

**CASE NO. 21372**

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

**EXHIBITS**

1. Application and Proposed Ad
2. Landman's Affidavit (Brendon Kushnerick)
3. Geologist's Affidavit (Lee J. Lindman)
4. Affidavit of Notice
5. Pooling Checklist

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 21372

APPLICATION

Kaiser-Francis Oil Company applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 24, Township 23 South, Range 28 East, N.M.P.M. and Lot 1, NE/4NW/4, and N/2NE/4 (the N/2N/2) of Section 19, Township 23 South, Range 29 East, N.M.P.M., and in support thereof, states:

1. Applicant is an interest owner in the N/2N/2 of Section 24 and the N/2N/2 of Section 19, and has the right to drill a well thereon.
2. Applicant proposes to drill the Mosaic Fed. 2419 2BSS Well No. 1H and to dedicate the N/2N/2 of Section 24 and the N/2N/2 of Section 19 to the well. The well has a first take point in the NW/4NW/4 of Section 24, and a last take point in the NE/4NE/4 of Section 19.
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 N/2N/2 of Section 24 and the N/2N/2 of Section 19 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 well or to otherwise commit their interests to the well, 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 in the N/2N/2 of Section 24 and the N/2N/2 of Section 19, pursuant to NMSA 1978 §70-2-17.

EXHIBIT /

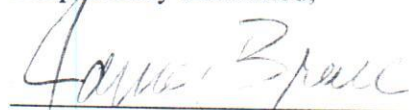


5. The pooling of all mineral interests in the Bone Spring formation underlying the N/2N/2 of Section 24 and the N/2N/2 of Section 19 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**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 N/2N/2 of Section 24 and the N/2N/2 of Section 19;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's 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, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

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. \_\_\_\_\_:

*Application of Kaiser-Francis Oil Company for compulsory pooling, Eddy County, New Mexico.* Kaiser-Francis Oil Company seeks an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit underlying the N/2N/2 of Section 24, Township 23 South, Range 28 East, NMPM and Lot 1, NE/4NW/4, and N/2NE/4 (the N/2N/2) of Section 19, Township 23 South, Range 29 East, NMPM. The unit will be dedicated to the Mosaic Fed. 2419 2BSS Well No. 1H, with a first take point in the NW/4NW/4 of Section 24 and a last take point in the NE/4NE/4 of Section 19. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located 4 miles southwest of Malaga, New Mexico.



**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, EDDY  
COUNTY, NEW MEXICO.**

**Case No. 21372**

**VERIFIED STATEMENT OF BRENDON KUSHNERICK**

Brendon Kushnerick, 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 pooling the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2 N/2 of Section 24, Township 23 South, Range 28 East and the N/2 N/2 of Section 19, Township 23 South Range 29 East, NMPM, containing 318.38 acres.

(i) Pool Code: 15011 Pool Name: Culebra Bluff; Bone Springs, South, to be dedicated to the Mosaic Federal 2419 2BS No. 1H. The well is a horizontal well with a first take point in NW/4 NW/4 of Section 24 and final take point in NE/4 NE/4 of Section 19.

SHL: 1105' FNL and 186' FWL of Section 24-23S-28E

BHL: 660' FNL and 100' FEL of Section 19-23S-29E

18,900' MD / 8,600' TVD

EXHIBIT

2

A C-102 for the well is attached as Attachment B.

- (d) There is no depth severance in the Bone Spring formation.
- (d) The party being pooled and their interests are set forth in Attachment C. Their current and correct address are also set forth.
- (e) There were 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 well. The estimated cost of the well set forth therein is fair and reasonable, and are comparable to the costs of other wells of similar depth and length drilled in this area of Eddy 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 well.
- (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           )

Brendon Kushnerick, 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.

  
\_\_\_\_\_  
Brendon Kushnerick

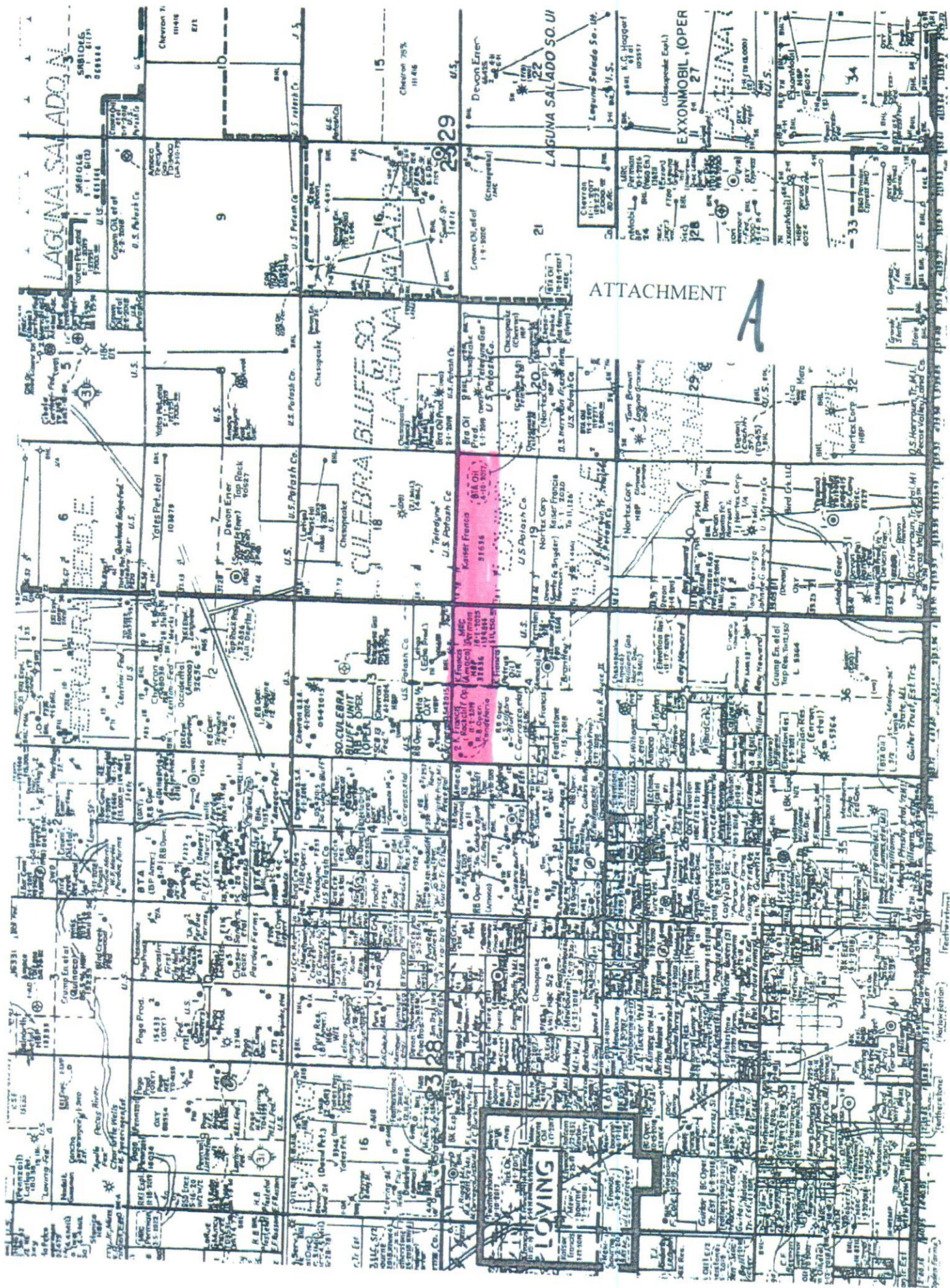
SUBSCRIBED AND SWORN TO before me this 28<sup>th</sup> day of July, 2020 by Brendon Kushnerick.

My Commission Expires: 8-17-2022

  
\_\_\_\_\_  
Notary Public









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

District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			
6 OGRID No.		7 Well Number			
12361		1H			
		8 Operator Name			
		KAISER-FRANCIS OIL CO.			
		9 Elevation			
		2986.6			

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
D	24	23 S	28 E		1105	NORTH	186	WEST	EDDY

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
A	19	23 S	29 E		660	NORTH	100	EAST	EDDY
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

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

**NOTE:** LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE. VERTICAL DATUM NAVD83.

**16 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.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

**17 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.

JANUARY 30, 2019

Date of Survey \_\_\_\_\_

Signature and Seal of Professional Surveyor:

Certificate Number: FILIMON F. JARAMILLO, PLS 12797

SURVEY NO. 6881

ATTACHMENT

B

Pooling Respondent list for Pooling of the N/2 N/2 of Section 24-23S-28E and the N/2 N/2 of Section 19-23S-29E; Eddy County, New Mexico

Mosaic Federal 2419 2BS #1H

Chevron U.S.A. Inc.

76.34988 net acres

Attn: NOJV Delaware Basin

1400 Smith Street

Houston, TX 77002

ATTACHMENT C



## Summary of Communications

### Mosaic Federal 2419 2BS 1H

Chevron U.S.A. Inc.

My predecessor and I have had numerous conversations with Chevron over the past year, as we've prepared this unit to be drilled. Kaiser-Francis previously proposed multiple Wolfcamp and Third Bone Spring wells to Chevron and has received NMOCD compulsory pooling orders covering Chevron's interest to date. Below is a breakdown of interactions with Chevron in the past 60 days:

**6/17/2020**- Mailed Mosaic Federal 2419 2BS 1H well proposal letters with AFEs via certified mail dated 6/17/2020 as well sent the well proposal via email to Kelly Rau.

**6/17/2020**- emailed back and forth with Kaitlyn Griffin about Chevron's interest in the subject unit.

**7/14/2020**- New AFEs were furnished to Chevron to reflect a reduction in total well cost.

**7/16/2020**- emailed back and forth with Kaitlyn Griffin about the new AFEs that were sent on 7/14/2020.

**7/24/2020**- Spoke to Kaitlyn Griffin on the phone about the subject proposals

ATTACHMENT

D

KAISER-FRANCIS OIL COMPANY

P.O. BOX 21468 TULSA, OKLAHOMA 74121-1468

6733 South Yale Avenue, 74136

(918) 494-0000

Fax: (918) 491-4383

June 17, 2019

**Sent by Certified Mail 7016 0600 0001 0477 8755**

Chevron U.S.A., Inc.  
Attn: New Mexico Permian OBO  
1400 Smith Street  
Houston, TX 77002

Re: Mosaic Fed 2419 2BSS #1H  
N/2 N/2 Section 24-23S-28E and N/2 N/2 Section 19-23S-29E  
Eddy Co., NM

To Whom it May Concern:

Kaiser-Francis Oil Company hereby proposes the drilling of an 18,900' MD / 8,600' TVD horizontal 2<sup>nd</sup> Bone Spring test well, covering the referenced 2.0 mile well path. The well will have an approximate surface location of 1,105' FNL and 186' FWL of Section 24-23S-28E, and a terminus of approximately 660' FNL and 100' FEL of Section 19-23S-29E.

AFE costs are estimated to be \$2,487,756 DHC and \$9,631,851 CWC. Two copies of the AFE are enclosed.

Should you wish to participate in the well, please execute and return one copy of the AFE, along with a reply letter indicating your desire to participate, and we will in turn send you a JOA for your review and approval.

We plan to file for pooling with the NMOCD soon, therefore, a prompt answer regarding our proposal would be greatly appreciated.

Should you have any questions, I can be reached at 918-491-4431 or [brendonk@kfoc.net](mailto:brendonk@kfoc.net)

Respectfully,



Brendon J. Kushnerick  
Staff Landman



**Kaiser-Francis Oil Company**  
Authority for Expenditure

Operator: Kaiser-Francis Oil Company	Date: 6/17/2020
Well Name: Mosalc Fed 2419 2BS #1H	Field:
Prospect:	County / Psh Eddy County
Location:	State: New Mexico
Depth: 18900 MD 8600 TVD	Preparer: RS/DZ/JC
Horizon: 2nd Bone Spring	
Objective: Drill and complete two mile 2nd Bone Spring well on a four well pad	

JIB Code	Intangible Drilling and Completion Costs	Drilling	Completion	Eqpt/Const	Total
500/600	Location / Road Expense / Frac Pit Construction	\$65,000	\$14,000	\$36,000	\$115,000
501/**	Cond, Rat Hole, Mouse Hole Services	\$26,000			\$26,000
502/602	Location Damages				\$0
504/604	Turnkey Completion Rig		\$8,000		\$8,000
	Footage @ per foot				\$0
	Daywork 18 days at \$19,500	\$351,000			\$351,000
505/605	Coiled Tubing & Related Services		\$84,000		\$84,000
506/606	Rig Mob / Demob	\$131,800			\$131,800
507/**	Directional Drilling Services	\$237,500			\$237,500
508/608	Bits & Reamers	\$75,000			\$75,000
510/610	Fuel/Power	\$76,500			\$76,500
512/612	Drilling Water / Completion Fluid	\$33,000	\$743,750		\$776,750
514/614	Mud & Chemicals	\$160,000	\$25,000		\$185,000
515/615	Closed Loop System / Mud & Cuttings Disposal / SWD	\$155,000	\$20,000		\$175,000
516/616	Surface Equipment Rental / Inspection	\$152,668	\$149,015		\$301,683
517/617	Downhole Equipment Rental / Inspection	\$33,500			\$33,500
518/618	Transportation & Loading	\$18,000	\$50,000		\$68,000
520/**	DST, Coring & Analysis				\$0
522/622	OH Logs / CH Logs / Perforating / Slickline / Plugs		\$61,000		\$61,000
523/**	Mud Logging / Geosteering / LWD	\$21,600			\$21,600
524/624	Cementing & Squeezing	\$227,500			\$227,500
526/626	Casing Crews & Equipment	\$62,000			\$62,000
528/628	Plug & Abandon				\$0
***/630	Stimulation		\$2,454,135		\$2,454,135
532/632	Geological & Engineering		\$10,000		\$10,000
534/634	Supervision	\$72,000	\$61,750		\$133,750
536/636	Miscellaneous Contract Labor	\$20,000	\$48,000	\$45,000	\$113,000
538/638	Prof. Fees & Abstracts				\$0
541/641	Liability Insurance / Bonds				\$0
542/642	Drilling Overhead / Completion Overhead	\$7,200	\$5,250		\$12,450
544/644	Miscellaneous & Unforeseen	\$86,955	\$188,670	\$4,050	\$279,675
	<b>Total Intangible Drilling &amp; Completion</b>	<b>\$2,012,223</b>	<b>\$3,922,570</b>	<b>\$85,050</b>	<b>\$6,019,843</b>

JIB Code	Tangible Well and Lease Equipment Costs	Drilling	Completion	Eqpt/Const	Total
700	Conductor				\$0
701	Surface Casing 13-3/8" H40 48 ppf STC 500	\$22,500			\$22,500
702	Intermediate Casing 10-3/4" J55 40.5 ppf BTC (TD to 11.25") 3000	\$89,000			\$89,000
702	Intermediate Casing				\$0
704	Drilling Liner (BCP)				\$0
703	Production Liner (ACP)				\$0
706	Production Casing (ACP) 5-1/2" 20# P110 Mod BTC 19100	\$312,320			\$312,320
710	Tubing 2-7/8" 6.5# L-80 EUE 2020 COPAS 10300		\$61,079		\$61,079
721/720	Wellhead Equip. BCP/ACP	\$45,000	\$40,000		\$85,000
724	Packers & Downhole Equipment		\$20,000		\$20,000
726	Rods & Pumps				\$0
737	Line Pipe / Fittings / Pipeline			\$40,000	\$40,000
747	Valves			\$35,000	\$35,000
752	Tanks & Walkways			\$70,000	\$70,000
765	Heaters / Treaters / Separator / VRU			\$55,000	\$55,000
768	Artificial Lift / Compressor			\$40,000	\$40,000
770	Gas Sales Unit / Dehy / Line Heater / Flare			\$5,000	\$5,000
775/774	Transportation and Freight BCP/ACP	\$10,000	\$2,000	\$40,000	\$52,000
777/776	Inspect/Test Tubulars BCP/ACP	\$4,400	\$5,000		\$9,400
779/778	Non-Controllable Equipment BCP/ACP	\$8,545	\$6,404	\$28,500	\$43,449
	<b>Total Well and Lease Equipment</b>	<b>\$491,765</b>	<b>\$134,483</b>	<b>\$313,500</b>	<b>\$939,748</b>

<b>Total Drilling and Completion Cost</b>	<b>\$2,503,988</b>	<b>\$4,057,053</b>	<b>\$398,550</b>	<b>\$6,959,591</b>
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KFOC APPROVALS	PARTNER APPROVAL
Drilling	<div align="center">ATTACHMENT E</div>
Completion	
Land	
Geology	
Reservoir	
Asset Manager	
Chief Operating Officer	<div align="center">Company</div> <div align="center">Date</div>



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

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

Case No. 21372

**VERIFIED STATEMENT OF LEE J. LINDMAN**

Lee J. Lindman, 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.

2. I am a geologist for Kaiser-Francis Oil Company ("KFOC"). 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) Attachment A is a structure map on the top of the 2<sup>nd</sup> Bone Spring formation. It shows that structure dips gently to the East. It also displays offset 2<sup>nd</sup> Bone Spring wells and permits in the vicinity of the Brantley Fee 2419 2BS Well No. 1H, and a line of cross-section A – A'. The proposed completion interval in the well is the 2<sup>nd</sup> Bone Spring Sand.

(b) Attachment B is a gross isopach map of the 2<sup>nd</sup> Bone Spring Sand zone. This zone has uniform thickness across the proposed well unit.

(c) Attachment C is stratigraphic cross section A – A' hung on the top of the 2<sup>nd</sup> Bone Spring Sand. The well logs on the cross-section give a representative sample of the 2<sup>nd</sup> Bone Spring Sand formation in this area. The target zone for the well is continuous across the well unit and is indicated by the red arrow.

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 well.

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

EXHIBIT 3

5. Based on production from wells in this area, KFOC sees no preferential orientation for wells in this area.

6. The producing interval of the well will be orthodox, and will comply with Division setback requirements.

VERIFICATION

STATE OF OKLAHOMA            )  
  ) ss.  
COUNTY OF TULSA            )

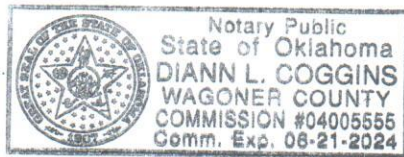
Lee J. Lindman, being duly sworn upon his oath, deposes and states that: He is a geologist for Kaiser-Francis Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his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

  
\_\_\_\_\_  
Lee J. Lindman

SUBSCRIBED AND SWORN TO before me this 27<sup>th</sup> day of July, 2020 by Diann Coggins

My Commission Expires: 6-21-24

  
\_\_\_\_\_  
Notary Public







SHL

BHL



## Kaiser-Francis Oil Company

### Mosaic Federal Pooling

#### Subsea Structure

Top 2nd Bone Spring Sand

All Wells



#### POSTED WELL DATA

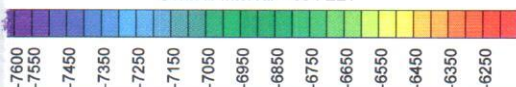
Well Number

WELL - TD

#### ATTRIBUTE MAP

BSPG2 - Producer

#### CONTOURS

FMTOPS - 2ND\_BS\_SAND [CGM] - 2ND BONE SPRINGS SAND  
FMTOPS2ND\_BS\_SANDCGM.GRD  
Contour Interval = 50 FEET

#### WELL SYMBOLS

- Dry Hole, With Show of Gas
- Dry Hole, With Show of Oil & Gas
- Dry Hole, With Show of Oil
- Dry Hole
- Gas Well
- Injection Well
- Junked
- Oil Well
- PILOT
- Plugged Injection
- Drilling Well
- Temporarily Abandoned
- P&A-G
- P&A-O
- DEVONIAN INJECTION WELL
- CHERRY CANYON INJECTION WELL
- Treated Well
- PERMITTED INJECTION
- Permit

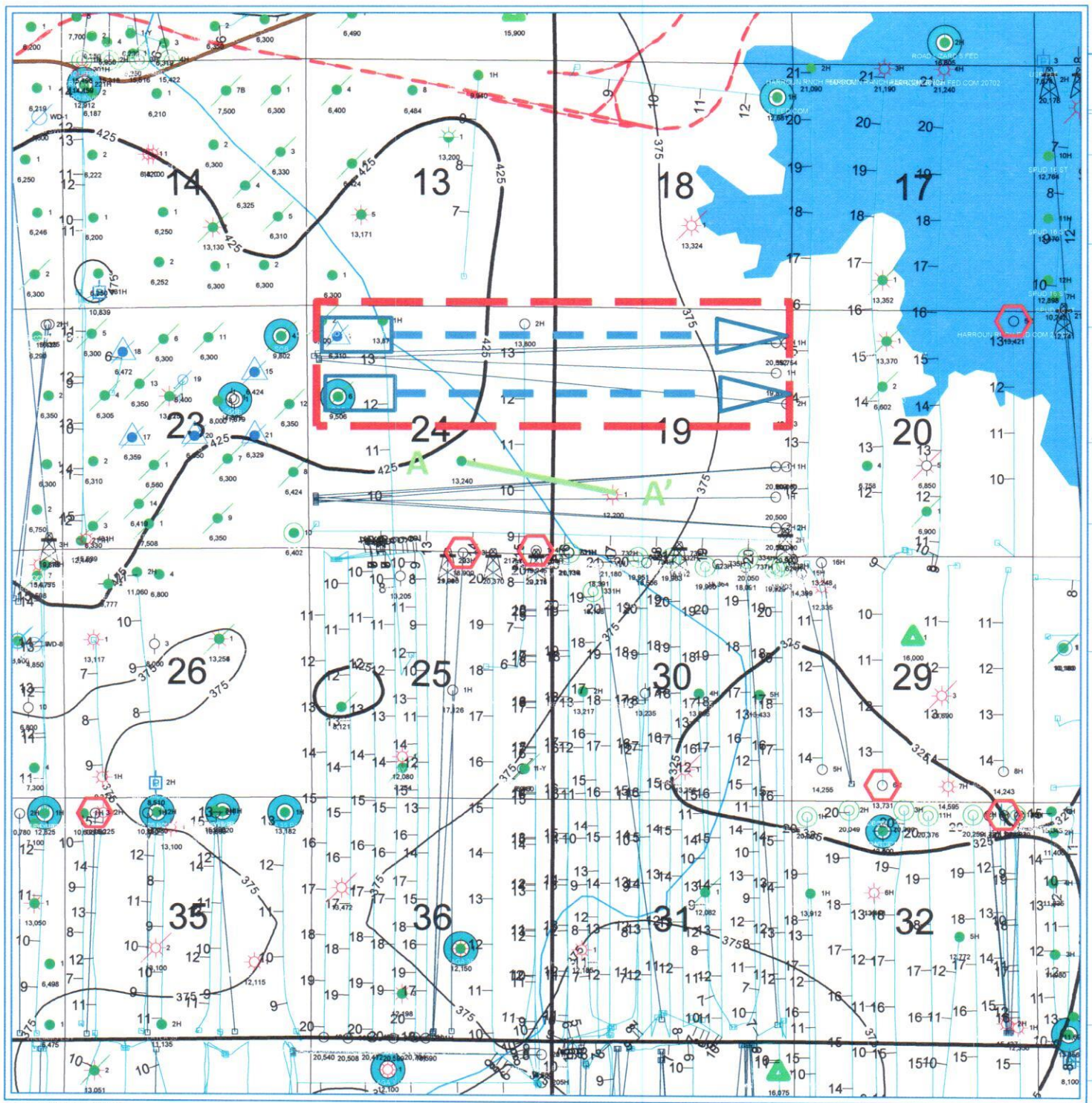
#### REMARKS

2nd Bone Spring Sand Permits Highlighted

March 3, 2020

  
Project Area





PETRA 3/3/2020 1:14:20 PM

## Isopach Map (2<sup>nd</sup> Bone Spring Sand)

ATTACHMENT

B



SHL

BHL



# Kaiser-Francis Oil Company

## Mosaic Federal Pooling

### Goss Isopach

2nd Bone Spring Sand

All Wells



### POSTED WELL DATA

Well Number

WELL - TD

### ATTRIBUTE MAP



BSPG2 - Producer

### CONTOURS

ISOPACH\_2ND\_BONE\_SPRING\_SAND  
ISOPACH\_2ND\_BONE\_SPRING\_SAND.GRD  
Contour Interval = 50 FEET

### WELL SYMBOLS

- Dry Hole, With Show of Gas
- Dry Hole, With Show of Oil & Gas
- Dry Hole, With Show of Oil
- Dry Hole
- Gas Well
- Injection Well
- Junked
- Oil Well
- PILOT
- Plugged Injection
- Drilling Well
- Temporarily Abandoned
- P&A-G
- P&A-O
- DEVONIAN INJECTION WELL
- CHERRY CANYON INJECTION WELL
- Treated Well
- PERMITTED INJECTION
- Permit

### REMARKS

2nd Bone Spring Sand Permits Highlighted

March 3, 2020

  
ject Area

A

PENROC OPER  
BRANTLEY B  
13,240

COMPANY: AMCO PRODUCTION COMPANY  
WELL: BRANTLEY "B" GAS COH #1  
FIELD: TELETYPE AREA  
COUNTY: EDOT STATE: NEW MEXICO  
1987 FEL 6 1987 FEL 10  
C/O: 21-75 20 23-45 24-45  
Log Interval: 100' 20' 40' 60' 80' 100' 120' 140' 160' 180' 200' 220' 240' 260' 280' 300' 320' 340' 360' 380' 400' 420' 440' 460' 480' 500' 520' 540' 560' 580' 600' 620' 640' 660' 680' 700' 720' 740' 760' 780' 800' 820' 840' 860' 880' 900' 920' 940' 960' 980' 1000'

COMPENSATED NEUTRON  
FORMATION DENSITY  
COMPANY: AMCO PRODUCTION COMPANY  
WELL: BRANTLEY "B" GAS COH #1  
FIELD: TELETYPE AREA  
COUNTY: EDOT STATE: NEW MEXICO  
1987 FEL 6 1987 FEL 10  
C/O: 21-75 20 23-45 24-45  
Log Interval: 100' 20' 40' 60' 80' 100' 120' 140' 160' 180' 200' 220' 240' 260' 280' 300' 320' 340' 360' 380' 400' 420' 440' 460' 480' 500' 520' 540' 560' 580' 600' 620' 640' 660' 680' 700' 720' 740' 760' 780' 800' 820' 840' 860' 880' 900' 920' 940' 960' 980' 1000'

Rel  
Depth(ft)  
-10 -

2ND\_BS\_SAND [CGM]

40 -

90 -

140 -

190 -

240 -

290 -

340 -

390 -

MID\_2ND\_BS\_LIME [CGM]

440 -

ATTACHMENT C

Mosaic Fed 2BS 2419 #1H & 2H - Landing Point

Datum

TENS(LB)	LLD (DMM)
13000. 3000.	2000. 200000
GR (GAPI)	NSFL (DMM)
100.0 200.0	0.2000 2000.
CAL(CIN)	LLS (DMM)
6.000 16.00	0.2000 2000.
GR (GAPI)	LLD (DMM)
0.0 100.0	0.2000 2000.

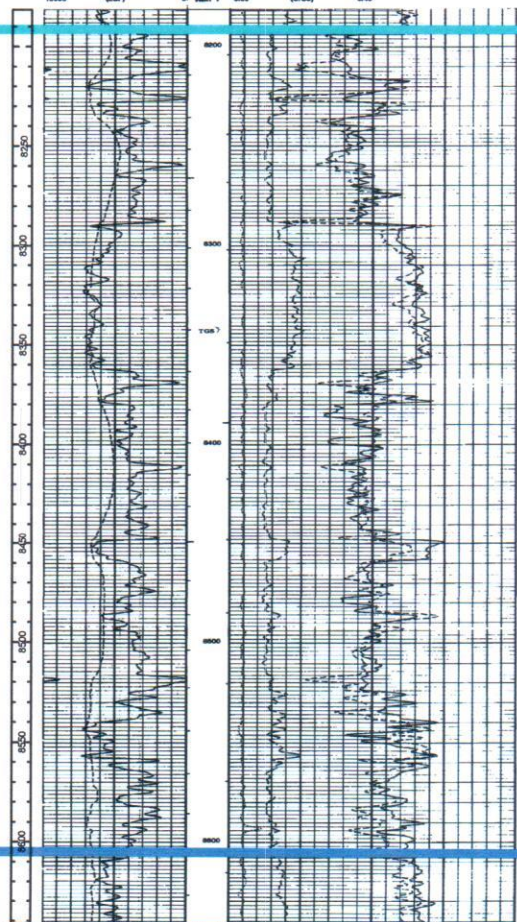
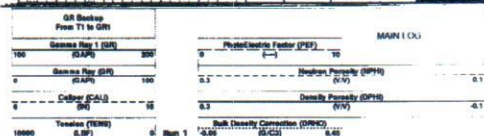
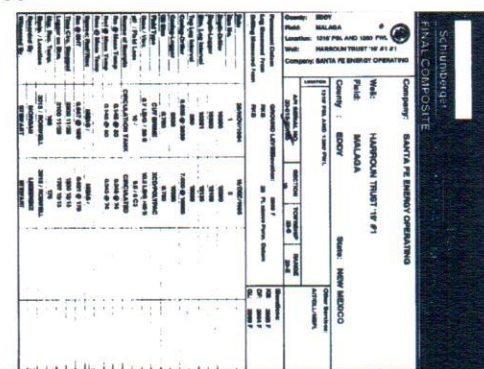
GR (GAPI)	NSFL (DMM)
100.0 200.0	0.2000 2000.
TENS(LB)	LLS (DMM)
13000. 3000.	0.2000 2000.
CAL(CIN)	LLD (DMM)
6.000 16.00	0.2000 2000.
GR (GAPI)	LLD (DMM)
0.0 100.0	0.2000 2000.

Stratigraphic Cross Section A - A'





A



MID\_2ND\_BS\_LIME [CGM]

Rel  
Depth(ft)  
- -10

- 40

– 90

- 140

- 190

- 240

- 290

- 340

- 390

- 440



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

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

Case Nos. 21372

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 application filed herein.
4. Notice of the application was provided to the interest owner, at its last known address, by certified mail. Copies of the notice letter and certified return receipt 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:

Aug. 4, 2020

James Bruce  
James Bruce

EXHIBIT

4

**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](mailto:jamesbruc@aol.com)

July 15, 2020

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Chevron U.S.A. Inc.  
6301 Deauville Boulevard  
Midland, Texas 79706

Attention: Permitting Team

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) For a Bone Spring well in the N/2N/2 of Section 24, Township 23 South, Range 28 East, NMPM and the N/2N/2 of Section 19, Township 23 South, Range 29 East, NMPM (Case No. 21372); and

(b) For a Bone Spring well in the S/2N/2 of Section 24, Township 23 South, Range 28 East, NMPM and the S/2N/2 of Section 19, Township 23 South, Range 29 East, NMPM (Case No. 21373),

in Eddy County, New Mexico.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, August 6, 2020. You are not required to attend the hearing, but as an owner of an interest 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.

Due to the Wuhan Flu epidemic, the hearing will be held remotely. Persons may view and participate in the hearings through one of the following links:

ATTACHMENT

A

Meeting number: 968 329 152

Password: YQe6KZBe3n6

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mb3ddb90721ccc17207709b8c71dc2ac1>

Join by video system

Dial [968329152@nmemnrd.webex.com](mailto:968329152@nmemnrd.webex.com)

You can also dial 173.243.2.68 and enter your meeting number.

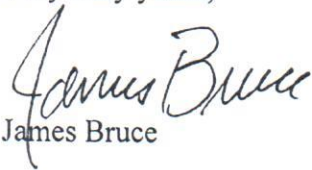
Join by phone

+1-408-418-9388 United States Toll

Access code: 968 329 152

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, July 30, 2020. This statement must be filed with the Division's Santa Fe office, 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 its case; and identification of any procedural matters that need to be resolved prior to the hearing. This document may be filed online at [ocd.hearings@state.nm.us](mailto:ocd.hearings@state.nm.us).

Very truly yours,



James Bruce

Attorney for Kaiser-Francis Oil Company



7019 2280 0002 1748 1635

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a> ®.	
OFFICIAL USE	
Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	
\$	
Total Postage and Fees	
\$	
Sent To	Chevron U.S.A. Inc.
Street and Apt. No., or PO Box	6301 Deauville Boulevard
City, State, ZIP+4®	Midland, Texas 79706
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

Postmark  
Here

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p>Chevron U.S.A. Inc. 6301 Deauville Boulevard Midland, Texas 79706</p>	<p>A. Signature</p> <p><input checked="" type="checkbox"/> <i>M. Brown</i> <input type="checkbox"/> Agent</p> <p><input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)</p> <p><i>Mara Brown</i></p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes</p> <p>If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>2. Article Number (Transfer from sender label)</p> <p>7019 2280 0002 1748 1635</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>



9590 9402 5751 0003 4297 54

2. Article Number (Transfer from sender label)

7019 2280 0002 1748 1635

Restricted Delivery

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

KEOC - Mosaic

Domestic Return Receipt



# COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

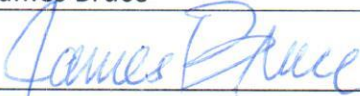
Case:	21372
Date	April 30, 2020
Applicant	Kaiser-Francis Oil Company
Designated Operator & OGRID (affiliation if applicable)	Kaiser-Francis Oil Company/OGRID No. 12361
Applicant's Counsel:	James Bruce
Case Title:	Application of Kaiser-Francis Oil Company for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Mosaic Fed. 2419 2BSS Well No. 1H
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Bone Spring formation
Pool Name and Pool Code:	Culebra Bluff; Bone Spring, South/Pool Code 15011
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter Section/40 acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	West-East
Description: TRS/County	N/2N/2 §24-23S-28E and N/2N/2 §19-23S-29E, NMPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibit 2-C
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non- standard)	Mosaic Fed. 2419 2BSS Well No. 1H API No. 30-015-Pending SHL: 1105 FNL & 186 FWL §24 BHL: 660 FNL & 100 FEL §19 FTP: 660 FNL & 100 FWL §24 LTP: 660 FNL & 100 FEL §19 Second Bone Spring Sand/TVD 8600 feet/MD 18900 feet
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above

EXHIBIT 5



<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2, page 2
Requested Risk Charge	Cost + 200%/Exhibit 2, page 2
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit 1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4
Proof of Published Notice of Hearing (10 days before hearing)	Not necessary
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-A
Tract List (including lease numbers and owners)	Exhibit 2-A
Pooled Parties (including ownership type)	Exhibit 2-C
Unlocatable Parties to be Pooled	Not applicable
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit 2-D
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibit 2-C
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-C
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 2-E
Cost Estimate to Equip Well	Exhibit 2-E
Cost Estimate for Production Facilities	Exhibit 2-E
<b>Geology</b>	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibit 3-A
Gunbarrel/Lateral Trajectory Schematic	Exhibit 3-C
Well Orientation (with rationale)	Laydown/Exhibit 3, page 2
Target Formation	Bone Spring
HSU Cross Section	Exhibit 3-C
Depth Severance Discussion	Not Applicable
<b>Forms, Figures and Tables</b>	
C-102	Exhibit 2-B
Tracts	Exhibit 2-A
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-C
General Location Map (including basin)	Exhibit 2-A
Well Bore Location Map	Exhibit 2-B
Structure Contour Map - Subsea Depth	Exhibit 3-A
Cross Section Location Map (including	Exhibit 3-C



wells)	
Cross Section (including Landing Zone)	Exhibit 3-C
<b>Additional Information</b>	
<b>CERTIFICATION:</b> I hereby certify that the information provided in this checklist is complete and accurate.	
<b>Printed Name</b> (Attorney or Party Representative):	James Bruce
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	August 4, 2020