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

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

APPLICATION OF KAISER-FRANCIS OIL COMPANYCOMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 20295

### 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 240.00 horizontal spacing unit in the Bone Spring formation comprised of E/2SW/4 of Section 31, Township 25 South Range 33 East, NMPM and E/2W/2 of Section 6, Township 26 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in:
    - (i) Pool Code: 97994 Pool Name: WC-025 G-06 S253329D; Upper Bone Spring, to be dedicated to the Red Hills Well No. 003H; and
    - (ii) Pool Code: 97994 Pool Name: WC-025 G-06 S253329D; Upper Bone Spring, to be dedicated to the Red Hills Well No. 103H,

EXHIBIT V

The wells are horizontal wells with first take points in NE/4 SW/4 of Section 31 and final take points in SE/4 SW/4 of Section 6. C-102s for the wells are attached as Attachment B. There is no depth severance in the Bone Spring 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 OKLHOMA	)
	) ss.
COUNTY OF Tulsa	)

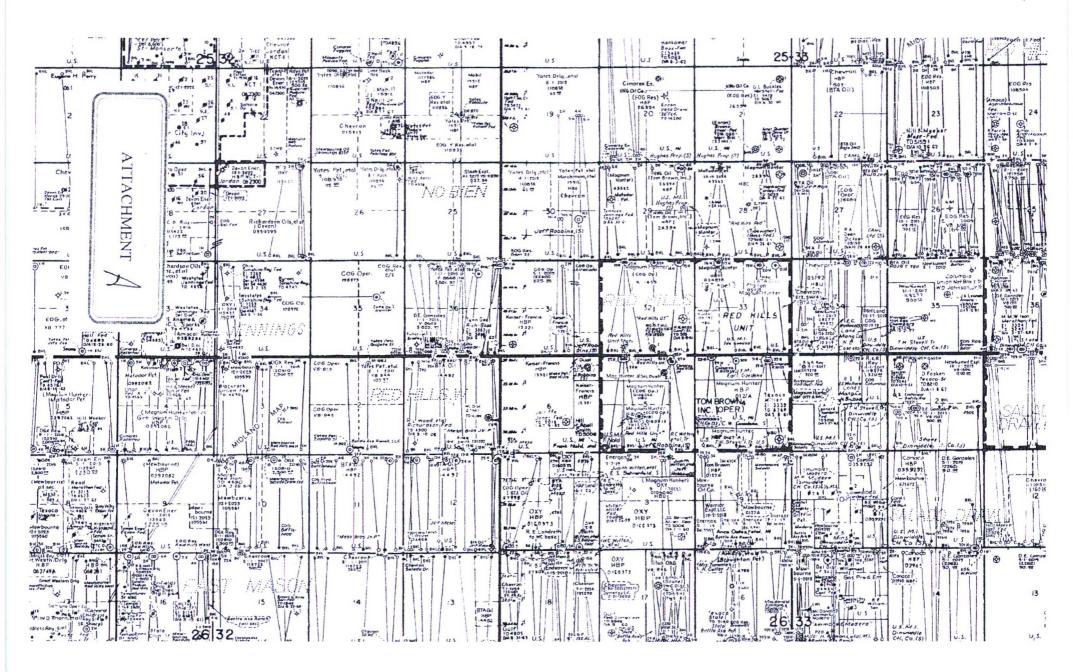
Michael Maxey, being duly sworn upon his oath, deposes and states that: He is a landman for Kaiser-Francis Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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

Michael Maxey

SUBSCRIBED AND SWORN TO before me this 1<sup>st</sup> day of March, 2018 by Michael Maxey.

My Commission Expires: Q-QD Q1

Notary Rubilc
State of Oklahoma
SHANNON LEAMAN
TULSA COUNTY
COMMISSION #09001751
Qomm, Exp. 02-20-2021



District.1
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: (305) 334-6178 Fax: (305) 334-6170
District JV.
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

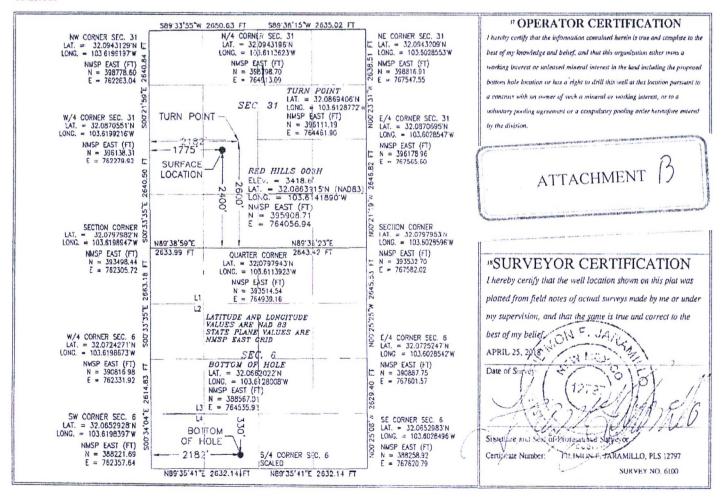
### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>2</sup> Pool Code <sup>3</sup> Pool N	ame
³ Property Name	* Well Number
RED HILLS	003H
<sup>a</sup> Operator Name	° Elevation
KAISER-FRANCIS OIL COMPANY	3418.6
	<sup>3</sup> Property Name RED HILLS <sup>8</sup> Operator Name

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
K	31	25 S	33 E		2400	SOUTH	1775	WEST	LEA
			" Bot	tom Hol	e Location If	Different From	m Surface		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	6	26 S	33 E		330	SOUTH	2182	WEST	LEA

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.



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Phone: (575) 393-6161 Fax: (575) 393-0720
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District III
1000 Rio Brazos Road, Aztec, NM 67410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 57505

Phone: (505) 476-3460 Fax: (505) 476-3462

12 Dedicated Acres

13 Joint or Infill

Consolidation Code

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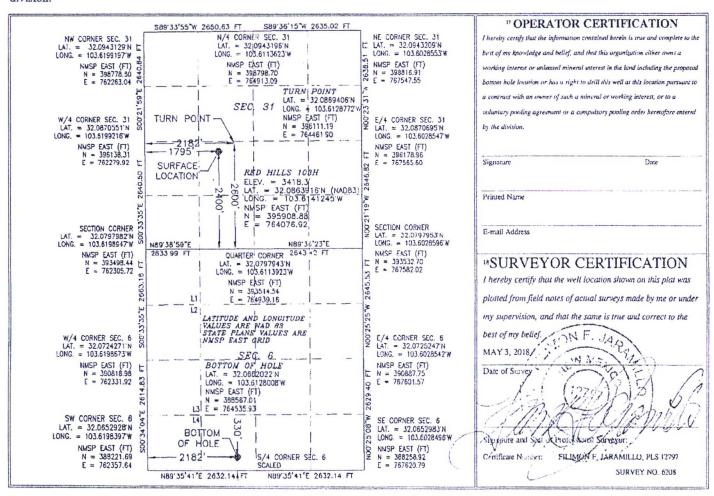
☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

.,	API Numbe	r		Pool Code	2		Pool Na	me	
* Property	Code				Propert				Well Number
'OGRID				KAIS	* Operato SER-FRANCIS	or Name S OIL COMPAN	ΙΥ		'Elevation 3418.3
					<sup>10</sup> Surface	Location			
UL or lot no.	Section 31	Township 25 S	Range 33 E	Lot Idn	Feet from the 2400	North/South line SOUTH	Feet from the 1795	East/West line WEST	County LEA
			" Bot	tom Hol	e Location If	Different Fro	m Surface		
UL or lot no.	Section 6	Township 26 S	Range 33 E	Lot Idn	Feet from the 330	North/South line SOUTH	Feet from the 2182	East/West line WEST	County LEA

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.

15 Order No.



### Attachment "C"

For Case No.	
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Atlas OBO Energy, LP 3501 Allen Parkway Houston, TX 77019

.0357869

Royalty Clearinghouse 2003, LLC. 201 West 5th Street, Suite 1350 Austin, TX 78701

.0750000

West Texas Gas, Inc. D/B/A WTG Exploration Inc. 401 W. Wadley Avenue Midland, TX 79705-5339 .0750000

673.1 x = 91.1 (0 - 51.10) = 6.4 (918) 494-0000

January 7, 2019

Sent by Certified Mail

Atlas OBO Energy, LP 15603 Kuykendahl Road, Suite 200 Houston, TX 77090-3655

Red Hills 003H Lots 3 and 4 and the E/2 SW/4 of Section 31-25S-33E and W/2 of Section 6-26S-33E Lea Co., NM

Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinaster) hereby proposes the drilling of a 9,250' TVD / 16,600' TMD Upper Avalon Formation test well. It will have a SHL of 2,400' FSL and 1,775' FWL in Section 31-25S-33E and a BHL of 330' FSL and 2,182' FWL in Section 6-26S-33E, all in Lea Co., NM.

Costs are estimated to be \$3,390,390 initial drilling costs and \$9,785,866 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 424.



January 7, 2019

#### Sent by Certified Mail

P.O. BOX 1458

Atlas OBO Energy, LP 15603 Kuykendahl Road, Suite 200 Houston, TX 77090-3655

Red Hills 103H

Lots 3 and 4 and the E/2 SW/4 of Section 31-25S-33E and W/2 Section 6-26S-33E Lea Co., NM

#### Ladies and Gentlemen:

Kaiser-Francis Oil Company ("Kaiser-Francis" hereinafter) hereby proposes the drilling of a 9,850" TVI) / 17.200' TMD Lower Avalon Formation test well. It will have a SHL of 2,400' FSL and 1,795' FWL in Section 31-25S-33E and a BHL of 330' FSI, and 2.182' FWL in Section 6-26S-33E, all in Lea Co., NM.

Costs are estimated to be \$3,509,390 initial drilling costs and \$9,904,866 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 424.

Respectfully.

Michael D. Maxey

Lundman

ser-Francis Oil Company authority for Expenditure

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	Chees Especia Ol Committee	Red HIRs 003H	Red Hills	16600	Opper Avaion Drill and complete a new horizor	Location / Road Expense / Frac P	Cond, Rat Hole, Mouse Hole Sen Location Damages	Environmental, Regulatory, and Turnkey	Footage @ Daywork	vice	Directional Drilling Services	Rits & Reamers Fuel/Power	Onling Water / Completion Fluid	Closed Loop System / Mud & Cut	Surface Equipment Rental / Inspiration Downhole Equipment Rental / In	Transportation & Loading DST, Coring & Analysis	Downhole table: Whipstocks, Lin OH toes / Perforation /	Mud Logging / Geosteering / LWI	Casing Crews & Equipment	Plug & Abandon Stimulation	Geological & Engineering Supervision	Miscellaneous Contract Labor	Prof. Fees & Abstracts Liability Insurance / Bonds	Ording Overhead / Competion O Mixellaneous & Unforeseen	Tot		Surface Casing	Intermediate Casing	Freduction Liner (ACP)	Tubing	Welhead Equip. BCP/ACP Packers & Downhole Equipment	Rods & Pumps N Line Pipe / Fittings / Pipeline	Automation/ X. AUA/Misk Electric	Tants & Walkways Heaters / Treaters / Separator / /	Artificial Lift / Compressor Gas Sales Unit / Dehy / Line Heat	Tranportation and Freight BCP/A Inspect/Test Tubulars BCP/ACP	Non-Controllable Equipment BCP	Total Dri	K							

ATTACHMENT E

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