	\$302,500
524/624	Mud Logging / Geosteering / LWD	\$39,000			539,000
26/6 <b>2</b> 6	Casing Trews & Equipment	\$208,000		1	\$208,000
528/628	Plug & Abandon	\$44,000			544,000
111/630	Stimulation				50
532/632	Geological & Engineering		\$3,850,000		53,850,000
534/634	Supervision	5124,000	\$13,000 \$51,750		\$13,000
536/636	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	\$25,000	542,500	\$35,000	\$175,750
538/638	Prof. Fees & Abstracts	510,000	244,200	333,000	\$102,500 \$10,000
541/641					50,000
542/642	Ori ling Overhead / Competion Overhead	\$10,400	\$6,300	-	\$16,700
544/644	Miscellaneous & Unioreseen	5182,007	5311,268	\$3,750	\$497,024
	Total Intangible Driffing & Completion	53;173,674	56,536,618	578,750	59,789,042
ill code	angible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700 701	Conductor			Eqp:// Offise	50
702	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500		•	545,500
702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing	\$167,500			\$167,500
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2* P110 20 ppf GBCD 20960				50
710	7.6				
	Tubing 2.7/8" 6.5#180 10000	376,551	CEE COO		\$376,551
21/720	Tubing 2.7/8" 6.5# L80 10000  Wellhead Equip. BCP/ACP		\$55,000		\$55,000
21/720 <b>724</b>	Wellhead Equip. BCP/ACP Packers & Downhole Equipment	\$376,551	\$45,000		\$55,000 \$130,000
724 726	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps				\$55,000 \$130,000 \$21,000
724 726 737	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Fige / Fittings / Pipeline		\$45,000	\$30,000	\$55,000 \$130,000 \$21,000 \$0
724 726 737 738	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Lune Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment		\$45,000	\$30,000 \$85,000	\$55,000 \$130,000 \$21,000
724 726 737	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Values		\$45,000	\$85,000 \$30,000	\$55,000 \$130,000 \$21,000 \$0 \$30,000
724 724 726 737 738 747	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways		\$45,000	\$85,000 \$30,000 \$90,000	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000
724 724 726 737 738 747 752	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Values		\$45,000	\$85,000 \$30,000	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$30,000
721/770 724 726 737 738 747 752 765 768 770	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Vaives Tanks & Walkways Heaters / Treaters / Separator / VRU		\$45,000	\$85,000 \$30,000 \$90,000 \$75,000	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$30,000 \$90,000 \$75,000
21/770 724 726 737 738 747 752 765 768 770	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Fige / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP	\$85,000	\$45,000 \$21,000	\$85,000 \$30,000 \$90,000 \$75,000	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$30,000 \$90,000 \$75,000 \$0 \$5,000
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Values Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP	\$85,000	\$45,000	\$85,000 \$30,000 \$90,000 \$75,000	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$5,000 \$57,000
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP	\$85,000	\$45,000 \$21,000 \$2,000	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$30,000 \$75,000 \$0 \$5,000 \$5,000 \$5,000 \$4,400
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Total.Well and Lease Equipment	\$85,000 \$10,000 \$4,400	\$45,000 \$21,000	\$85,000 \$30,000 \$90,000 \$75,000	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$5,000 \$57,000 \$57,000 \$4,400 \$47,580
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP	\$10,000 \$4,400 \$23,430 \$712,381	\$45,000 \$21,000 \$2,000 \$6,150 \$129,150	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000 \$18,000 \$378,000	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$5,000 \$57,000 \$4,400 \$47,580 \$1,219,531
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Total.Well and Lease Equipment	\$10,000 \$4,400 \$23,430	\$45,000 \$21,000 \$21,000 \$2,000 \$6,150 \$129,150 \$6,665,768	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000 \$18,000 \$378,000 \$456,750	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$5,000 \$57,000 \$57,000 \$4,400 \$47,580
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Values Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Transportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Total Well and Lease Equipment Total Drilling and Completion Cost KFOC APPROVALS	\$10,000 \$4,400 \$23,430 \$712,381	\$45,000 \$21,000 \$2,000 \$6,150 \$129,150	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000 \$18,000 \$378,000 \$456,750	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$5,000 \$57,000 \$4,400 \$47,580 \$1,219,531
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Inspect/Test Tubulars BCP/ACP Total Well and Lease Equipment Total Drilling and Completion Cost	\$10,000 \$4,400 \$23,430 \$712,381	\$45,000 \$21,000 \$21,000 \$2,000 \$6,150 \$129,150 \$6,665,768	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000 \$18,000 \$378,000 \$456,750	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$5,000 \$57,000 \$4,400 \$47,580 \$1,219,531
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Values Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Total Well and Lease Equipment Total Drilling and Completion Cost KFOC APPROVALS Robert Sandford (918) 491-4201	\$10,000 \$4,400 \$23,430 \$712,381	\$45,000 \$21,000 \$21,000 \$6,150 \$129,150 \$6,665,768 PARTNER	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000 \$18,000 \$378,000 \$456,750	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$0 \$5,000 \$5,000 \$5,000 \$1,219,531
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Values Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Total Well and Lease Equipment Total Drilling and Completion Cost KFOC APPROVALS Robert Sandford (918) 491-4201 Drilling David Zerger (918) 491-4350 Completion Michael Maxey (918) 491-4424	\$10,000 \$4,400 \$23,430 \$712,381	\$45,000 \$21,000 \$21,000 \$6,150 \$129,150 \$6,665,768 PARTNER /	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000 \$18,000 \$378,000 \$456,750	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$0 \$5,000 \$5,000 \$5,000 \$1,219,531
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Transportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Total Well and Lease Equipment Total Drilling and Completion Cost  KFOC APPROVALS  Robert Sandford (918) 491-4201  Drilling David Zerger (918) 491-4350 Completion Michael Maxey (918) 491-4424 Land Chris Miller (918) 491-4443	\$10,000 \$4,400 \$23,430 \$712,381	\$45,000 \$21,000 \$21,000 \$6,150 \$129,150 \$6,665,768 PARTNER	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000 \$18,000 \$378,000 \$456,750	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$0 \$5,000 \$5,000 \$5,000 \$1,219,531
721/770 724 726 737 738 747 752 765 768	Welthead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Total Well and Lease Equipment Total Drilling and Completion Cost  KFOC APPROVALS  Robert Sandford (918) 491-4201  Drilling David Zerger (918) 491-4350  Completion  Michael Maxey (918) 491-4444  Land Chris Miller (918) 491-4443  Geology	\$10,000 \$4,400 \$23,430 \$712,381	\$45,000 \$21,000 \$21,000 \$6,150 \$129,150 \$6,665,768 PARTNER /	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000 \$18,000 \$378,000 \$456,750	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$0 \$5,000 \$5,000 \$5,000 \$1,219,531
21/770 724 726 737 738 747 752 765 768 770 75/774	Welthead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Non-Controllable Equipment BCP/ACP Total Well and Lease Equipment Total Drilling and Completion Cost  KFOC APPROVALS  Robert Sandford (918) 491-4201  Drilling  David Zerger (918) 491-4350  Completion  Michael Maxey (918) 491-4424  Land  Chris Miller (918) 491-4443  Geology  Blake Humphries (918) 491-4455  Reservoir	\$10,000 \$4,400 \$23,430 \$712,381	\$45,000 \$21,000 \$21,000 \$6,150 \$129,150 \$6,665,768 PARTNER /	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000 \$18,000 \$378,000 \$456,750	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$5,000 \$5,000 \$5,000 \$4,400 \$47,580
21/770 724 726 737 738 747 752 765 768 770 75/774	Wellhead Equip. BCP/ACP Packers & Downhole Equipment Rods & Pumps Line Pipe / Fittings / Pipeline Automation/SCADA/Misc Electrical Equipment Valves Tanks & Walkways Heaters / Treaters / Separator / VRU Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare Tranportation and Freight BCP/ACP Inspect/Test Tubulars BCP/ACP Non-Controllable Equipment BCP/ACP Total Well and Lease Equipment Total Drilling and Completion Cost  KFOC APPROVALS  Robert Sandford (918) 491-4201  Drilling David Zerger (918) 491-4350  Completion  Michael Maxey (918) 491-4444  Land Chris Miller (918) 491-4443  Geology  Blake Humphries (918) 491-4455	\$10,000 \$4,400 \$23,430 \$712,381	\$45,000 \$21,000 \$21,000 \$6,150 \$129,150 \$6,665,768 PARTNER /	\$85,000 \$30,000 \$90,000 \$75,000 \$5,000 \$45,000 \$18,000 \$378,000 \$456,750	\$55,000 \$130,000 \$21,000 \$0 \$30,000 \$85,000 \$90,000 \$75,000 \$5,000 \$57,000 \$57,000 \$4,400 \$47,580 \$1,219,531



#### Kaiser-Francis Oil Company

Authority for Expenditure

00000000000000000000000000000000000000	Red Hills 705H		Date: Field:	9/11/2019 Red Hills	***************************************
rospect:	Red Hills	***************************************	County / Psh	Lea	
ocation:	FTP 100' FSL 2240' FEL SECTION 6 T26S R33E, LTP 100' FNL 2240' FEL SECTION 3:	1 T25S R33E	State:	NM	
epth: lorizon:	20960 MD 10300 TVD		Preparer:	CJ/DZ	***************************************
bjective:	1st Bone Springs			******************************	
JIB Code	Drill and Complete 2 Mile 1st Bone Springs				
500/600	Intangible Drilling and Completion Costs Location / Road Expense / Frac Pit Construction	Drilling	Completion	Eqpt/Const	Total
501/***	Cond, Rat Hole, Mouse Hole Services	\$32,083	\$14,000	\$40,000	\$86,083
502/602	Location Damages	\$24,774			\$24,774
503/603	Environmental, Regulatory, and Permitting	\$20,000			\$20,000
504/604	Turnkey Completion Rig	\$40,000			\$40,000
	Footage @ per foot		\$8,000		\$8,000
	Daywork 26 days at \$25,000	\$650,000			\$0
505/605	Colled Tubing & Related Services	3030,000	\$360,000		\$650,000
506/606	Rig Mob / Demob	\$85,000	\$380,000	<b>+</b>	\$360,000
507/***	Directional Drilling Services	\$410,000	-	<b>-</b>	\$85,000
508/608	Bits & Reamers	\$95,500		-	\$410,000
510/610	Fuel/Power	\$143,000	<b>-</b>	-	\$95,500 \$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
521/621	DST, Coring & Analysis				50
522/622	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs OH Logs / CH Logs / Perforating / Slickline		\$82,500		582,500
523/***	Mud Logging / Geosteering / LWD	620.000	\$302,500		\$302,500
524/624	Cementing & Squeezing	\$39,000			\$39,000
526/626	Casing Crews & Equipment	\$44,000	-		\$208,000 \$44,000
528/628	Plug & Abandon		-		\$0
***/630	Stimulation		\$3,850,000	-	\$3,850,000
532/632 534/634	Geological & Engineering Supervision		\$13,000		\$13,000
536/636	Miscellaneous Contract Labor	\$124,000	\$51,750		\$175,750
538/638	Prof. Fees & Abstracts	\$25,000	\$42,500	\$35,000	\$102,500
541/641	Liability Insurance / Bonds	\$10,000			\$10,000
542/642	Drilling Overhead / Competion Overhead	\$10,400	\$6,300	-	50
544/644	Miscellaneous & Unforeseen	\$182,007	\$311,268	\$3,750	\$16,700 \$497,024
	Total Intangible Drilling & Completion	53,173,674	\$6,536,618	578,750	59,789,042
JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	
700	Conductor		Completion	equi/Const	Total \$0
701	Surface Casing 13 3/8 54.5# J-55 BTC 1000	\$45,500	†	<del> </del>	\$45,500
702 702	Intermediate Casing 9 5/8 40# P-110HC LTC 5000 Intermediate Casing	\$167,500			\$167,500
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" P110 20 ppf GBCD 20960	\$376,551	-		\$0
710	Tubing 2 7/8" 6.5# L80 10000	3370,331	\$55,000	ļ	\$376,551 \$55,000
721/720	Wellhead Equip. BCP/ACP	\$85,000	\$45,000	<del>                                     </del>	\$130,000
724 726	Packers & Downhole Equipment Rods & Pumps		\$21,000		\$21,000
737	Line Pipe / Fittings / Pipeline				\$0
738	Automation/SCADA/Misc Electrical Equipment			\$30,000	\$30,000
747	Valves		-	\$85,000	\$85,000
752	Tanks & Walkways			\$30,000	\$30,000
765 768	Heaters / Treaters / Separator / VRU			\$75,000	\$75,000
768	Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heater / Flare				\$0
775/774	Tranportation and Freight BCP/ACP			\$5,000	\$5,000
777/776	Inspect/Test Tubulars BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
779/778	Non-Controllable Equipment BCP/ACP	\$4,400 \$23,430	66.450	645.055	\$4,400
	Total Well and Lease Equipment	5712,381	\$6,150	\$18,000	547,580
	Total Drilling and Completion Cost			<del></del>	\$1,219,531
***************************************	KFOC APPROVALS	\$3,886,055	\$6,665,768	\$456,750	511,008,573
	W. C. S. L. R. V. A. C. S. C.	***************************************	PARTNER	APPROVAL	
	Robert Sandford (918) 491-4201				
	David Zerger (918) 491-4350				
	Michael Maxey (918) 491-4424	***************************************	Signature		
	Chris Miller (918) 491-4443		Printed Name		***************************************
	Blake Humphries (918) 491-4455		Pasition		
10	Reservoir		Company		
	Mile paines (319) 431-4628				
	Mike Raines (918) 491-4658  Asset Manager  Tom Redman (918) 491-4506	***************************************	Date	***************************************	***************************************

### 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 <u>TULSA</u> _	)
	) 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 2<sup>nd</sup> 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 2

- (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.

VERI	FICA	TION	
A LIVI			

STATE OF TEXAS

Sullivan.

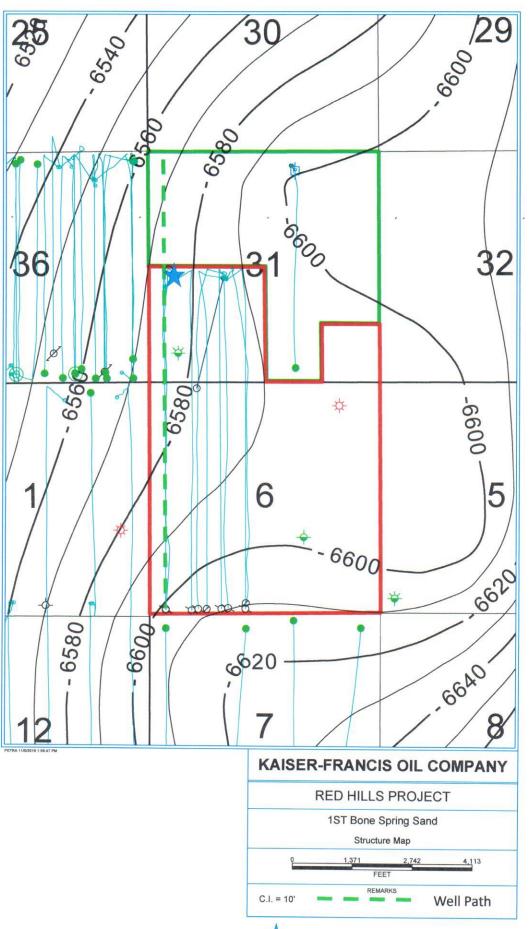
My Commission Expires: 12-15-22

COUNTY OF MIDLAND	)		
Mitch Sullivan, being duly for Kaiser-Francis Oil Company; I read the foregoing statement, and I the best of his knowledge, information	ne is authorized to make knows the contents there	e this verification or	n its behalf; he has
		Metado Mitch Sullivan	Sulliva
SUBSCRIBED AND SWO	RN TO before me this _	17 <sup>+4</sup> day of Janu	ary, 2020 by Mitch

Notary Public

Notary Public
State of Oklahoma
DEBORAH MCCULLOUGH
TULSA COUNTY
COMMISSION #06011949
Comm, Exp. 12-15-2022

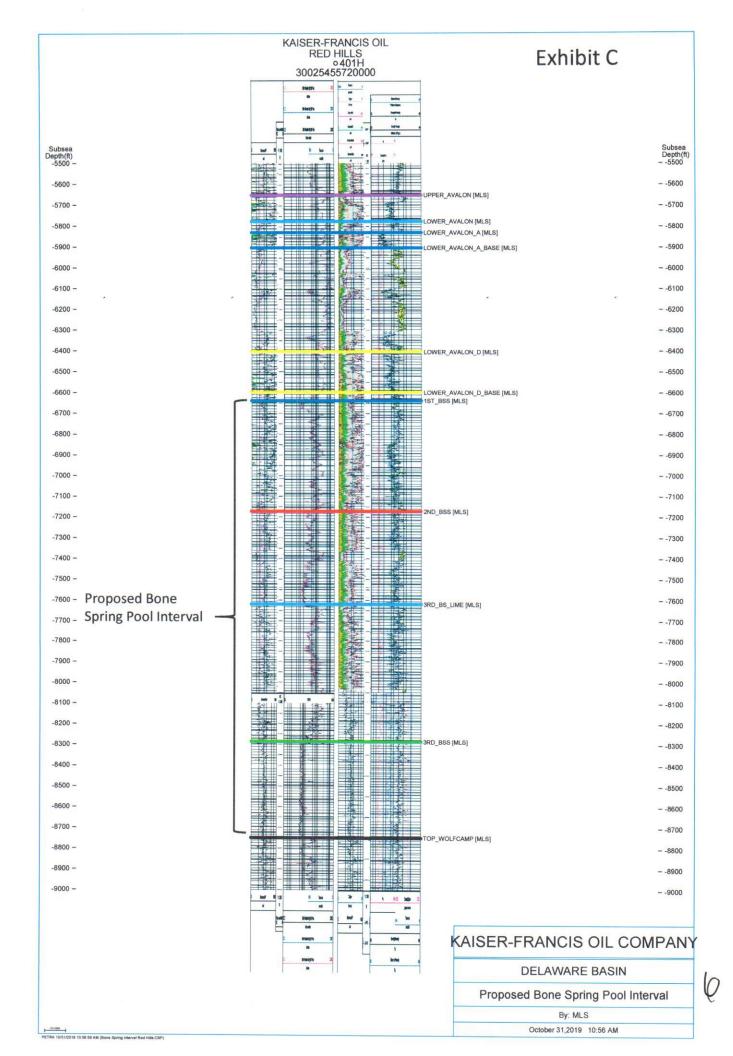
#### Exhibit A

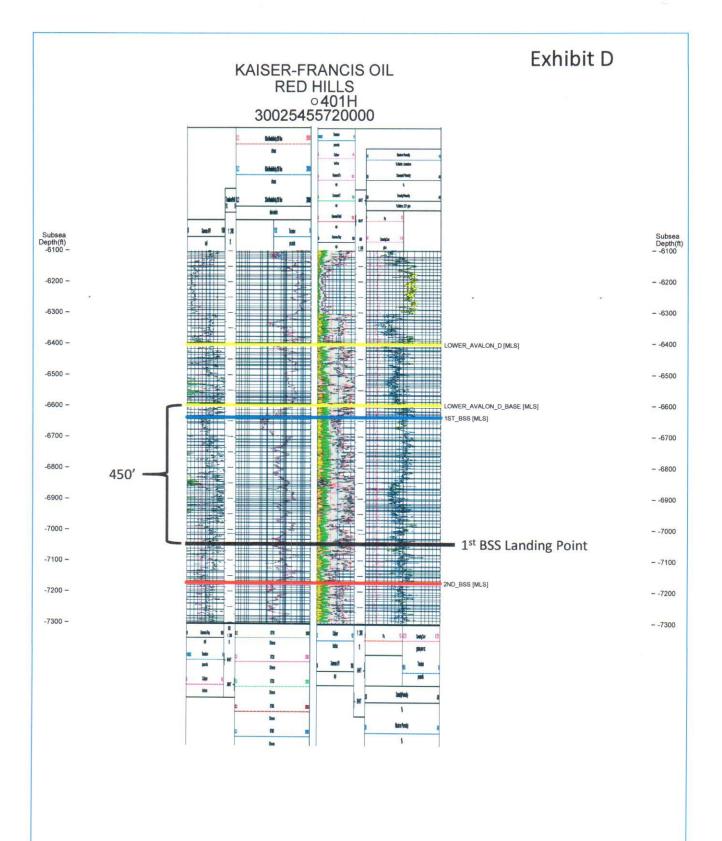


Pilot well location

4

### Exhibit B 2125 29 25 30 32 6 7100 8 KAISER-FRANCIS OIL COMPANY **RED HILLS PROJECT** 1ST Bone Spring Sand To Wolfcamp Isopach Map FEET REMARKS C.I. = 25' Well Path Pilot well location





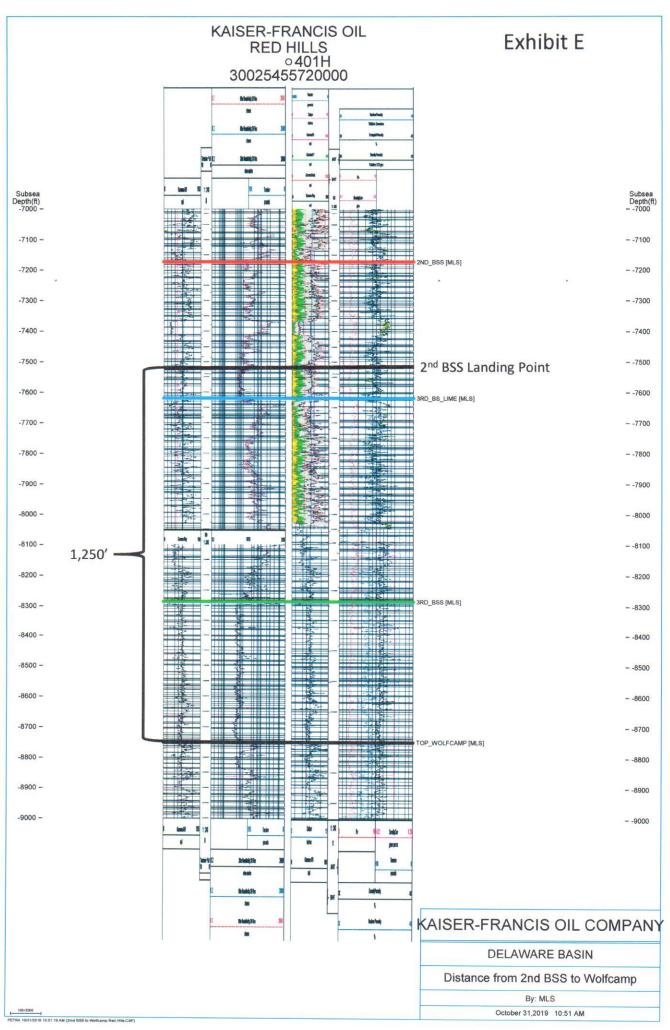
#### KAISER-FRANCIS OIL COMPANY

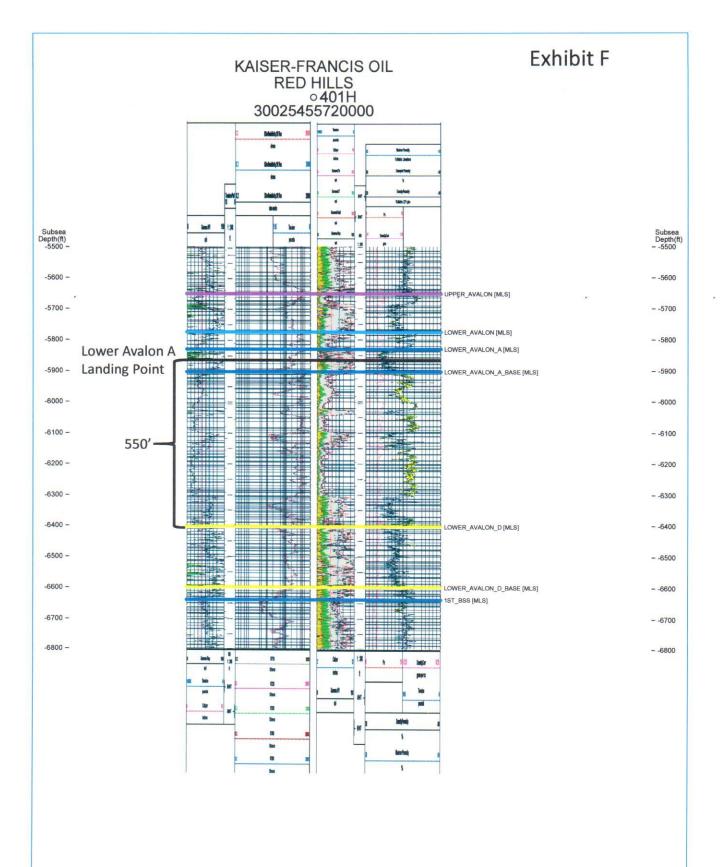
**DELAWARE BASIN** 

Distance from Avalon D to 1st BSS

By: MLS

October 31,2019 10:54 AM





KAISER-FRANCIS OIL COMPANY

**DELAWARE BASIN** 

Distance from Avalon A to Avalon D

By: MLS

October 31,2019 10:47 AM

### **COMPULSORY POOLING APPLICATION CHECKLIST**

Case:	CATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS 20967	
Date	February 6, 2020	
Applicant	Kaiser-Francis Oil Company	
Designated Operator & OGRID	italiser Transis on company	
(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, Le 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:	Rono Spring Formation	
Primary Product (Oil or Gas):	Bone Spring Formation Oil	
Pooling this vertical extent:		on
Pool Name and Pool Code:	Upper Bone Spring/WC-025 G-08 S253329D/Pool Code 97994 and	
Well Location Setback Rules:	Lower Bone Spring/WC-025 G-08 S253235G/Pool Code 97903 Statewide rules and current horizontal well rules	
Spacing Unit Size:	Quarter-quarter Section/40	
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	zeu county
Other Situations		
Depth Severance: Y/N. If yes, description	No	
Proximity Tracts: If yes, description	Yes	
Proximity Defining Well: if yes,	Red Hills Well No. 006H	EXHIBIT C
description	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 nonstandard)	Red Hills Well No. 005H API No. 30-015-Pending SHL: 200 FNL & 2410 FEL §33 BHL: 100 FSL & 400 FEL §6 FTP: 100 FNL & 2240 FEL §33 LTP: 100 FSL & 2240 FEL §6 Avalon Bone Spring/TVD 930	1

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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 See above Completion Target (Formation, TVD and See above

Horizontal Well First and Last Take

**Points** 

MD)

AFE Capex and Operating Costs	¢2000	
Drilling Supervision/Month \$	\$8000	
Production Supervision/Month \$ Justification for Supervision Costs	\$800	
	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	Exhibit 3	
days before hearing)		
Proof of Published Notice of Hearing (10	Not necessary	
days before hearing)		
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	THE APPRICADIC	
C-102	Evhibit 1 pages F 11	
racts	Exhibit 1 pages 5-11	
Summary of Interests, Unit	Exhibit 1 page 12	
Recapitulation (Tracts)	Fuhihit 1	
	Exhibit 1 page 12	
General Location Map (including basin)	Exhibit 1 page4	
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	101110 12
Representative):	4 ames peece
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,

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.