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November 21, 2017

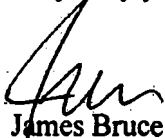
Case 15912

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Kaiser-Francis Oil Company, are an application for a non-standard unit and compulsory pooling, together with a proposed advertisement. Please set the application for the December 21, 2017 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Kaiser-Francis Oil Company

Parties Being Notified

Desert States Energy, Inc.
230 South River
Wimberley, TX 78676

Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102

James H. Isbell
2820 Moss Avenue
Midland, TX 79705

MRC Permian LKE Company, LLC
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

Rockcliff Energy LLC
1301 McKinney Street
Suite 1300
Houston, Texas 77010

Linda C. Isbell
2505 Meta Place
Midland, TX 79701

B. Craig Duke
PO Box 10403
Midland, TX 79702

Charlotte E. Wells and
Kaiulani L. Bumpus
10546 Rec Road, 255E
Burkville, TX 75932

Terry A. White and Carla K. White, Trustees
of the Terry & Carla White Trust
1302 West 3rd St.
Chanute, KS 66720

Flora Jane Hopkins, Trustee of the
Flora Jane Hopkins Revocable Inter
Vivos Trust
24476 Chamalea
Mission Viejo, CA 92691-4821

Ralph Wilbert Peden
2704 Meadow Green
Bedford, TX 76201

James A. Brown, Trustee of the
James A. Brown Family Trust
PO Box 928
Elk City, OK 73648

John A. Brown
10001 Peace Way, Unit #1319
Las Vegas, Nevada 89147-8097

David B. Brown
10769 Bay Ridge Dr.
Dardanelle, Arkansas 72834

Helen Joyce Hardgrave, Trustee of the
Helen Joyce Hardgrave and Meredith
N. Hardgrave Revocable Living Trust
6012 East 114th St.
Tulsa, OK 74137

Helen Joyce Hardgrave, Trustee of the
Helen Joyce Hardgrave and Meredith
N. Hardgrave Revocable Living Trust
c/o Brett Biery
2626 East 40th Street
Tulsa, OK 74105

Edna Mae Watt
400 Holland Drive
West Sacramento, CA 95605

James David Watt

Sharon Ann Browne

Stanico Energy Corporation
PO Box 32467
Oklahoma City, OK 73123

Stanico Energy Corporation
c/o Nelson Collier, registered agent
3305 State St.
Oklahoma City, OK 73122

Roy G. Barton and Claudia R. Barton
1919 N. Turner St.
Hobbs, NM 88240

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION **RECEIVED** **OCD**

2017 NOV 21 A 1: 16

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

Case No. 15912

APPLICATION

Kaiser-Francis Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Delaware formation comprised of the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 25 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 24, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Delaware formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 25 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 24, and has the right to drill a well thereon.
2. Applicant proposes to drill its Williams Fee 2524 LBC Well No. 1H to a depth sufficient to test the Lower Brushy Canyon portion of the Delaware formation. Applicant seeks to dedicate the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 25 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 24 to the well to form a non-standard 240 acre oil spacing and proration unit (project area) in the Delaware formation for all pools developed on 40 acre spacing within that vertical extent. The well is a horizontal well, with a surface location in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25, and a terminus in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24. The producing interval of the well will be orthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Delaware formation in the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 25 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 24 for the purposes set forth herein.

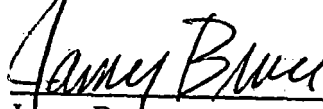
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Delaware formation in the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 25 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 24, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Delaware formation underlying the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 25 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 24 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. Approving a non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 25 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 24;
- B. Pooling all mineral interests in the Delaware formation underlying the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 25 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 24;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce

Post Office Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

Attorney for Kaiser-Francis Oil Company

PROPOSED ADVERTISEMENT

Case No. 15912:

Application of Kaiser-Francis Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Kaiser-Francis Oil Company seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the E/2NW/4 of Section 25 and the E/2W/2 of Section 24, Township 23 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Delaware formation underlying the non-standard unit. The unit will be dedicated to the Williams Fee 2524 LBC Well No. 1H, a horizontal well with a surface location 2290 feet from the north line and 2130 feet from the west line of Section 25, and a terminus 250 feet from the north line and 1980 feet from the west line of Section 24. The producing interval will be orthodox. 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 approximately 3 miles east of Loving, New Mexico.

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