

CASE NO. 20968

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

EXHIBITS

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

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

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

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

Case No. 20968

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: 98097 Pool Name: Sanders Tank; Upper Wolfcamp, to be dedicated to the Red Hills Well No. 404H, 405H, 406H, 505H, 506H, 604H, 605H, and 606H

The 404H, 505H, and 604H 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 Wolfcamp Formation.

EXHIBIT

The 406H, 506H, and 606H 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 Wolfcamp Formation.

The 405H and 605H are horizontal wells with first take points on the centerline between the NW/4 NE/4 and NE/4 NE/4 of Section 31 and final take points on the centerline between the SW/4 SE/4 and SE/4 SE/4 of Section 6. C-102s for the wells are attached as Attachment B-3. There is no depth severance in the Wolfcamp Formation.

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

(e) There are no unlocatable interest owners.

(f) Attachment D contains a summary of contacts or attempted contacts with the interest owners, together with copies of the proposal letters sent to the interest owners.

(g) KFOC has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed wells.

(h) KFOC has the right to pool the overriding royalty owners in the well unit.

(i) Attachment E contains the Authorizations for Expenditure for the proposed wells. The estimated cost of the wells set forth therein are fair and reasonable, and are comparable to the costs of other wells of similar depth and length drilled in this area of Lea County.

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

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

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

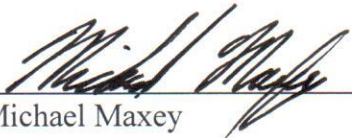
(m) The attachments to this affidavit were prepared by me, or compiled from company business records.

(n) The granting of this application is in the interests of conservation and the prevention of waste.

VERIFICATION

STATE OF OKLAHOMA)
) ss.
COUNTY OF TULSA)

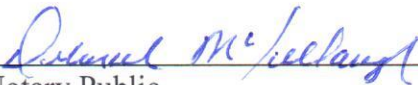
Michael Maxey, being duly sworn upon his oath, deposes and states that: He is a landman for Kaiser-Francis Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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



Michael Maxey

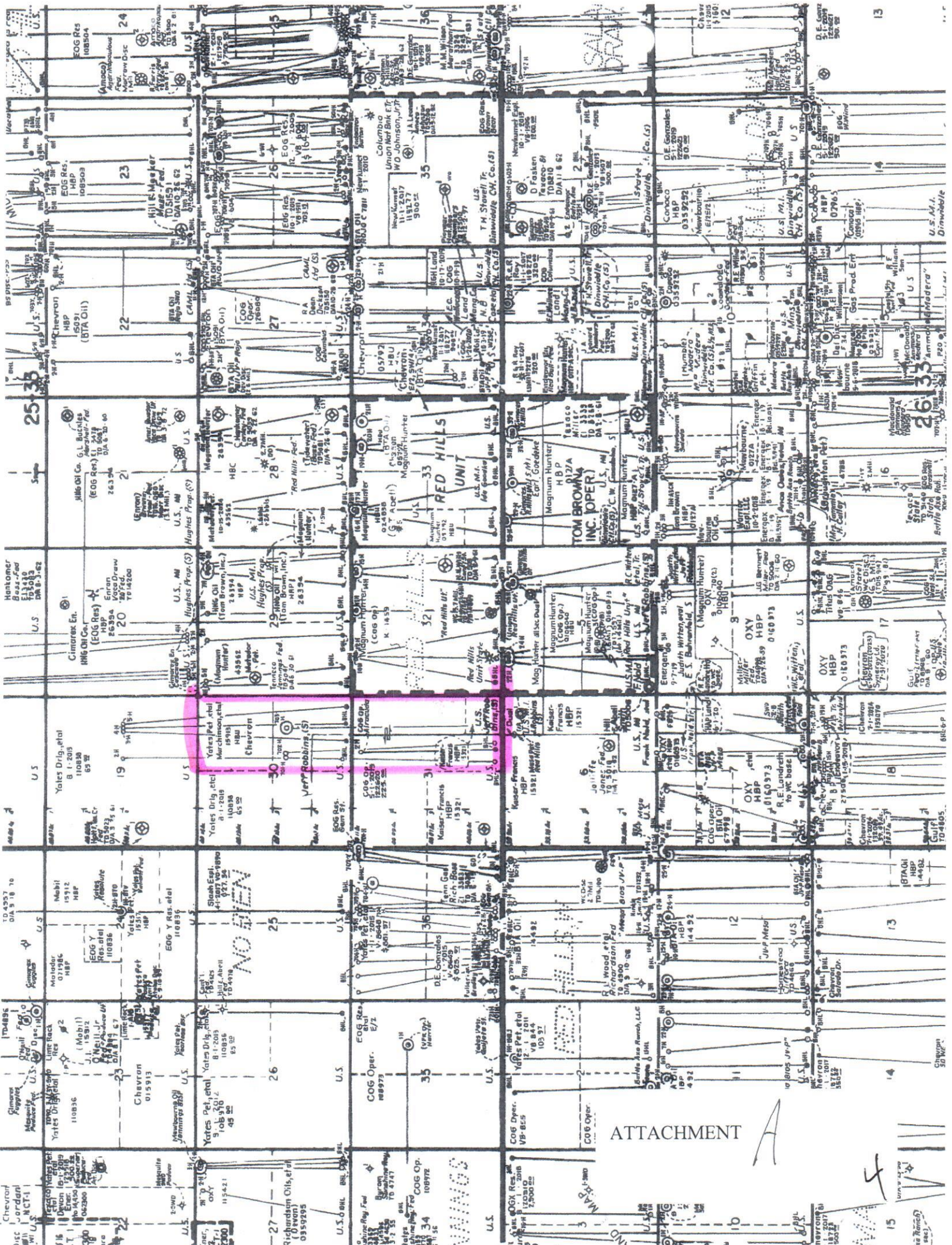
SUBSCRIBED AND SWORN TO before me this 21st day of January, 2020 by Michael Maxey.

My Commission Expires: 12-15-22



Notary Public





ATTACHMENT

5

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
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District IV
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Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name RED HILLS			⁶ Well Number 404H
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			⁹ Elevation 3409.5

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	31	25 S	33 E		200	NORTH	2450	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	6	26 S	33 E		100	SOUTH	2240	EAST	LEA

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

<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>		<p>18 SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>OCTOBER 1, 2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>Certificate Number: _____</p>	
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Attachment
B-1

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WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name RED HILLS			6 Well Number 505H
7 OGRID No. 12361		8 Operator Name KAISER-FRANCIS OIL CO.			9 Elevation 3410.3

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	31	25 S	33 E		200	NORTH	2430	EAST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	6	26 S	33 E		100	SOUTH	1790	EAST	LEA

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
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<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	
<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 18, 2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of Surveyor: _____</p> <p>Certificate Number: _____</p>	

b

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name RED HILLS	⁶ Well Number 604H
⁷ OGRID No. 12361	⁸ Operator Name KAISER-FRANCIS OIL CO.	⁹ Elevation 3412.6

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	31	25 S	33 E		200	NORTH	2490	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	6	26 S	33 E		100	SOUTH	2240	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or released mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 1, 2019</p> <p>Date of Survey _____</p> <p>Signature _____</p> <p>Certificante Number: 12797</p> <p>PROFESSOR</p>

7

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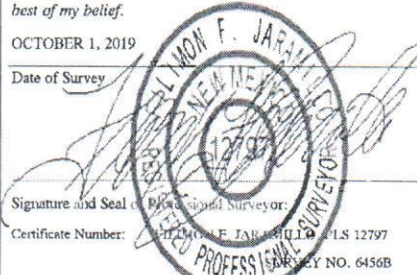
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name RED HILLS		⁶ Well Number 406H	
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.		⁹ Elevation 3400.1	
¹⁰ Surface Location					
UL or lot no. A	Section 31	Township 25 S	Range 33 E	Lot Idn	Feet from the 300
				North/South line NORTH	Feet from the 1015
				East/West line EAST	County LEA
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. P	Section 6	Township 26 S	Range 33 E	Lot Idn	Feet from the 100
				North/South line SOUTH	Feet from the 400
				East/West line EAST	County LEA
¹² Dedicated Acres		¹³ Joint or Infill		¹⁴ Consolidation Code	
				¹⁵ Order No.	

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<p>" OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	
<p>" SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 1, 2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: </p> <p>Certificate Number: _____</p>	

Attachment
B-2

8

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name RED HILLS			⁶ Well Number 506H
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			⁹ Elevation 3400.2

¹⁰ Surface Location

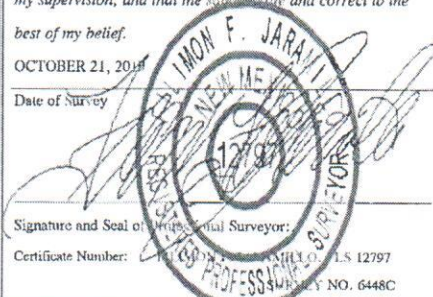
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	25 S	33 E		300	NORTH	1035	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	6	26 S	33 E		100	SOUTH	850	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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<p>NW CORNER SEC. 31 LAT. = 32.0941881°N LONG. = 103.6194479°W NWSP EAST (FT) N = 398729.94 E = 721079.67</p> <p>W/4 CORNER SEC. 31 LAT. = 32.0869303°N LONG. = 103.6194502°W NWSP EAST (FT) N = 396080.72 E = 721093.44</p> <p>SW CORNER SEC. 31 LAT. = 32.0796734°N LONG. = 103.6194237°W NWSP EAST (FT) N = 393440.92 E = 721119.12</p> <p>W/4 CORNER SEC. 6 LAT. = 32.0723547°N LONG. = 103.6193970°W NWSP EAST (FT) N = 390778.44 E = 721145.01</p> <p>SW CORNER SEC. 6 LAT. = 32.0651678°N LONG. = 103.6193686°W NWSP EAST (FT) N = 388154.25 E = 721170.80</p>		<p>N/4 CORNER SEC. 31 LAT. = 32.0941949°N LONG. = 103.6109505°W NWSP EAST (FT) N = 396741.05 E = 723726.70</p> <p>FIRST TAKE POINT 100' PNL 850' PEL LAT. = 32.0939216°N LONG. = 103.6051281°W NWSP EAST (FT) N = 398653.42 E = 725512.01</p> <p>S/4 CORNER SEC. 31 LAT. = 32.0796695°N LONG. = 103.6109216°W NWSP EAST (FT) N = 395457.03 E = 723752.53</p> <p>W/4 CORNER SEC. 6 LAT. = 32.0654474°N LONG. = 103.6051235°W NWSP EAST (FT) N = 388295.50 E = 725583.38</p> <p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1977 (NAD27). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD27). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST (NAD83) COORDINATES MODIFIED TO THE SURFACE. ELEVATION VALUES ARE NAVD 88.</p> <p>BOTTOM OF HOLE LAT. = 32.0654474°N LONG. = 103.6051235°W NWSP EAST (FT) N = 388295.50 E = 725583.38</p> <p>BHL/LTP D.F.</p>		<p>NE CORNER SEC. 31 LAT. = 32.0941862°N LONG. = 103.6023840°W NWSP EAST (FT) N = 398759.27 E = 726361.14</p> <p>E/4 CORNER SEC. 31 LAT. = 32.0869447°N LONG. = 103.6023838°W NWSP EAST (FT) N = 396121.39 E = 726379.07</p> <p>SE CORNER SEC. 31 LAT. = 32.0796705°N LONG. = 103.6023681°W NWSP EAST (FT) N = 393475.19 E = 726395.36</p> <p>E/4 CORNER SEC. 6 LAT. = 32.0723998°N LONG. = 103.6023843°W NWSP EAST (FT) N = 390830.31 E = 726414.79</p> <p>SE CORNER SEC. 6 LAT. = 32.0651734°N LONG. = 103.6023801°W NWSP EAST (FT) N = 388201.54 E = 726433.89</p>		<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 21, 2011 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: </p> <p>Certificate Number: 12797 Professional Surveyor License No. 6448C</p>
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name RED HILLS			⁶ Well Number 606H
⁷ OGRID No. 12361		⁸ Operator Name KAISER-FRANCIS OIL CO.			⁹ Elevation 3400.2

¹⁰ Surface Location

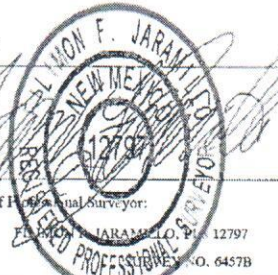
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	25 S	33 E		300	NORTH	995	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	6	26 S	33 E		100	SOUTH	400	EAST	LEA

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

<p>NW CORNER SEC. 31 LAT. = 32.0941881°N LONG. = 103.6194479°W NWSP EAST (FT) N = 398720.94 E = 721076.67</p> <p>W/4 CORNER SEC. 31 LAT. = 32.0886303°N LONG. = 103.6194502°W NWSP EAST (FT) N = 398080.72 E = 721093.44</p> <p>SW CORNER SEC. 31 LAT. = 32.0798734°N LONG. = 103.6194237°W NWSP EAST (FT) N = 393440.92 E = 721119.12</p> <p>W/4 CORNER SEC. 6 LAT. = 32.0723542°N LONG. = 103.6193970°W NWSP EAST (FT) N = 390778.44 E = 721145.01</p> <p>SW CORNER SEC. 6 LAT. = 32.0651678°N LONG. = 103.6193696°W NWSP EAST (FT) N = 388164.29 E = 721170.80</p>		<p>N89°33'55"E 2650.63 FT N/4 CORNER SEC. 31 LAT. = 32.0941943°N LONG. = 103.6108905°W NWSP EAST (FT) N = 398741.05 E = 723726.70</p> <p>FIRST TAKE POINT 100' FNL 400' FEL LAT. = 32.0939212°N LONG. = 103.6036753°W NWSP EAST (FT) N = 398856.53 E = 725961.91</p> <p>RED HILLS 606H ELEV. = 3400.2' LAT. = 32.0933711°N (NAD27) LONG. = 103.6055963°W NWSP EAST (FT) N = 398452.40 E = 725368.36</p> <p>500' 23' 50" E 10360.31 FT</p> <p>S/4 CORNER SEC. 31 LAT. = 32.0786695°N LONG. = 103.6105216°W NWSP EAST (FT) N = 393457.03 E = 721752.53</p> <p>SE CORNER SEC. 31 LAT. = 32.0796705°N LONG. = 103.6023891°W NWSP EAST (FT) N = 393475.19 E = 726395.36</p> <p>SE CORNER SEC. 6 LAT. = 32.0723998°N LONG. = 103.6023801°W NWSP EAST (FT) N = 390830.31 E = 726414.79</p> <p>SE CORNER SEC. 6 LAT. = 32.0651734°N LONG. = 103.6023801°W NWSP EAST (FT) N = 388201.54 E = 726433.89</p>		<p>" OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>" SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 1, 2019 Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor:  Certificate Number: F. JARAMILLO, PLS. 12797 PROFESSIONAL SURVEYOR NO. 64578</p>
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NMOCD Case #20968
Attachment C

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

.9375% WI

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

43.7500% WI

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

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

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

ATTACHMENT

C

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 404H
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 12,250' TVD / 22,910' TMD Wolfcamp XY 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 \$4,560,086 initial drilling costs and \$11,441,366 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

12

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 405H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM

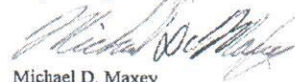
Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 12,250' TVD / 22,910' TMD Wolfcamp XY Formation test well. FTP 100' FSL and 1,320' FEL of Section 6-26S-33E and LTP 100' FNL and 1,320' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$4,560,086 initial drilling costs and \$11,422,466 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 406H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM

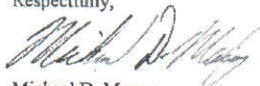
Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 12,250' TVD / 22,910' TMD Wolfcamp XY 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 \$4,560,086 initial drilling costs and \$11,432,966 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

14

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 505H
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 12,500' TVD / 23,160' TMD Wolfcamp A Formation test well. FTP 100' FSL and 1,790' FEL of Section 6-26S-33E and LTP 100' FNL and 1,790' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$4,565,836 initial drilling costs and \$11,429,371 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

15

September 19, 2019

Sent by Certified Mail

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

Re: Red Hills 506H
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 12,500' TVD / 23,160' TMD Wolfcamp A Formation test well. FTP 100' FSL and 850' FEL of Section 6-26S-33E and LTP 100' FNL and 850' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$4,565,836 initial drilling costs and \$11,413,621 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 604H
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 12,800' TVD / 23,460' TMD Wolfcamp B 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 \$4,572,736 initial drilling costs and \$11,450,866 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 605H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM

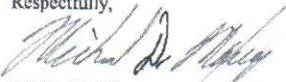
Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 12,800' TVD / 23,460' TMD Wolfcamp B Formation test well. FTP 100' FSL and 1,320' FEL of Section 6-26S-33E and LTP 100' FNL and 1,320' FEL of Section 31-25S-33E, all in Lea Co., NM.

Costs are estimated to be \$4,572,736 initial drilling costs and \$11,453,753 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 606H
E/2 of Section 31-25S-33E and
E/2 of Section 6-26S-33E
Lea Co., NM

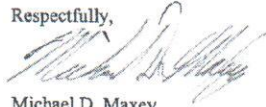
Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 12,800' TVD / 23,460' TMD Wolfcamp B 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 \$4,572,736 initial drilling costs and \$11,453,753 total well costs for a completed producer. Two copies of the AFE are enclosed for your review. Should you wish to participate in the well, please execute and return one copy of the AFE, and send that back to us, along with your Well Information Requirements. We do plan to file for Force Pooling with the NMOCD soon, so let us know when you elect to participate whether you want to be supplied a JOA for execution or whether you prefer to be pooled.

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

Respectfully,



Michael D. Maxey
Landman

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company		Date: 9/11/2019	
Well Name: Red Hills 404H		Field: Red Hills	
Prospect: Red Hills		County / Psh: Lea	
Location: FTP 100' FSL 2240' FEL SECTION 6 T26S R33E, LTP 100' FNL 2240' FEL SECTION 31 T25S R33E		State: NM	
Depth: 22910 MD	12250 TVD	Preparer: CJ/DZ	
Horizon: Wolfcamp XY			
Objective: Drill and Complete 2 Mile Wolfcamp XY			

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/**	Cond, Rat Hole, Mouse Hole Services	\$24,000			\$24,000
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 28 days at \$25,000	\$700,000			\$700,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$87,500			\$87,500
507/**	Directional Drilling Services	\$583,000			\$583,000
508/608	Bits & Reamers	\$88,500			\$88,500
510/610	Fuel/Power	\$154,000			\$154,000
512/612	Drilling Water / Completion Fluid	\$33,000	\$831,250		\$864,250
514/614	Mud & Chemicals	\$250,000	\$35,000		\$285,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$175,000	\$37,500		\$212,500
516/616	Surface Equipment Rental / Inspection	\$428,580	\$289,300		\$717,880
517/617	Downhole Equipment Rental / Inspection	\$193,000	\$124,000		\$317,000
518/618	Transportation & Loading	\$56,000	\$50,000		\$106,000
520/**	DST, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/**	Mud Logging / Geosteering / LWD	\$33,600			\$33,600
524/624	Cementing & Squeezing	\$225,000			\$225,000
526/626	Casing Crews & Equipment	\$57,000			\$57,000
528/628	Plug & Abandon				\$0
***/630	Stimulation		\$3,740,000		\$3,740,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$116,000	\$51,750		\$167,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$11,200	\$6,300		\$17,500
544/644	Miscellaneous & Unforeseen	\$201,066	\$299,380	\$3,750	\$504,196
	Total Intangible Drilling & Completion	\$3,543,530	\$6,286,980	\$78,750	\$9,909,260

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 10 3/4 40.5# J-55 STC 1000	\$33,500			\$33,500
702	Intermediate Casing 7 5/8 29.7# P-110 BTC 12000	\$319,500			\$319,500
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) -1 1/2" P110 HC 20 ppf Eagle SFH 22910	\$578,601			\$578,601
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 12000		\$84,000		\$84,000
721/720	Wellhead Equip. BCP/ACP	\$40,000	\$45,000		\$85,000
724	Packers & Downhole Equipment				\$0
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$75,000	\$75,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$30,555	\$6,550	\$18,000	\$55,105
	Total Well and Lease Equipment	\$1,016,556	\$137,550	\$378,000	\$1,532,106

Total Drilling and Completion Cost	\$4,560,086	\$6,424,530	\$456,750	\$11,441,366
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KFOC APPROVALS	PARTNER APPROVAL
Robert Sandford (918) 491-4201 Drilling	Signature _____
David Zerger (918) 491-4350 Completion	Printed Name _____
Michael Maxey (918) 491-4424 Land	Position _____
Chris Miller (918) 491-4443 Geology	Company _____
Blake Humphries (918) 491-4455 Reservoir	Date _____
Mike Raines (918) 491-4658 Asset Manager	
Tom Redman (918) 491-4506 Chief Operating Officer	

Attachment E

20

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company		Date: 9/11/2019
Well Name: Red Hills 405H		Field: Red Hills
Prospect: Red Hills		County / Psh: Lea
Location: FTP 100' FSL 1320' FEL SECTION 6 T26S R33E, LTP 100' FNL 1320' FEL SECTION 31 T25S R33E		State: NM
Depth: 22910 MD 12250 TVD	Preparer: CJ/DZ	
Horizon: Wolfcamp XY		
Objective: Drill and Complete 2 Mile Wolfcamp XY		

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/**	Cond. Rat Hole, Mouse Hole Services	\$24,000			\$24,000
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 28 days at \$25,000	\$700,000			\$700,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$87,500			\$87,500
507/**	Directional Drilling Services	\$583,000			\$583,000
508/608	Rits & Reamers	\$88,500			\$88,500
510/610	Fuel/Power	\$154,000			\$154,000
512/612	Drilling Water / Completion Fluid	\$33,000	\$831,250		\$864,250
514/614	Mud & Chemicals	\$250,000	\$35,000		\$285,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$175,000	\$37,500		\$212,500
516/616	Surface Equipment Rental / Inspection	\$428,580	\$289,300		\$717,880
517/617	Downhole Equipment Rental / Inspection	\$193,000	\$124,000		\$317,000
518/618	Transportation & Loading	\$56,000	\$50,000		\$106,000
520/**	DST, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/**	Mud Logging / Geosteering / LWD	\$33,600			\$33,600
524/624	Cementing & Squeezing	\$225,000			\$225,000
526/626	Casing Crews & Equipment	\$57,000			\$57,000
528/628	Plug & Abandon				\$0
**/630	Stimulation		\$3,740,000		\$3,740,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$116,000	\$51,750		\$167,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$11,200	\$6,300		\$17,500
544/644	Miscellaneous & Unforeseen	\$201,066	\$299,380	\$3,750	\$504,196
	Total Intangible Drilling & Completion	\$3,543,530	\$6,286,980	\$78,750	\$9,909,260

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 10 3/4 40.5# J-55 STC 1000	\$33,500			\$33,500
702	Intermediate Casing 7 5/8 29.7# P-110 BTC 12000	\$319,500			\$319,500
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) -1 1/2" P110 HC 20 ppi Eagle SFH 22910	\$578,601			\$578,601
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 12000		\$66,000		\$66,000
721/720	Wellhead Equip. BCP/ACP	\$40,000	\$45,000		\$85,000
724	Packers & Downhole Equipment				\$0
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$75,000	\$75,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$30,555	\$5,650	\$18,000	\$54,205
	Total Well and Lease Equipment	\$1,016,556	\$118,650	\$378,000	\$1,513,206

Total Drilling and Completion Cost	\$4,560,086	\$6,405,630	\$456,750	\$11,422,466
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KFOC APPROVALS	PARTNER APPROVAL
Robert Sanford (918) 491-4201 Drilling	Signature _____
David Zerger (918) 491-4350 Completion	Printed Name _____
Michael Maxey (918) 491-4424 Lard	Position _____
Chris Miller (918) 491-4443 Geology	Company _____
Blake Humphries (918) 491-4455 Reservoir	Date _____
Mike Raines (918) 491-4658 Asset Manager	
Tom Redman (918) 491-4506 Chief Operating Officer	

21

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company		Date: 9/11/2019	
Well Name: Red Hills 406H		Field: Red Hills	
Prospect: Red Hills		County / Psh: Lea	
Location: FTP 100' FSL 400' FEL SECTION 6 T26S R33E, LTP 100' FNL 400' FEL SECTION 31 T25S R33E		State: NM	
Depth: 22910 MD 12250 TVD	Preparer: CJ/DZ		
Horizon: Wolfcamp XY			
Objective: Drill and Complete 2 Mile Wolfcamp XY			

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/***	Cond, Rat Hole, Mouse Hole Services	\$24,000			\$24,000
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 28 days at \$25,000	\$700,000			\$700,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$87,500			\$87,500
507/***	Directional Drilling Services	\$583,000			\$583,000
508/608	Bits & Reamers	\$88,500			\$88,500
510/610	Fuel/Power	\$154,000			\$154,000
512/612	Drilling Water / Completion Fluid	\$33,000	\$831,250		\$864,250
514/614	Mud & Chemicals	\$250,000	\$35,000		\$285,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$175,000	\$37,500		\$212,500
516/616	Surface Equipment Rental / Inspection	\$428,580	\$269,300		\$697,880
517/617	Downhole Equipment Rental / Inspection	\$193,000	\$103,000		\$296,000
518/618	Transportation & Loading	\$56,000	\$50,000		\$106,000
520/***	DST, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/***	Mud Logging / Geosteering / LWD	\$33,600			\$33,600
524/624	Cementing & Squeezing	\$225,000			\$225,000
526/626	Casing Crews & Equipment	\$57,000			\$57,000
528/628	Plug & Abandon				\$0
***/630	Stimulation		\$3,740,000		\$3,740,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$116,000	\$51,750		\$167,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$11,200	\$6,300		\$17,500
544/644	Miscellaneous & Unforeseen	\$201,066	\$297,330	\$3,750	\$502,146
	Total Intangible Drilling & Completion	\$3,543,530	\$6,243,930	\$78,750	\$9,866,210

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 10 3/4 40.5# J-55 STC 1000	\$33,500			\$33,500
702	Intermediate Casing 7 5/8 29.7# P-110 BTC 12000	\$319,500			\$319,500
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) -1 1/2" P110 HC 20 ppf Eagle SFH 22910	\$578,601			\$578,601
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 12000		\$66,000		\$66,000
721/720	Wellhead Equip. BCP/ACP	\$40,000	\$45,000		\$85,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$120,000	\$120,000
765	Heaters / Treaters / Separator / VRU			\$75,000	\$75,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$30,555	\$6,700	\$19,500	\$56,755
	Total Well and Lease Equipment	\$1,016,556	\$140,700	\$409,500	\$1,566,756

Total Drilling and Completion Cost	\$4,560,086	\$6,384,630	\$488,250	\$11,432,966
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KFOC APPROVALS	PARTNER APPROVAL
Robert Sandford (918) 491-4201 Drilling	
David Zerger (918) 491-4350 Completion	Signature
Michael Maxey (918) 491-4424 Land	Printed Name
Chris Miller (918) 491-4443 Geology	Position
Blake Humphries (918) 491-4455 Reservoir	Company
Mike Raines (918) 491-4658 Asset Manager	Date
Tom Redman (918) 491-4506 Chief Operating Officer	

KFOC - JPS VERSION 04/2015

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Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company		Date: 9/11/2019	
Well Name: Red Hills 505H		Field: Red Hills	
Prospect: Red Hills		County / Psh: Lea	
Location: FTP 100' FSL 1790' FEL SECTION 6 T26S R33E, LTP 100' FNL 1790' FEL SECTION 31 T25S R33E		State: NM	
Depth: 23160 MD 12500 TVD	Preparer: CJ/DZ		
Horizon: Wolfcamp A			
Objective: Drill and Complete 2 Mile Wolfcamp A			

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/***	Cond. Rat Hole, Mouse Hole Services	\$24,000			\$24,000
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 28 days at \$25,000	\$700,000			\$700,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$87,500			\$87,500
507/***	Directional Drilling Services	\$583,000			\$583,000
508/608	Bits & Reamers	\$88,500			\$88,500
510/610	Fuel/Power	\$154,000			\$154,000
512/612	Drilling Water / Completion Fluid	\$33,000	\$831,250		\$864,250
514/614	Mud & Chemicals	\$250,000	\$35,000		\$285,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$175,000	\$37,500		\$212,500
516/616	Surface Equipment Rental / Inspection	\$428,580	\$289,300		\$717,880
517/617	Downhole Equipment Rental / Inspection	\$193,000	\$103,000		\$296,000
518/618	Transportation & Loading	\$56,000	\$50,000		\$106,000
520/***	DST, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/***	Mud Logging / Geosteering / LWD	\$33,600			\$33,600
524/624	Cementing & Squeezing	\$225,000			\$225,000
526/626	Casing Crews & Equipment	\$57,000			\$57,000
528/628	Plug & Abandon				\$0
***/630	Stimulation		\$3,740,000		\$3,740,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$116,000	\$51,750		\$167,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$11,200	\$6,300		\$17,500
544/644	Miscellaneous & Unforeseen	\$201,066	\$298,330	\$3,750	\$503,146
	Total Intangible Drilling & Completion	\$3,543,530	\$6,264,930	\$78,750	\$9,887,210

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 10 3/4 40.5# J-55 STC 1000	\$33,500			\$33,500
702	Intermediate Casing 7 5/8 29.7# P-110 BTC 12000	\$319,500			\$319,500
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) -1 1/2" P110 HC 20 ppf Eagle SFH 23160	\$584,351			\$584,351
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 12200		\$67,100		\$67,100
721/720	Wellhead Equip. BCP/ACP	\$40,000	\$45,000		\$85,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$75,000	\$75,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$30,555	\$6,755	\$18,000	\$55,310
	Total Well and Lease Equipment	\$1,022,306	\$141,855	\$378,000	\$1,542,161

Total Drilling and Completion Cost	\$4,565,836	\$6,406,785	\$456,750	\$11,429,371
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KFOC APPROVALS	PARTNER APPROVAL
Robert Sandford (918) 491-4201 Drilling	
David Zenger (918) 491-4350 Completion	Signature _____
Michael Maxey (918) 491-4424 Land	Printed Name _____
Chris Miller (918) 491-4443 Geology	Position _____
Blake Humphries (918) 491-4455 Reservoir	Company _____
Mike Raines (918) 491-4658 Asset Manager	Date _____
Tom Redman (918) 491-4506 Chief Operating Officer	

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Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company		Date: 9/11/2019	
Well Name: Red Hills 506H		Field: Red Hills	
Prospect: Red Hills		County / Psh: Lea	
Location: FTP 100' FSL 850' FEL SECTION 6 T26S R33E, LTP 100' FNL 850' FEL SECTION 31 T25S R33E		State: NM	
Depth: 23160 MD 12500 TVD	Preparer: CJ/DZ		
Horizon: Wolfcamp A			
Objective: Drill and Complete 2 Mile Wolfcamp A			

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/***	Cond, Rat Hole, Mouse Hole Services	\$24,000			\$24,000
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 28 days at \$25,000	\$700,000			\$700,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$87,500			\$87,500
507/***	Directional Drilling Services	\$583,000			\$583,000
508/608	Bits & Reamers	\$88,500			\$88,500
510/610	Fuel/Power	\$154,000			\$154,000
512/612	Drilling Water / Completion Fluid	\$33,000	\$831,250		\$864,250
514/614	Mud & Chemicals	\$250,000	\$20,000		\$270,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$175,000	\$37,500		\$212,500
516/616	Surface Equipment Rental / Inspection	\$428,580	\$289,300		\$717,880
517/617	Downhole Equipment Rental / Inspection	\$193,000	\$103,000		\$296,000
518/618	Transportation & Loading	\$56,000	\$50,000		\$106,000
520/***	DST, Coring & Analysis				\$0
521/621	Downhole tools, Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/***	Mud Logging / Geosteering / LWD	\$33,600			\$33,600
524/624	Cementing & Squeezing	\$225,000			\$225,000
526/626	Casing Crews & Equipment	\$57,000			\$57,000
528/628	Plug & Abandon				\$0
***/630	Stimulation		\$3,740,000		\$3,740,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$116,000	\$51,750		\$167,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$11,200	\$6,300		\$17,500
544/644	Miscellaneous & Unforeseen	\$201,066	\$297,580	\$3,750	\$502,396
	Total Intangible Drilling & Completion	\$3,543,530	\$6,249,180	\$78,750	\$9,871,460

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 10 3/4 40.5# J-55 STC 1000	\$33,500			\$33,500
702	Intermediate Casing 7 5/8 29.7# P-110 BTC 12000	\$319,500			\$319,500
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) -1 1/2" P110 HC 20 pp/ Eagle SFH 23160	\$584,351			\$584,351
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 12200		\$67,100		\$67,100
721/720	Wellhead Equip. BCP/ACP	\$40,000	\$45,000		\$85,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
725	Reds & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$75,000	\$75,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$30,555	\$6,755	\$18,000	\$55,310
	Total Well and Lease Equipment	\$1,072,306	\$141,855	\$378,000	\$1,592,161

Total Drilling and Completion Cost	\$4,565,836	\$6,391,035	\$456,750	\$11,413,621
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KFOC APPROVALS	PARTNER APPROVAL
Robert Sandford (918) 491-4201 Drilling	
David Zerger (918) 491-4350 Completion	Signature _____
Michael Maxey (918) 491-4424 Land	Printed Name _____
Chris Miller (918) 491-4443 Geology	Position _____
Blake Humphries (918) 491-4455 Reservoir	Company _____
Mike Rains (918) 491-4658 Asset Manager	Date _____
Tom Redman (918) 491-4506 Chief Operating Officer	

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Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 9/11/2019
Well Name: Red Hills 604H	Field: Red Hills
Prospect: Red Hills	County / Psh: Lea
Location: FTP 100' FSL 2240' FEL SECTION 6 T26S R33E, LTP 100' FNL 2240' FEL SECTION 31 T25S R33E	State: NM
Depth: 23460 MD 12800 TVD	Preparer: CJ/DZ

Horizon: Wolfcamp B

Objective: Drill and Complete 2 Mile Wolfcamp B

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/601	Cond, Rat Hole, Mouse Hole Services	\$24,000			\$24,000
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 28 days at \$25,000	\$700,000			\$700,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$87,500			\$87,500
507/607	Directional Drilling Services	\$583,000			\$583,000
508/608	Bits & Reamers	\$88,500			\$88,500
510/610	Fuel/Power	\$154,000			\$154,000
512/612	Drilling Water / Completion Fluid	\$33,000	\$831,250		\$864,250
514/614	Mud & Chemicals	\$250,000	\$35,000		\$285,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$175,000	\$37,500		\$212,500
516/616	Surface Equipment Rental / Inspection	\$428,580	\$289,300		\$717,880
517/617	Downhole Equipment Rental / Inspection	\$193,000	\$103,000		\$296,000
518/618	Transportation & Loading	\$56,000	\$50,000		\$106,000
520/620	DST, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/623	Mud Logging / Geosteering / LWD	\$33,600			\$33,600
524/624	Cementing & Squeezing	\$225,000			\$225,000
526/626	Casing Crews & Equipment	\$57,000			\$57,000
528/628	Plug & Abandon				\$0
529/629	Stimulation		\$3,740,000		\$3,740,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$116,000	\$51,750		\$167,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$11,200	\$6,300		\$17,500
544/644	Miscellaneous & Unforeseen	\$201,066	\$298,330	\$3,750	\$503,146
	Total Intangible Drilling & Completion	\$3,543,530	\$6,264,930	\$78,750	\$9,887,210

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 10 3/4 40.5# J-55 STC 1000	\$33,500			\$33,500
702	Intermediate Casing 7 5/8 29.7# P-110 BTC 12000	\$319,500			\$319,500
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) -1/2" P110 HC 20 ppf Eagle SFH 23460	\$591,251			\$591,251
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 12000		\$66,000		\$66,000
721/720	Wellhead Equip. BCP/ACP	\$40,000	\$45,000		\$85,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$90,000	\$90,000
768	Artificial Lift / Compressor				\$0
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$30,555	\$6,700	\$18,750	\$56,005
	Total Well and Lease Equipment	\$1,029,206	\$140,700	\$393,750	\$1,563,656

Total Drilling and Completion Cost	\$4,572,736	\$6,405,630	\$472,500	\$11,450,866
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KFOC APPROVALS	PARTNER APPROVAL
Robert Sandford (918) 491-4201 Drilling	
David Zerger (918) 491-4350 Completion	Signature
Michael Maxey (918) 491-4424 Land	Printed Name
Chris Miller (918) 491-4443 Geology	Position
Blake Humphries (918) 491-4455 Reservoir	Company
Mike Raines (918) 491-4658 Asset Manager	Date
Tom Redman (918) 491-4506 Chief Operating Officer	

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Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 9/11/2019
Well Name: Red Hills 605H	Field: Red Hills
Prospect: Red Hills	County / Psh: Lea
Location: FTP 100' FSL 1320' FEL SECTION 6 T26S R33E, LTP 100' FNL 1320' FEL SECTION 31 T25S R33E	State: NM
Depth: 23460 MD 12800 TVD	Preparer: CJ/DZ
Horizon: Wolfcamp B	
Objective: Drill and Complete 2 Mile Wolfcamp B	

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/**	Cond, Rat Hole, Mouse Hole Services	\$24,000			\$24,000
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 28 days at \$25,000	\$700,000			\$700,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$87,500			\$87,500
507/**	Directional Drilling Services	\$583,000			\$583,000
508/608	Bits & Reamers	\$88,500			\$88,500
510/610	Fuel/Power	\$154,000			\$154,000
512/612	Drilling Water / Completion Fluid	\$33,000	\$831,250		\$864,250
514/614	Mud & Chemicals	\$250,000	\$35,000		\$285,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$175,000	\$37,500		\$212,500
516/616	Surface Equipment Rental / Inspection	\$428,580	\$289,300		\$717,880
517/617	Downhole Equipment Rental / Inspection	\$193,000	\$103,000		\$296,000
518/618	Transportation & Loading	\$56,000	\$50,000		\$106,000
520/**	DST, Coring & Analysis				\$0
521/621	Downhole tools: Whpstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/**	Mud Logging / Geosteering / LWD	\$33,600			\$33,600
524/624	Cementing & Squeezing	\$225,000			\$225,000
526/626	Casing Crews & Equipment	\$57,000			\$57,000
528/628	Plug & Abandon				\$0
530/630	Stimulation		\$3,740,000		\$3,740,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$116,000	\$51,750		\$167,750
536/636	Miscellaneous Contract Labor	\$25,000	\$42,500	\$35,000	\$102,500
538/638	Prof. Fees & Abstracts	\$10,000			\$10,000
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$11,200	\$6,300		\$17,500
544/644	Miscellaneous & Unforeseen	\$201,066	\$298,330	\$3,750	\$503,146
	Total Intangible Drilling & Completion	\$3,543,530	\$6,264,930	\$78,750	\$9,887,210

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 10 3/4 40.5# J-55 STC 1000	\$33,500			\$33,500
702	Intermediate Casing 7 5/8 29.7# P-110 BTC 12000	\$319,500			\$319,500
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
705	Production Casing (ACP) -1 1/2" P110 HC 20 ppf Eagle SFH 23460	\$591,251			\$591,251
710	Tubing 2 7/8" 6.5# L-80 EUE to KOP 12500		\$68,750		\$68,750
721/720	Wellhead Equip. BCP/ACP	\$40,000	\$45,000		\$85,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$90,000	\$90,000
768	Artificial Lift / Compressor			\$90,000	\$90,000
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$45,000	\$57,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
779/778	Non-Controllable Equipment BCP/ACP	\$30,555	\$6,838	\$18,750	\$56,143
	Total Well and Lease Equipment	\$1,029,206	\$143,588	\$393,750	\$1,566,544

Total Drilling and Completion Cost	\$4,572,736	\$6,408,518	\$472,500	\$11,453,753
---	--------------------	--------------------	------------------	---------------------

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

26

Kaiser-Francis Oil Company
Authority for Expenditure

Operator: Kaiser-Francis Oil Company		Date: 9/11/2019	
Well Name: Red Hills 606H		Field: Red Hills	
Prospect: Red Hills		County / Psh: Lea	
Location: FTP 100' FSL 400' FEL SECTION 6 T26S R33E, LTP 100' FNL 400' FEL SECTION 31 T25S R33E		State: NM	
Depth: 23460	MD 12800	TVD	Preparer: CJ/DZ
Horizon: Wolfcamp B			
Objective: Drill and Complete 2 Mile Wolfcamp B			

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$32,083	\$14,000	\$40,000	\$86,083
501/***	Cond, Rat Hole, Mouse Hole Services	\$24,000			\$24,000
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 28 days at \$25,000	\$700,000			\$700,000
505/605	Coiled Tubing & Related Services		\$360,000		\$360,000
506/606	Rig Mob / Demob	\$87,500			\$87,500
507/***	Directional Drilling Services	\$583,000			\$583,000
508/608	Bits & Reamers	\$88,500			\$88,500
510/610	Fuel/Power	\$154,000			\$154,000
512/612	Drilling Water / Completion Fluid	\$33,000	\$831,250		\$864,250
514/614	Mud & Chemicals	\$250,000	\$35,000		\$285,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$175,000	\$37,500		\$212,500
516/616	Surface Equipment Rental / Inspection	\$428,580	\$289,300		\$717,880
517/617	Downhole Equipment Rental / Inspection	\$193,000	\$103,000		\$296,000
518/618	Transportation & Loading	\$50,000	\$50,000		\$100,000
520/***	DST, Coring & Analysis				\$0
521/621	Downhole tools: Whipstocks, Liner Hangers, Frac Plugs		\$82,500		\$82,500
522/622	OH Logs / CH Logs / Perforating / Slickline		\$302,500		\$302,500
523/***	Mud Logging / Geosteering / LWD	\$33,600			\$33,600
524/624	Cementing & Squeezing	\$225,000			\$225,000
526/626	Casing Crews & Equipment	\$57,000			\$57,000
528/628	Plug & Abandon				\$0
***/630	Stimulation		\$3,740,000		\$3,740,000
532/632	Geological & Engineering		\$13,000		\$13,000
534/634	Supervision	\$116,000	\$51,750		\$167,750
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541/641	Liability Insurance / Bonds				\$0
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721/720	Wellhead Equip. BCP/ACP	\$40,000	\$45,000		\$85,000
724	Packers & Downhole Equipment		\$21,000		\$21,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$30,000	\$30,000
738	Automation/SCADA/Misc Electrical Equipment			\$85,000	\$85,000
747	Valves			\$30,000	\$30,000
752	Tanks & Walkways			\$90,000	\$90,000
765	Heaters / Treaters / Separator / VRU			\$90,000	\$90,000
768	Artificial Lift / Compressor			\$90,000	\$90,000
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$0	\$0
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$5,000	\$17,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400			\$4,400
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---	--------------------	--------------------	------------------	---------------------

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

27

EXHIBIT

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

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

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

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

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

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

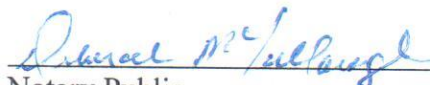
Mitch Sullivan, being duly sworn upon his oath, deposes and states that: He is a geologist for Kaiser-Francis Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his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



Mitch Sullivan

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

My Commission Expires: 12-15-22



Notary Public

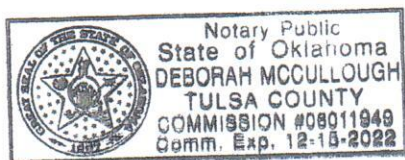
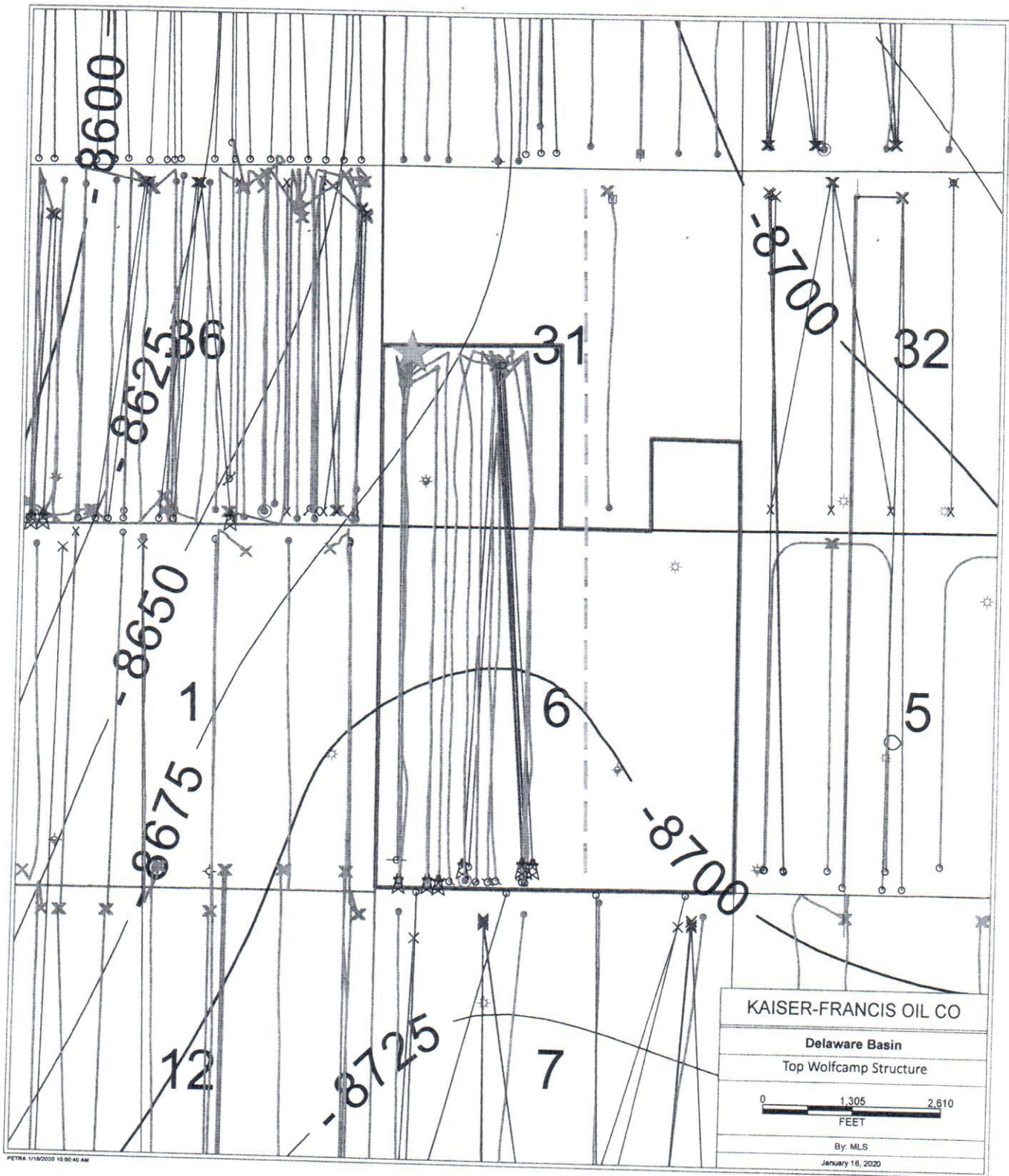


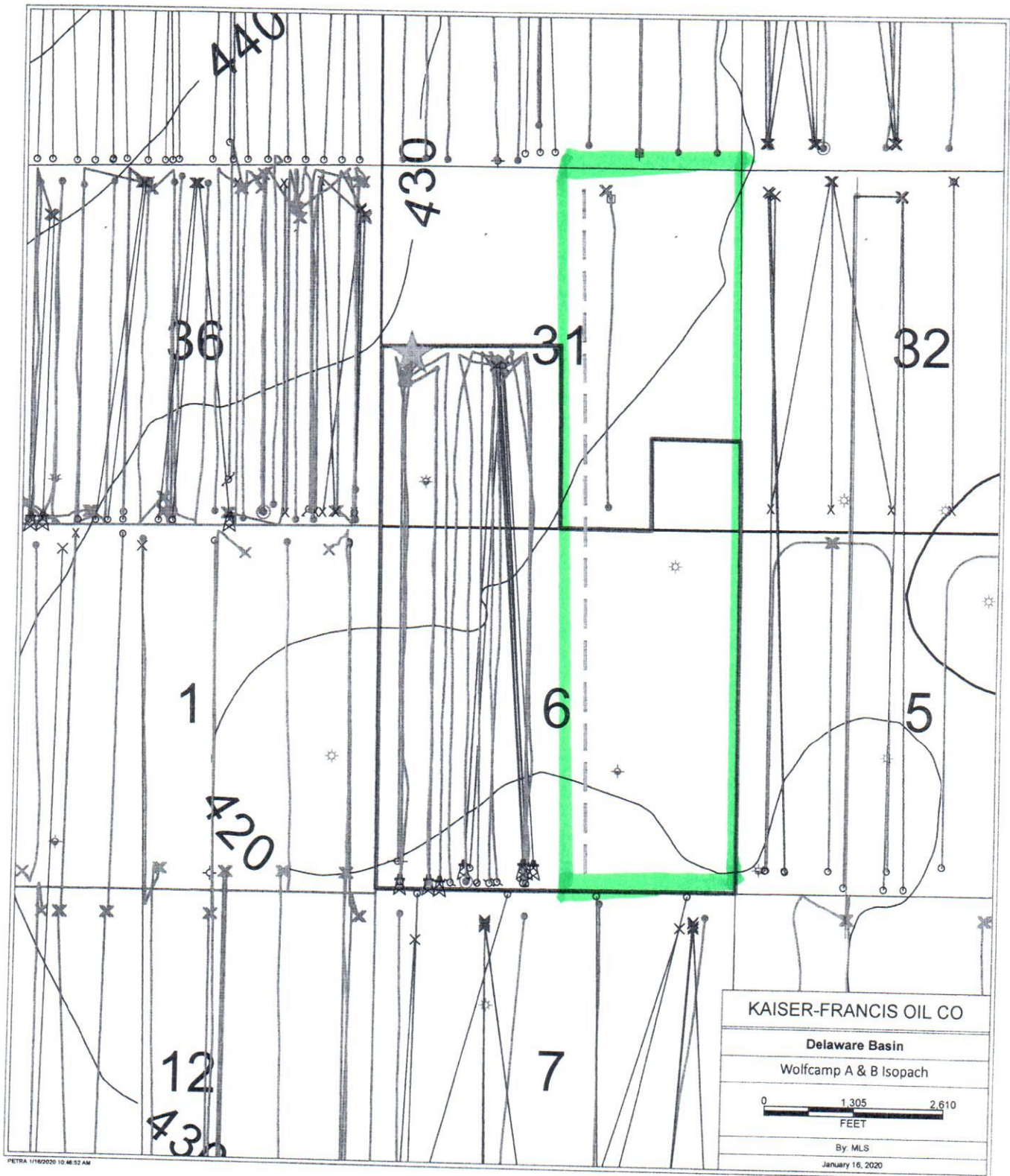
Exhibit A



Pilot well location

Well location

Exhibit B



Pilot well location

PRINTED DATE: 1/16/2020 10:46:52 AM

Well location

KAISER-FRANCIS OIL
RED HILLS
401H
30025455720000

Exhibit C

Subsea
Depth(ft)
-8000 -

-8100 -

-8200 -

-8300 -

-8400 -

-8500 -

-8600 -

-8700 -

-8800 -

-8900 -

-9000 -

-9100 -

-9200 -

-9300 -

-9400 -

-9500 -

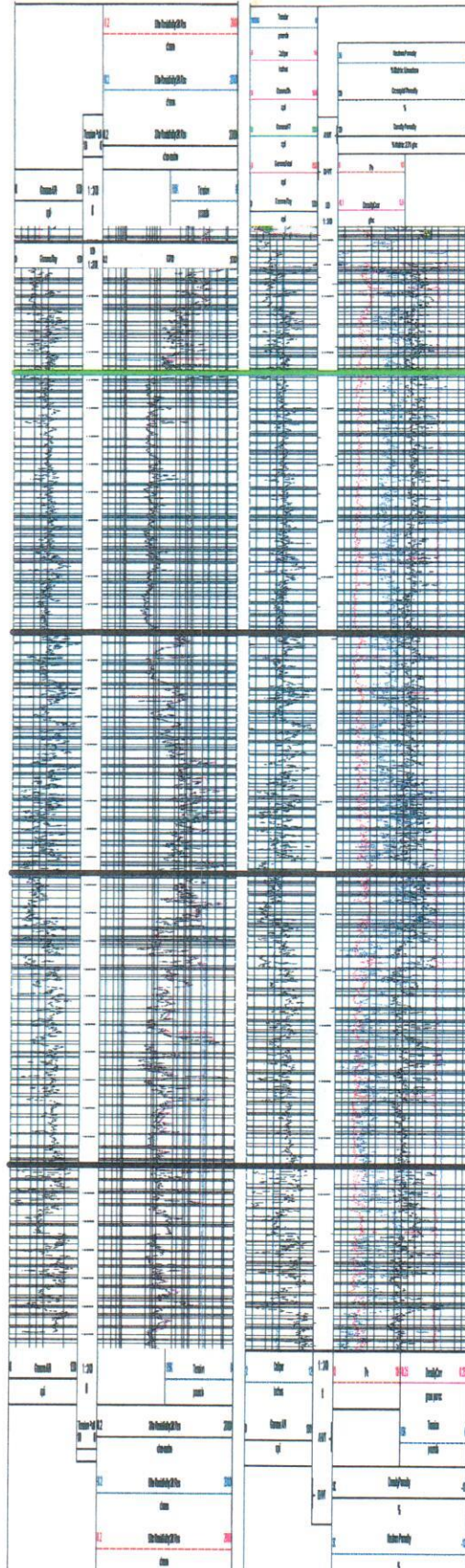
-9600 -

-9700 -

-9800 -

-9900 -

-10000 -



Subsea
Depth(ft)
-8000 -

-8100 -

-8200 -

-8300 -

-8400 -

-8500 -

-8600 -

-8700 -

-8800 -

-8900 -

-9000 -

-9100 -

-9200 -

-9300 -

-9400 -

-9500 -

-9600 -

-9700 -

-9800 -

-9900 -

-10000 -

3RD_BSS [MLS]

TOP_WOLFCAMP [MLS]

WOLFCAMP_B [MLS]

WOLFCAMP_C [MLS]

KAISER-FRANCIS OIL COMPANY

DELAWARE BASIN

Wolfcamp Interval

By: MLS

January 16, 2020 10:59 AM

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

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

Case Nos. 20966 - 20968

SELF-AFFIRMED STATEMENT OF NOTICE


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

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Kaiser-Francis Oil Company.
3. Kaiser-Francis Oil Company has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the applications filed herein.
4. Notice of the applications was provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date:

1/22/20



James Bruce

EXHIBIT 3

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)
jamesbruc@aol.com

November 20, 2019

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed are copies of the following applications for compulsory pooling, filed with the New Mexico Oil Conservation Division by Kaiser-Francis Oil Company:

- (a) Case No. 20966, for four Bone Spring wells in the W/2 of Section 31, Township 25 South, Range 33 East, NMPM and the W/2 of Section 6, Township 26 South, Range 33 East, NMPM;
- (b) Case No. 20967, for seven Bone Spring wells in the E/2 of Section 31, Township 25 South, Range 33 East, NMPM and the E/2 of Section 6, Township 26 South, Range 33 East, NMPM; and
- (c) Case No. 20968, for eight Wolfcamp wells in the E/2 of Section 31, Township 25 South, Range 33 East, NMPM and the E/2 of Section 6, Township 26 South, Range 33 East, NMPM.

All in Lea County, New Mexico.

Although these are proximity tract applications, several of the wells could be considered unorthodox due to being too close to an interior well unit boundary. They do not encroach on you in a north-south direction.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, December 12, 2019, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend the hearings, but **as an offset operator** who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date.

ATTACHMENT

A

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, December 5, 2019. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and his or her attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing.

Very truly yours,

A handwritten signature in dark ink, appearing to read "James Bruce". The signature is fluid and cursive, with the first name "James" and last name "Bruce" clearly distinguishable.

James Bruce

Attorney for Kaiser-Francis Oil Company

EXHIBIT A

EOG Resources, Inc.
5509 Champions Drive
Midland, Texas 79706

BTA Oil Producers, LLC
104 South Pecos
Midland, Texas 79701

U.S. MAIL
CERTIFIED MAIL® RECEIPT

For delivery information, visit our website at www.usps.com

1. Article Addressed to:

COG Operating LLC
Concho Oil & Gas LLC
600 West Illinois
Midland, Texas 79701

2. Article Number (Traceable)

7018 3090 0001 4742 8806

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

3. Service Type

☐ Adult Signature

☒ Certified Mail®

☐ Collect on Delivery

☐ Insured Mail Restricted Delivery (over \$500)

4. Return Receipt for Restricted Delivery

☐ Return Receipt (hardcopy)

☐ Return Receipt (electronic)

☐ Certified Mail Restricted Delivery

☐ Adult Signature Required

☐ Adult Signature Restricted Delivery

Postage

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postmark Here

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

City, State, ZIP+4®

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

7018 3090 0001 4742 8806

U.S. MAIL
CERTIFIED MAIL® RECEIPT

For delivery information, visit our website at www.usps.com

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COG Operating LLC
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Postmark Here

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

City, State, ZIP+4®

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U.S. Postal Service™
CERTIFIED MAIL® RECEIPT

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☐ Adult Signature Required

☐ Adult Signature Restricted Delivery

Postage

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postmark Here

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

City, State, ZIP+4®

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

B. Received by (Printed Name)

Shane P. ...

C. Date of Delivery

05/01/17

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below:

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

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



9590 9402 4582 8278 5892 91

2. Article

7018 3090 0001 4742 8806

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

Domestic Return Receipt

KF-RH

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

West Texas Gas, Inc.
d/b/a WTG Exploration Inc.
401 West Wadley Avenue
Midland, Texas 79705



9590 9402 4582 8278 5892 77

2. Article Number (Transfer from container label)

7018 3090 0001 4742 8790

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature K. Granado ☒ Agent ☐ Addressee

B. Received by (Printed Name) K. Granado C. Date of Delivery 11/25/19

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type

☐ Adult Signature ☐ Priority Mail Express®
☐ Adult Signature Restricted Delivery ☐ Registered Mail™
☒ Certified Mail® ☐ Return Receipt for Merchandise
☐ Collect on Delivery ☐ Signature Confirmation™
☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation Restricted Delivery

10/25/2019

Domestic Return Receipt

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only

For delivery information, visit our website at www.usps.com®

Certified Mail Fee \$
 Postage and Fees \$
 Total Postage and Fees \$
 Sent to West Texas Gas, Inc.
 d/b/a WTG Exploration Inc.
 401 West Wadley Avenue
 Midland, Texas 79705
 City, State, ZIP+4®

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

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case:	20968
Date	February 6, 2020
Applicant	Kaiser-Francis Oil Company
Designated Operator & OGRID (affiliation if applicable)	Kaiser-Francis Oil Company/OGRID No. 12361
Applicant's Counsel:	James Bruce
Case Title:	Application of Kaiser-Francis Oil Company for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	COG Operating Company LLC/Holland & Hart, LP WTG Exploration/Dana Hardy
Well Family	Red Hills Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Wolfcamp formation
Pool Name and Pool Code:	Sanders Tank; Upper Wolfcamp/Pool Code 98097
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter Section/40 acre
Spacing Unit	
Type (Horizontal/Vertical)	Vertical
Size (Acres)	640 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E/2 §31-25S-33E and E/2 §6-26S-33E, NMPM, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes
Proximity Defining Well: if yes, description	Red Hills Well No. 405H Red Hills Well No. 605H
Applicant's Ownership in Each Tract	Exhibit 1 page 1
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Red Hills Well No. 404H API No. 30-015-Pending SHL: 200 FNL & 2450 FEL §31 BHL: 100 FSL & 2240 FEL §6 FTP: 100 FNL & 2240 FEL §31 LTP: 100 FSL & 2240 FEL §6 Upper Wolfcamp/TVD 12250 feet/MD 22910 feet

EXHIBIT

4

Red Hills Well No. 405H
API No. 30-015-Pending
SHL: 200 FNL & 1055 FEL §31
BHL: 100 FSL & 1310 FEL §6
FTP: 100 FNL & 1310 FEL §31
LTP: 100 FSL & 1310 FEL §6
Upper Wolfcamp/TVD 12250 feet/MD 22910 feet

Red Hills Well No. 406H
API No. 30-015-Pending
SHL: 200 FNL & 1015 FEL §31
BHL: 100 FSL & 400 FEL §6
FTP: 100 FNL & 400 FEL §31
LTP: 100 FSL & 400 FEL §6
Upper Wolfcamp/TVD 12250 feet/MD 22910 feet

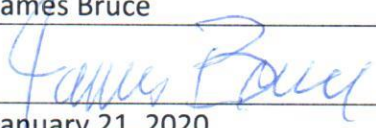
Red Hills Well No. 505H
API No. 30-015-Pending
SHL: 200 FNL & 2430 FEL §31
BHL: 100 FSL & 1790 FEL §6
FTP: 100 FNL & 1790 FEL §31
LTP: 100 FSL & 1790 FEL §6
Upper Wolfcamp/TVD 12500 feet/MD 23160 feet

Red Hills Well No. 506H
API No. 30-015-Pending
SHL: 300 FNL & 1035 FEL §31
BHL: 100 FSL & 850 FEL §6
FTP: 100 FNL & 850 FEL §31
LTP: 100 FSL & 850 FEL §6
Upper Wolfcamp/TVD 12500 feet/MD 23160 feet

Red Hills Well No. 604H
API No. 30-015-Pending
SHL: 200 FNL & 2490 FEL §31
BHL: 100 FSL & 2240 FEL §6
FTP: 100 FNL & 2240 FEL §31
LTP: 100 FSL & 2240 FEL §6
Upper Wolfcamp/TVD 12800 feet/MD 23460 feet

Red Hills Well No. 605H
API No. 30-015-Pending
SHL: 200 FNL & 1075 FEL §31
BHL: 100 FSL & 1310 FEL §6
FTP: 100 FNL & 1300 FEL §31
LTP: 100 FSL & 1310 FEL §6
Upper Wolfcamp/TVD 12800 feet/MD 23460 feet

	Red Hills Well No. 606H API No. 30-015-Pending SHL: 300 FNL & 995 FEL \$31 BHL: 100 FSL & 400 FEL \$6 FTP: 100 FNL & 400 FEL \$31 LTP: 100 FSL & 400 FEL \$6 Upper Wolfcamp/TVD 12800 feet/MD 23460 feet
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 1 page 2
Requested Risk Charge	Cost + 200%/Exhibit 1 page 2
Notice of Hearing	
Proposed Notice of Hearing	Exhibit 5
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 3
Proof of Published Notice of Hearing (10 days before hearing)	Not necessary
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 1 pages 4 and 11
Tract List (including lease numbers and owners)	Exhibit 1 page 11
Pooled Parties (including ownership type)	Exhibit 1 page 11
Unlocatable Parties to be Pooled	Not applicable
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit 1 pages 12-19
List of Interest Owners (<i>i.e.</i> Exhibit A of JOA)	Exhibit 1 page 2
Chronology of Contact with Non-Joined Working Interests	Exhibit 1 Page 12-19
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 1 pages 20-27
Cost Estimate to Equip Well	Exhibit 1 pages 20-27
Cost Estimate for Production Facilities	Exhibit 1 pages 20-27
Geology	
Summary (including special considerations)	Exhibit 2
Spacing Unit Schematic	Exhibit 1 page 4
Gunbarrel/Lateral Trajectory Schematic	Exhibit 2
Well Orientation (with rationale)	Standup/Exhibit 1 pages 5-10
Target Formation	Wolfcamp

HSU Cross Section	Exhibit 2
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit 1 pages 5-11
Tracts	Exhibit 1 page 11
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 1 page 11
General Location Map (including basin)	Exhibit 1 page 4
Well Bore Location Map	Exhibit 1 pages 5-10
Structure Contour Map - Subsea Depth	Exhibit 2
Cross Section Location Map (including wells)	Exhibit 2
Cross Section (including Landing Zone)	Exhibit 2
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	January 21, 2020

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20968

APPLICATION

Kaiser-Francis Oil Company applies for an order pooling all mineral interests in the Wolfcamp 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., 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 thereon.
2. Applicant proposes to drill the following wells to a depth sufficient to test the Wolfcamp formation, and dedicate the E/2 of Section 31 and the E/2 of Section 6 to the wells:
 - (a) The Red Hills Well Nos. 404H, 505H and 604H, with first take points in the NW/4NE/4 of Section 31 and final take points in the SW/4SE/4 of Section 6; and
 - (b) The Red Hills Well Nos. 405H, 406H, 506H, 605H, and 606H, with first take points in the NE/4NE/4 of Section 31 and final take points in the SE/4SE/4 of Section 6. The wellbores of the Red Hills Well Nos. 405H and 605H will be located 1310 feet from the east line of Sections 31 and 6.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Wolfcamp 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

EXHIBIT 5

the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation 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 Wolfcamp 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 Wolfcamp formation underlying E/2 of Section 31 and the E/2 of Section 6;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells and allocating the cost thereof among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

COPY

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

Attorney for Kaiser-Francis Oil Company

PROPOSED ADVERTISEMENT

Case No. 20968:

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 Wolfcamp 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. The unit will be dedicated to (i) the Red Hills Well Nos. 404H, 505H, and 604H, 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. 405H, 406H, 506H, 605H, and 606H, 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 wellbores of the Red Hills Well Nos. 405H and 605H are located 1310 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.