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Case 20052

October 16, 2018

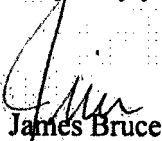
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Kaiser-Francis Oil Company, is an application for compulsory pooling, together with proposed advertisements. Please set the application for the November 15, 2018 Examiner hearing.

Thank you.

Very truly yours,


James Bruce

Attorney for Kaiser-Francis Oil Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20052

APPLICATION

Kaiser-Francis Oil Company applies for an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit comprised of the SE/4 of Section 6 and the E/2 of Section 7, Township 24 South, Range 34 East, N.M.P.M., Lea County New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the SE/4 of Section 6 and the E/2 of Section 7, and has the right to drill a well thereon.
2. Applicant proposes to drill its Bell Lake Unit—South Block Well No. 212H to a depth sufficient to test the Bone Spring formation, and to dedicate the SE/4 of Section 6 and the E/2 of Section 7 to the well to form a 240 acre horizontal spacing unit in the Bone Spring formation. The well is a horizontal well, with first take point in the NE/4SE/4 of Section 6 and a last take point in the SE/4SE/4 of Section 7.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in the SE/4 of Section 6 and the E/2 of Section 7 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 SE/4 of Section 6 and the E/2 of Section 7, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the SE/4 of Section 6 and the E/2 of Section 7 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 SE/4 of Section 6 and the E/2 of Section 7;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost 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 and completing 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. 20052 :

Application of Kaiser-Francis Oil Company for compulsory pooling, Lea County, New Mexico. Kaiser-Francis Oil Company seeks an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit comprised of the SE/4 of Section 6 and the E/2 of Section 7, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The unit will be dedicated to the Bell Lake Unit – South Block Well No. 212H, a horizontal well with first take point in the NE/4SE/4 of Section 6 and a last take point in the SE/4SE/4 of Section 7. 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 wells. The unit is located approximately 21-1/2 miles southwest of Eunice, New Mexico.

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