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PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

May 11, 2006

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, Oklahoma 74121-1468

Attn: Mr. Robert Major

Re: 2006 Plan of Development
Bell Lake Unit
Lea County, New Mexico

Dear Mr. Major:

The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

John H. Beniz for/
BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/cpm
xc: Reader File

OCD

BLM

2006 MAY 12 PM 1 19

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State

PLAN OF OPERATION/DEVELOPMENT
FOR CALENDAR YEAR 2006
BELL LAKE SOUTH UNIT (CR: NM68292X)
LEA COUNTY, NEW MEXICO

BUREAU OF LAND MANAGEMENT
2909 W. 2nd St.
ROSWELL, NEW MEXICO 88201
ATTN: MINERALS

2006 APR 17 PM 12 50

COMMISSIONER OF PUBLIC LANDS (3)
STATE OF NEW MEXICO
P.O. BOX 1148
SANTA FE, NEW MEXICO 87501

OIL CONSERVATION DIVISION (2)
DEPARTMENT OF ENERGY & MINERALS
STATE OF NEW MEXICO
1220 S. SAINT FRANCIS DR.
SANTA FE, NEW MEXICO 87505-4000

Gentlemen:

In compliance with Section 10 of the Bell Lake Agreement dated May 12, 1953, Kaiser-Francis, as Unit Sub-Operator, hereby submits for approval a Plan of Operation/Development for the year 2005.

SUMMARY OF 2005 OPERATIONS

The participating area "A" produced gas and liquids during 2005 as shown below:

<u>Participating Area "A"</u>	<u>For Year Through 12/31</u>		<u>Daily AVG.</u>	
	<u>MCF</u>	<u>Bbls</u>	<u>MCF</u>	<u>Bbls</u>
Atoka	136,628	1588	374.3	4.4
Morrow	283,654	904	777.1	2.5
Bone Springs	4,752	1581	13.0	4.3
Cherry Canyon	4,754	1541	13.0	4.2
Delaware	56,455	11,084	154.7	30.4
Devonian	203,753	0	558.2	0

Plan of Operation/Development
For Calendar Year 2006
Bell Lake South Unit (CR: NM68292X)
Page 2

ACTIVITY IN 2005

We took over operations on the Bell Lake N. 2-6 from ConocoPhillips during 2005.

DEVELOPMENT IN 2006

We will either P&A the Bell Lake #19 or test and produce the Bone Springs or Delaware zone.

OFFSET OBLIGATIONS

Unit owners will take appropriate action within their control to prevent drainage of unitized substances from lands subject to the Bell Lake Unit Agreement or, pursuant to applicable regulations, fair and reasonable compensatory royalty will be paid as provided in Section 18 of said Agreement. There have been no wells drilled in recent years offsetting the South Bell Lake Unit.

MODIFICATION

It is understood that portions of the Plan of Operation/Development outlined above are dependent upon certain information to be obtained subsequent to work done in the past as well as other contingencies, and for these reasons, this Plan of Operation/Development may be modified from time to time, with like approval to meet changing conditions.

EFFECTIVE DATE

This Plan of Operation/Development shall be effective upon approval by the Supervisor, Commissioner, and Division.

Date: April 13, 2006

TERM

This Plan of Operation/Development is submitted for the period ending December 31, 2006. Subsequent to that date, another Plan of

, . . . Operation/Development will be submitted for approval.

Plan of Operation/Development
For Calendar Year 2006
Bell Lake South Unit (CR: 68292X)
Page 3

Submitted by:

Robert Major

Robert Major
Production Records Manager
Kaiser-Francis Oil Company
Bell Lake South Unit Sub-Operator
Tulsa, Oklahoma

Approved:

Bureau of Land Management

Date

Commissioner of Public Lands

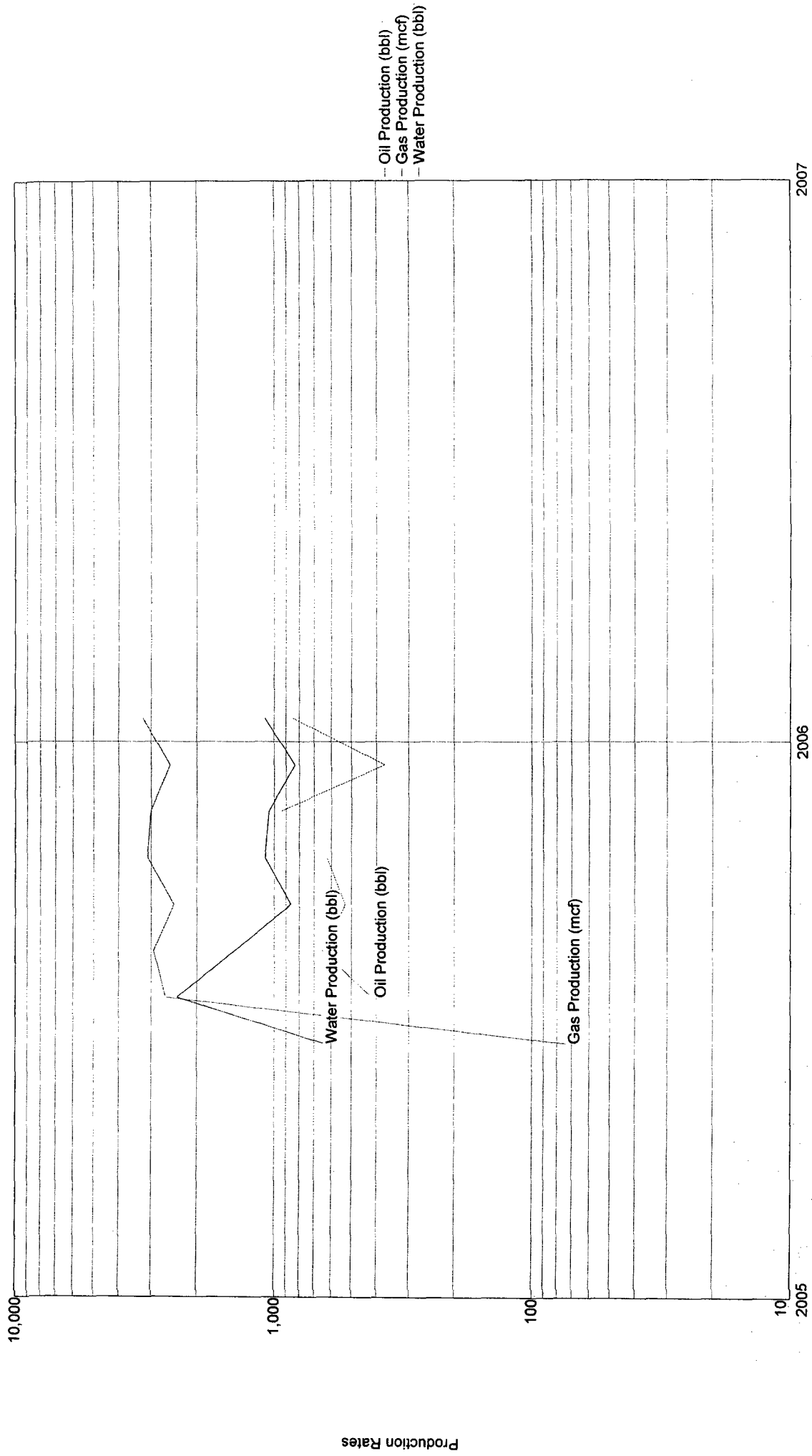
Date

New Mexico Oil Conservation Division

Date

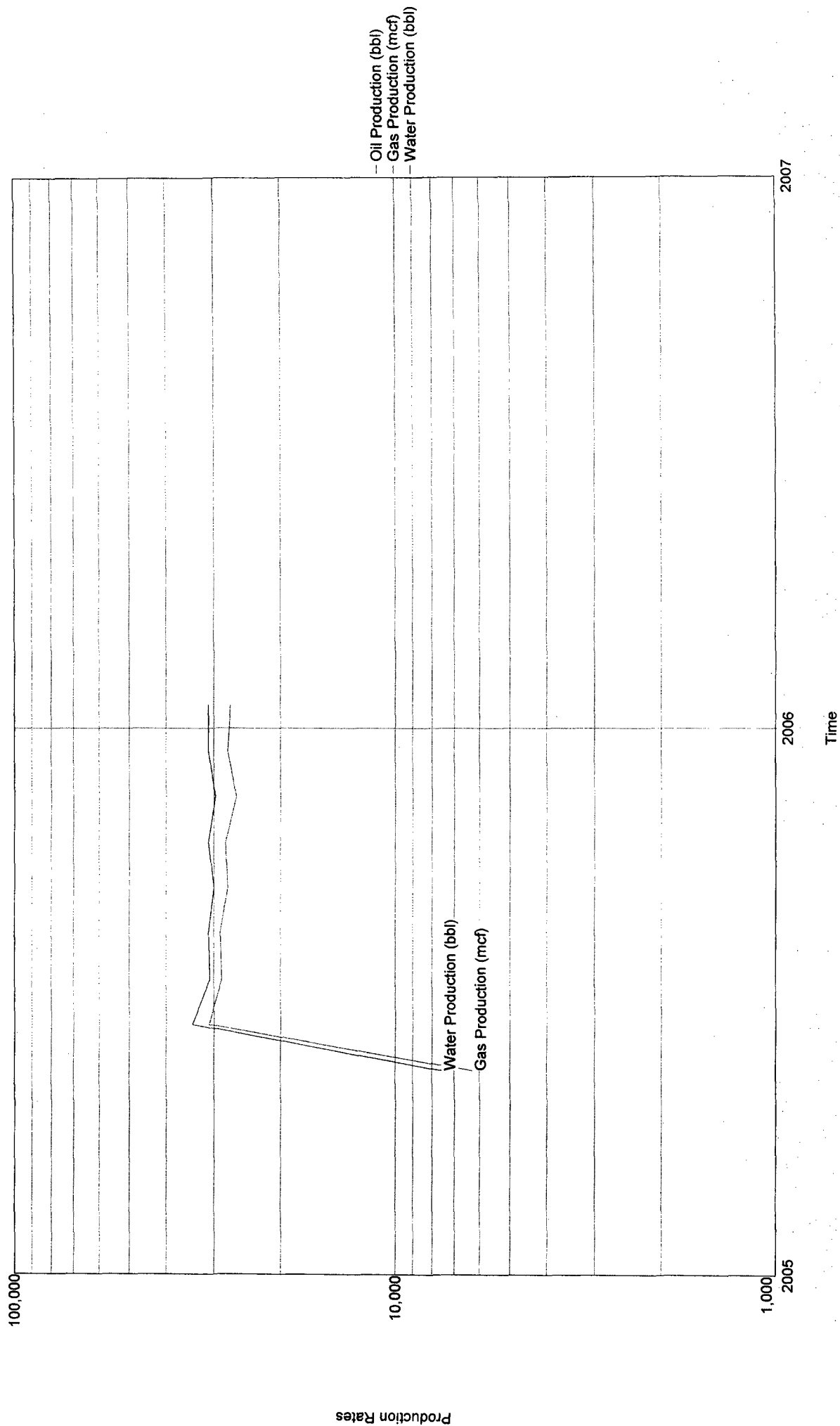
Lease Name: BELL LAKE 21-6
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir:
Location: 6 24S 34E

BELL LAKE 21-6 - BELL LAKE



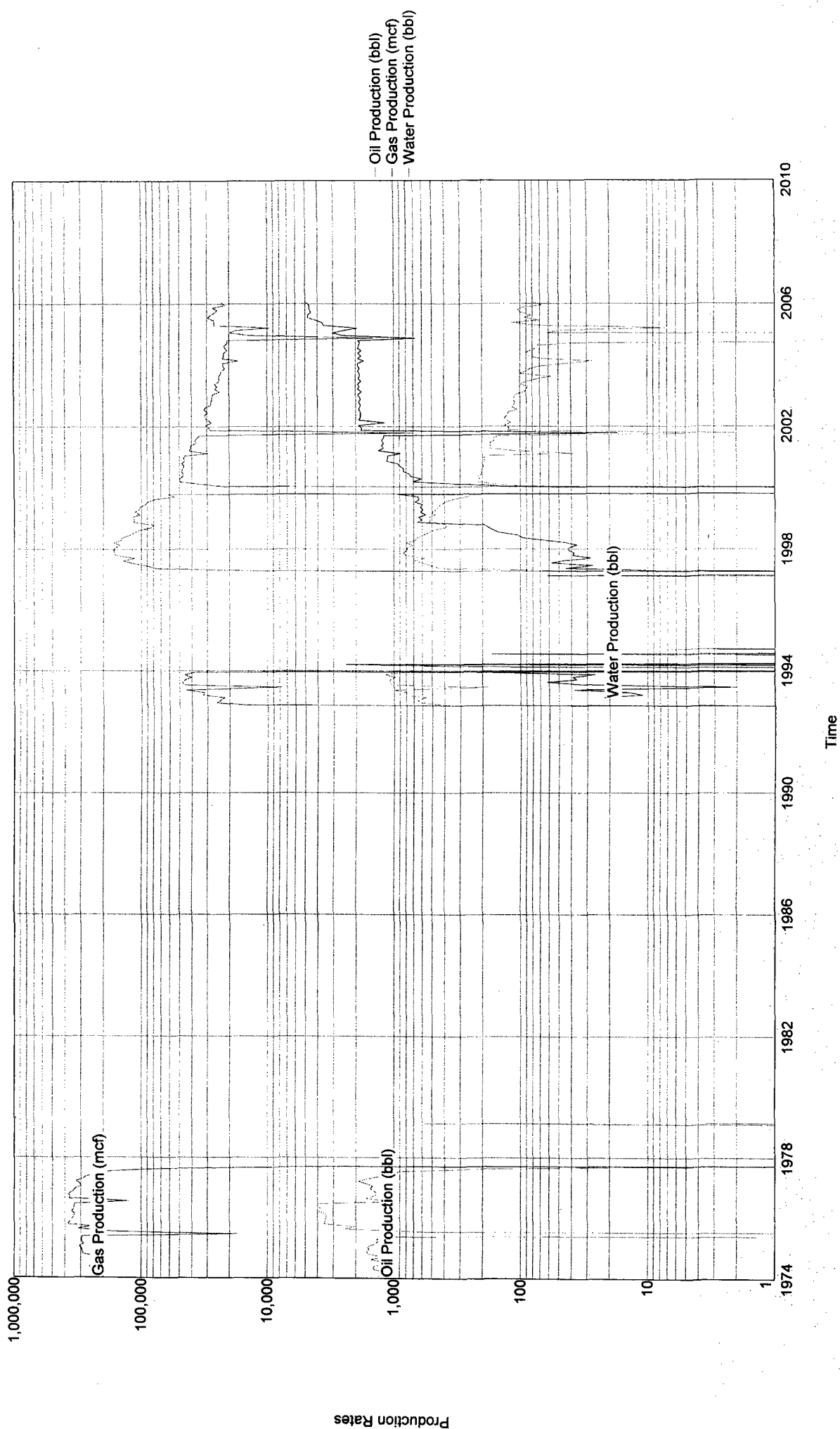
Lease Name: BELL LAKE N 2-6
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir:
Location: 6 23S 34E

BELL LAKE N 2-6 - BELL LAKE



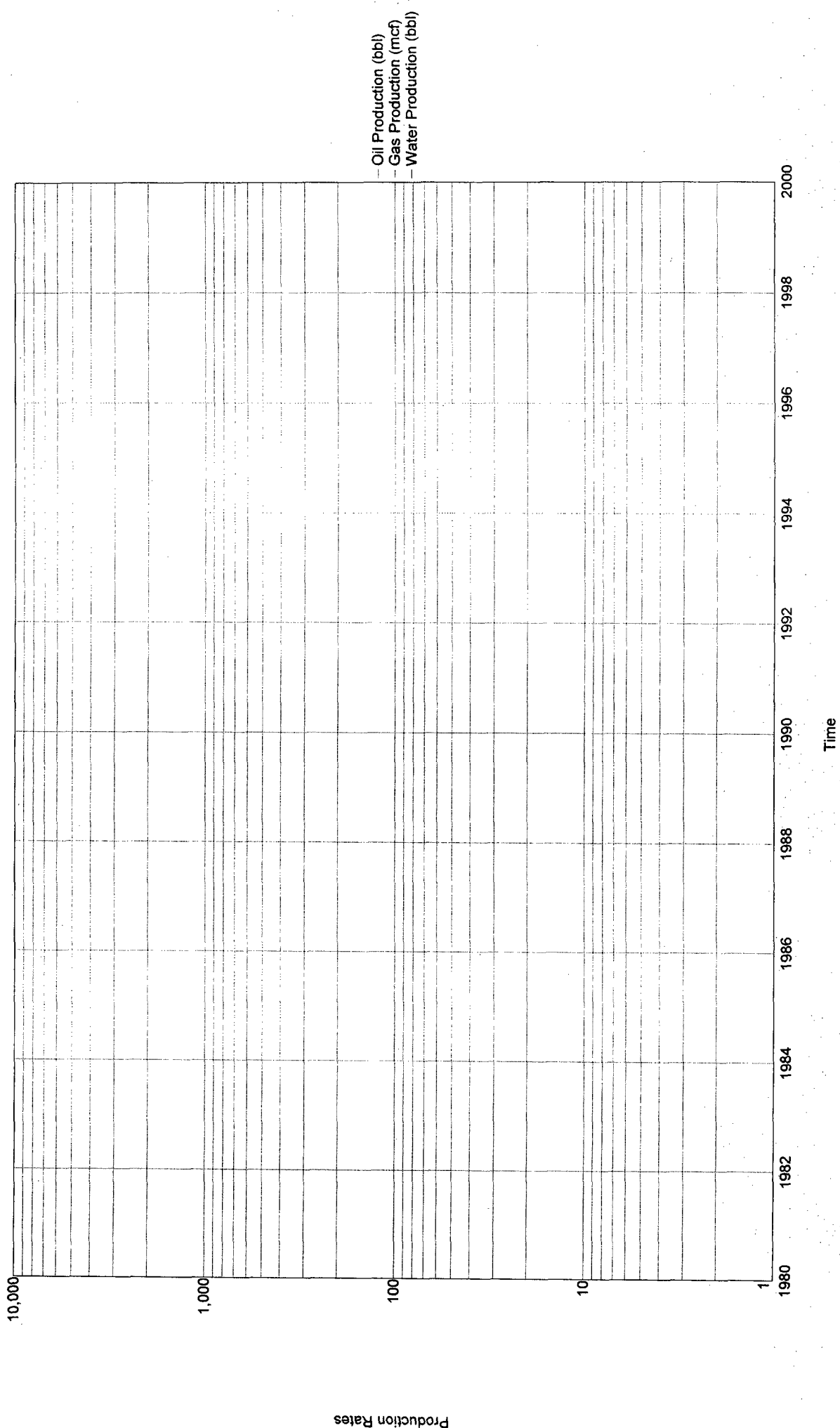
Lease Name: BELL LAKE S 14
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: MORROW
Location: 6 24S 34E

BELL LAKE S 14 - BELL LAKE



Lease Name: BELL LAKE S 19
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: MORROW
Location: 12 24S 33E

BELL LAKE S 19 - BELL LAKE



Lease Name: BELL LAKE S 1A&12 (CHERRY CANY

County, State: LEA, NM

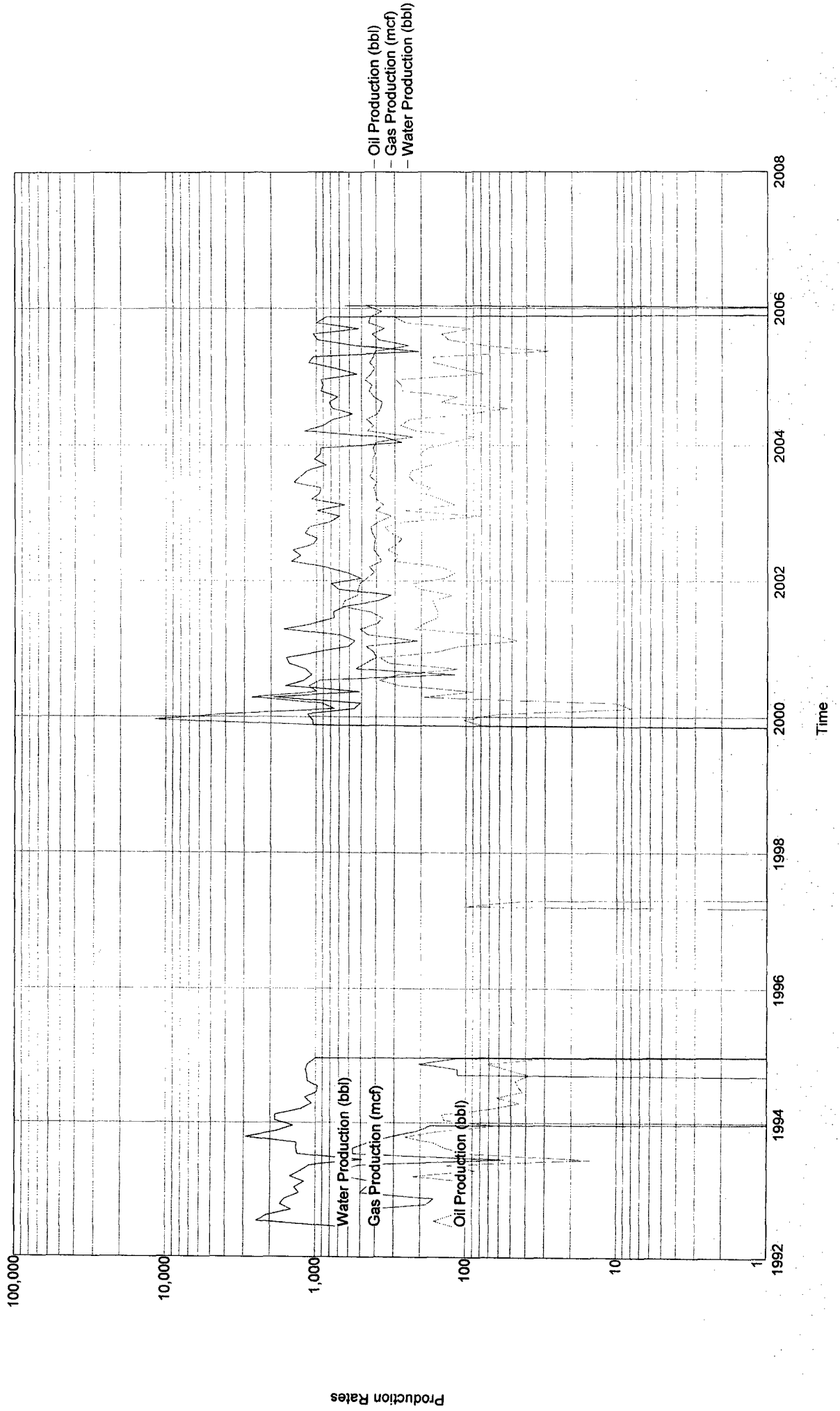
Operator: KAISER-FRANCIS

Field: BELL LAKE

Reservoir: CHERRY CANYO

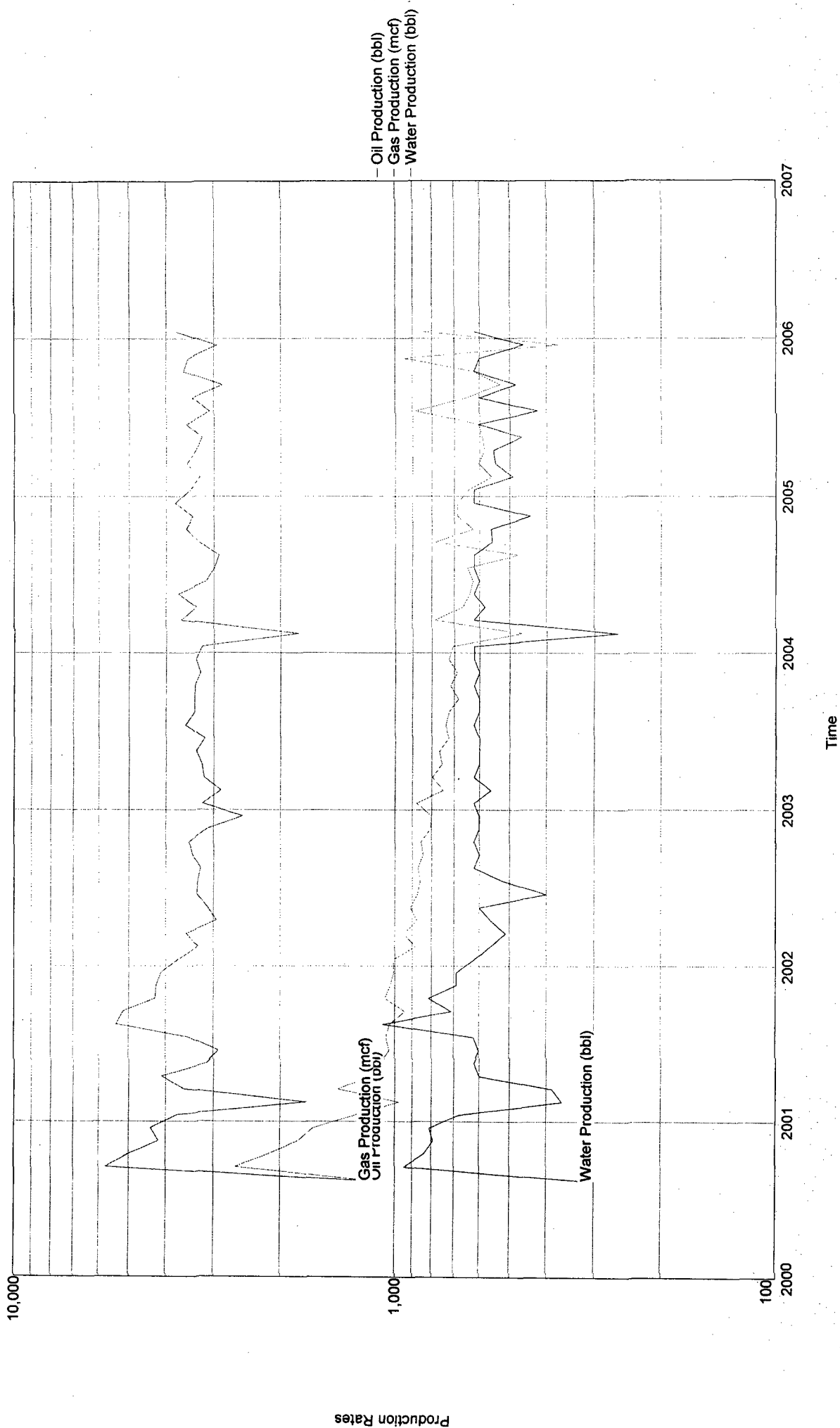
Location: 31 23S 34E

BELL LAKE S 1A&12 (CHERRY CANY - BELL LAKE



Lease Name: BELL LAKE S 20-6
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: DELAWARE BRU
Location: 6 24S 34E

BELL LAKE S 20-6 - BELL LAKE



Lease Name: BELL LAKE S 3 (BONE SPRINGS)

County, State: LEA, NM

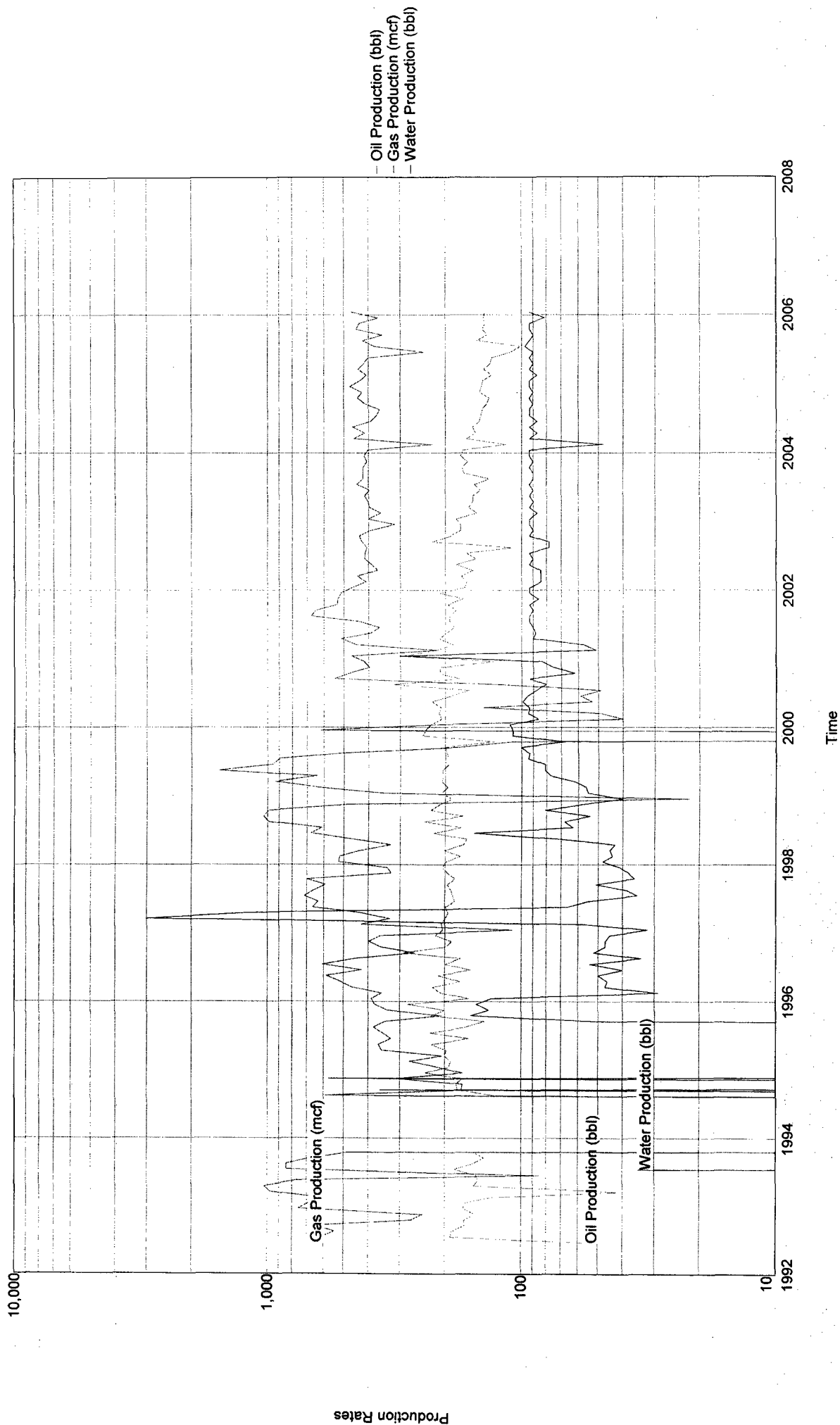
Operator: KAISER-FRANCIS

Field: BELL LAKE

Reservoir: BONE SPRINGS

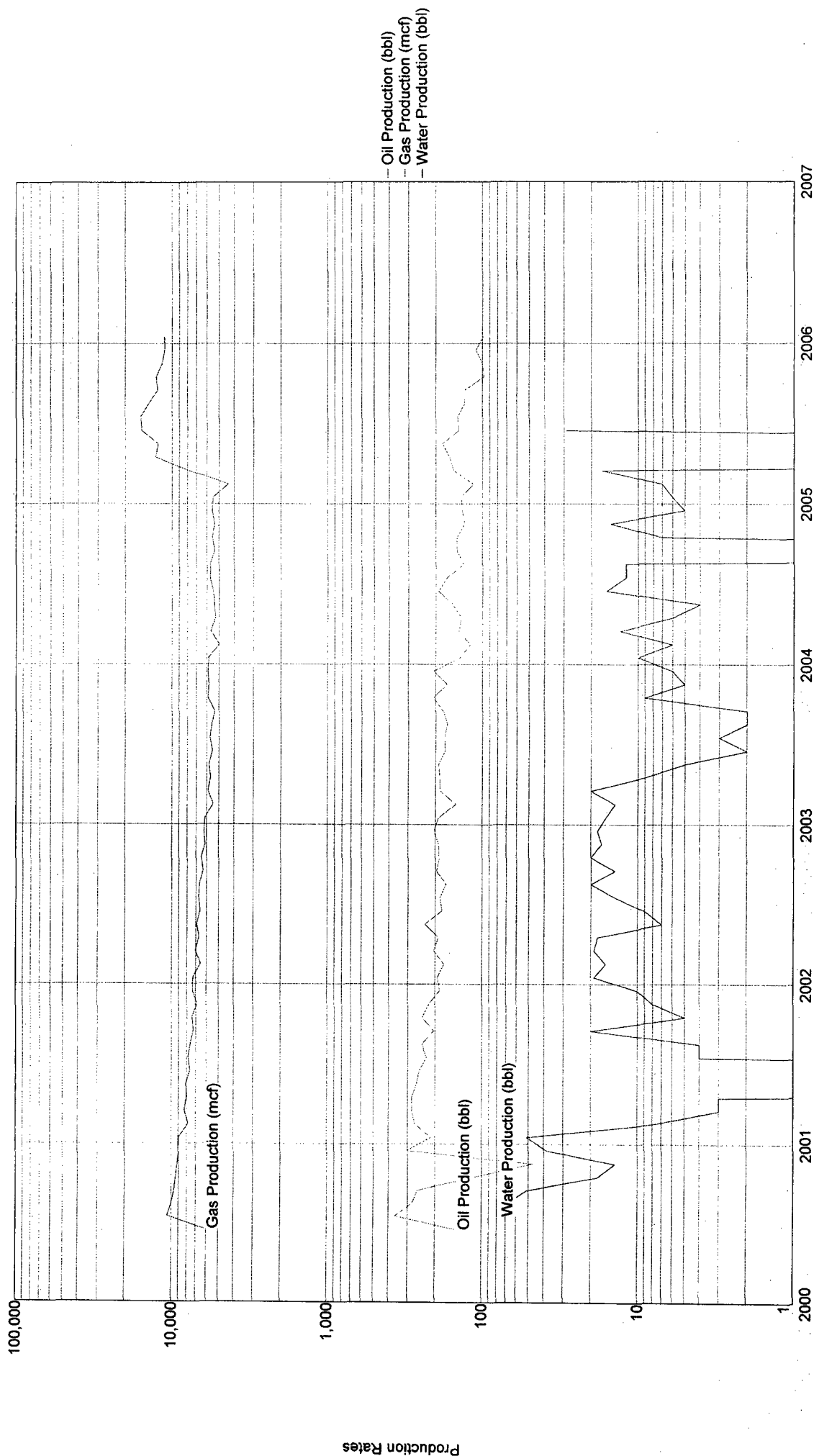
Location: 6 24S 34E

BELL LAKE S 3 (BONE SPRINGS) - BELL LAKE



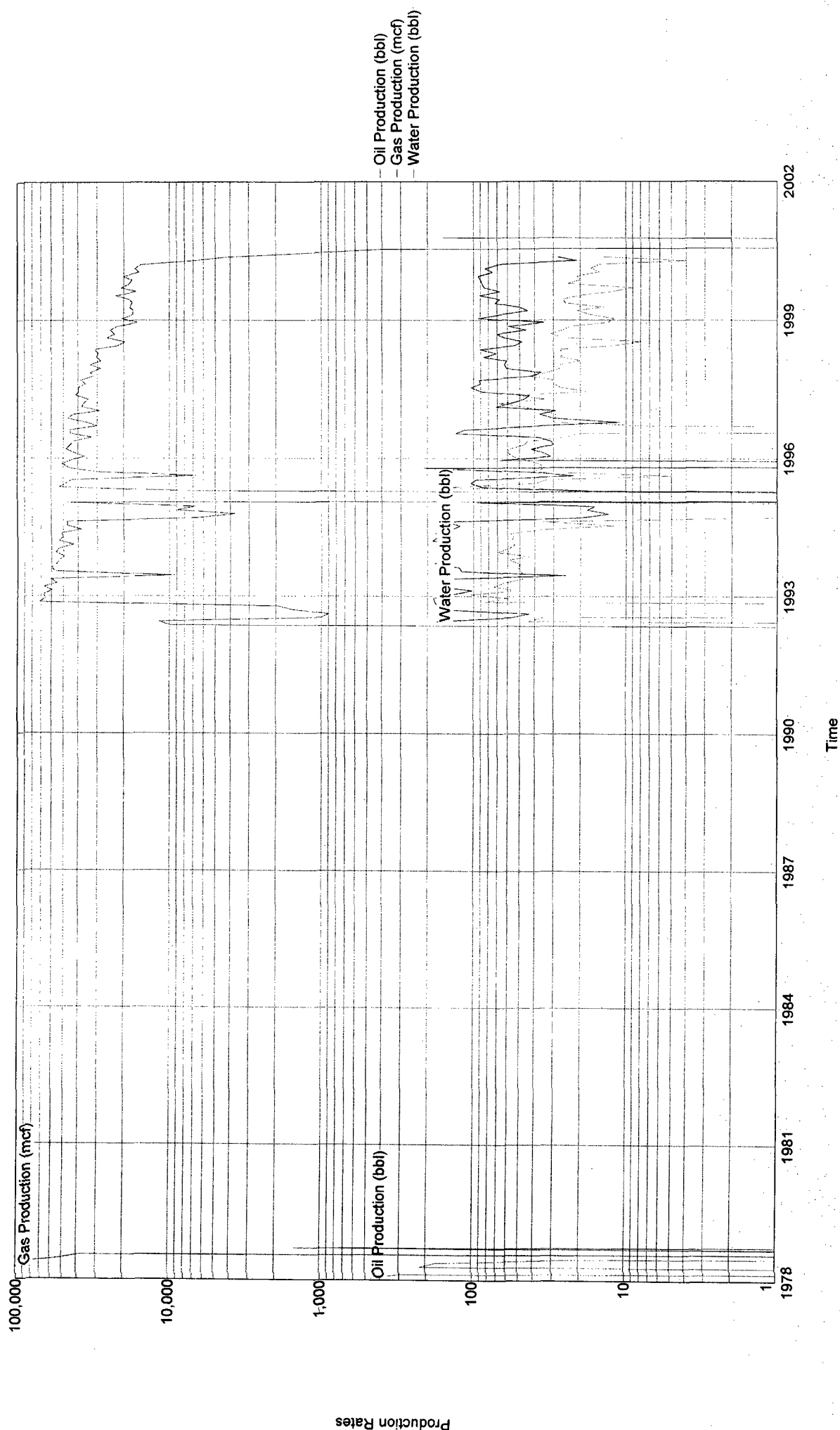
Lease Name: BELL LAKE S 3 14
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: ATOKA
Location: 5 24S 34E

BELL LAKE S 3 14 - BELL LAKE



Lease Name: BELL LAKE S 3 18
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: MORROW
Location: 36 23S 33E

BELL LAKE S 3 18 - BELL LAKE



PLAN OF OPERATION/DEVELOPMENT
FOR CALENDAR YEAR 2004
SOUTH BELL LAKE UNIT (NO. 14-08-001-1066)
LEA COUNTY, NEW MEXICO

BUREAU OF LAND MANAGEMENT
2909 W. 2nd St.
ROSWELL, NEW MEXICO 88201
ATTN: MINERALS

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APR 02 2004

COMMISSIONER OF PUBLIC LANDS (3)
STATE OF NEW MEXICO
P.O. BOX 1148
SANTA FE, NEW MEXICO 87501

Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

OIL CONSERVATION DIVISION (2)
DEPARTMENT OF ENERGY & MINERALS
STATE OF NEW MEXICO
1220 S. SAINT FRANCIS DR.
SANTA FE, NEW MEXICO 87505-4000

Gentlemen:

In compliance with Section 10 of the Bell Lake Agreement dated May 12, 1953, Kaiser-Francis, as Unit Sub-Operator, hereby submits for approval a Plan of Operation/Development for the year 2003.

SUMMARY OF 2003 OPERATIONS

The participating area "A" produced gas and liquids during 2003 as shown below:

<u>Participating Area "A"</u>	<u>For Year Through 12/31</u>	<u>Daily AVG.</u>		
	<u>MCF</u>	<u>Bbls</u>	<u>MCF</u>	<u>Bbls</u>
Atoka	68,615	2162	188.0	5.9
Morrow	289,289	1014	792.6	2.8
Bone Springs	4898	1898	13.4	5.2
Cherry Canyon	4900	2317	13.4	6.3
Delaware	39,202	8,911	107.4	24.4

Plan of Operation/Development
For Calendar Year 2004
South Bell Lake Unit (No. 14-08-001-1066)
Page 2

ACTIVITY IN 2003

No new activity during 2003

DEVELOPMENT IN 2004

We are evaluating and, if justifiable, will propose recompleting the Bell Lake S 3 #18 in the Bone Springs or Delaware.

OFFSET OBLIGATIONS

Unit owners will take appropriate action within their control to prevent drainage of unitized substances from lands subject to the Bell Lake Unit Agreement or, pursuant to applicable regulations, fair and reasonable compensatory royalty will be paid as provided in Section 18 of said Agreement. There have been no wells drilled in recent years offsetting the South Bell Lake Unit.

MODIFICATION

It is understood that portions of the Plan of Operation/Development outlined above are dependent upon certain information to be obtained subsequent to work done in the past as well as other contingencies, and for these reasons, this Plan of Operation/Development may be modified from time to time, with like approval to meet changing conditions.

EFFECTIVE DATE

This Plan of Operation/Development shall be effective upon approval by the Supervisor, Commissioner, and Division.

Date: March 30, 2004

TERM

This Plan of Operation/Development is submitted for the period ending December 31, 2004. Subsequent to that date, another Plan of Operation/Development will be submitted for approval.

Plan of Operation/Development
For Calendar Year 2004
South Bell Lake Unit (No. 14-08-001-1066)
Page 3

Submitted by:

Robert Major

Robert Major
Production Records Manager
Kaiser-Francis Oil Company
South Bell Lake Unit Sub-Operator
Tulsa, Oklahoma

Approved:

Bureau of Land Management

Date

Commissioner of Public Lands

Date

[Signature]

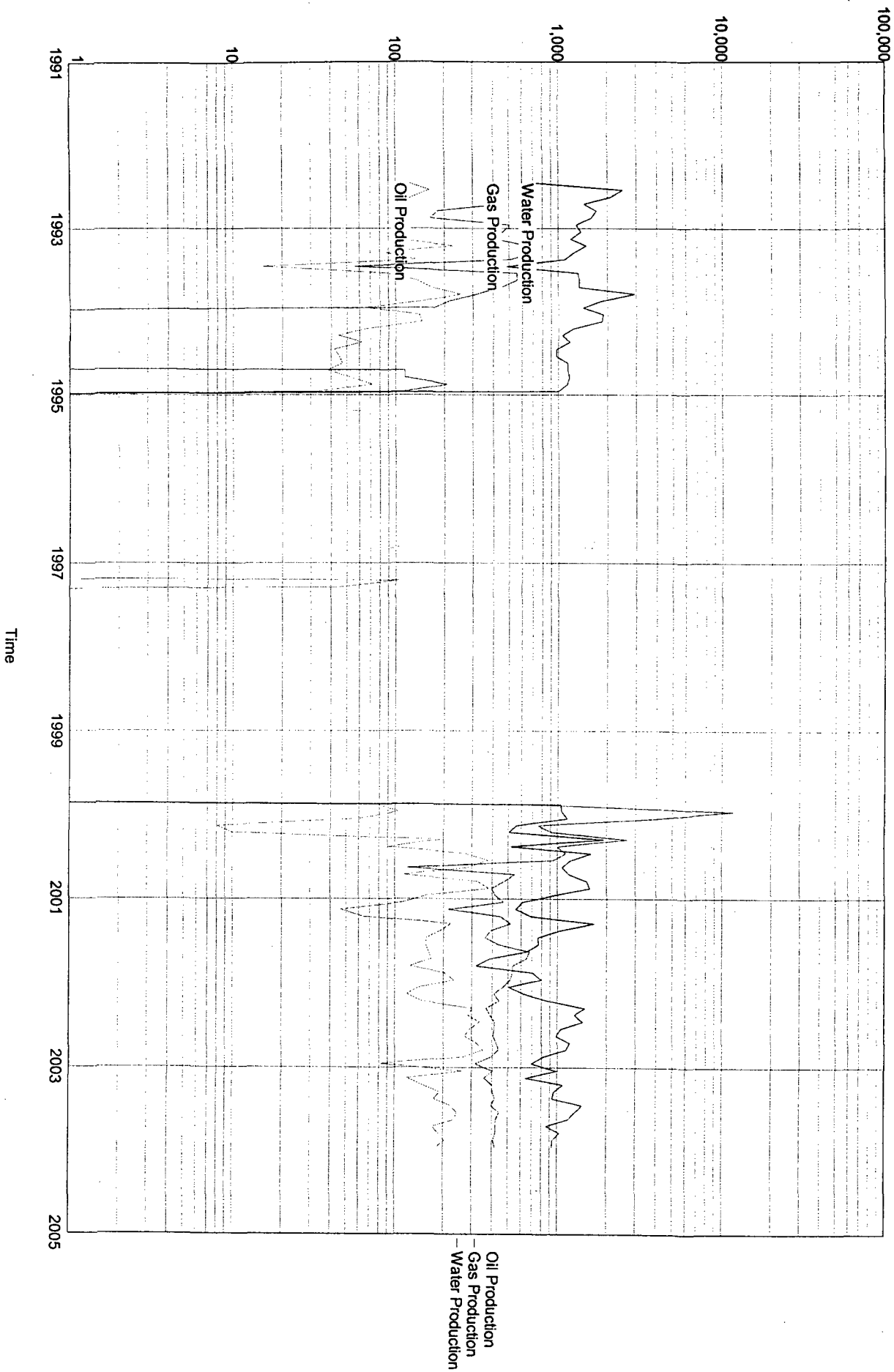
New Mexico Oil Conservation Division

4/13/04

Date

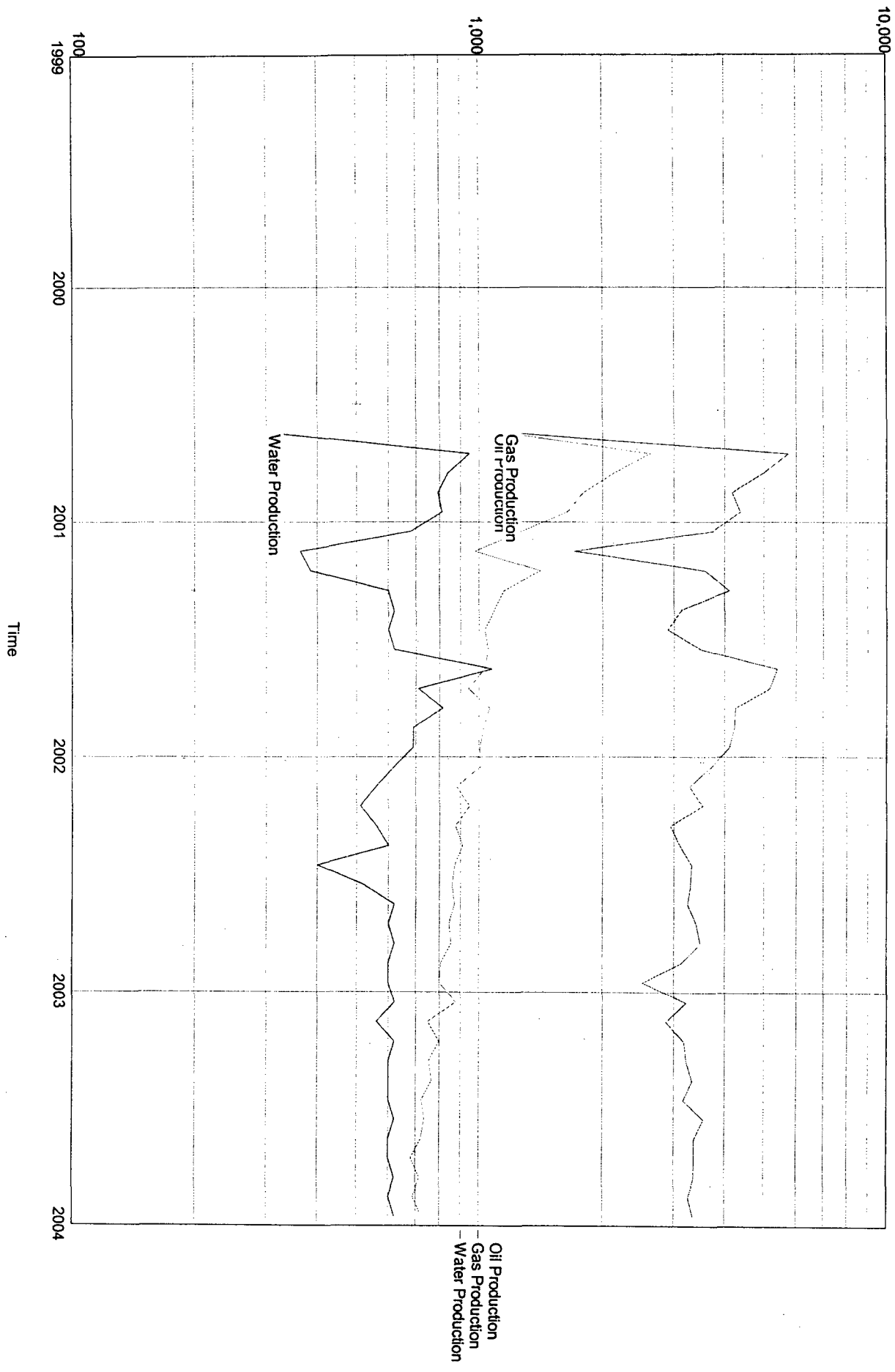
Lease Name: BELL LAKE S 1A&12 (CHERRY CANY
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: CHERRY CANYO
Location: 31 23S 34E

BELL LAKE S 1A&12 (CHERRY CANY - BELL LAKE



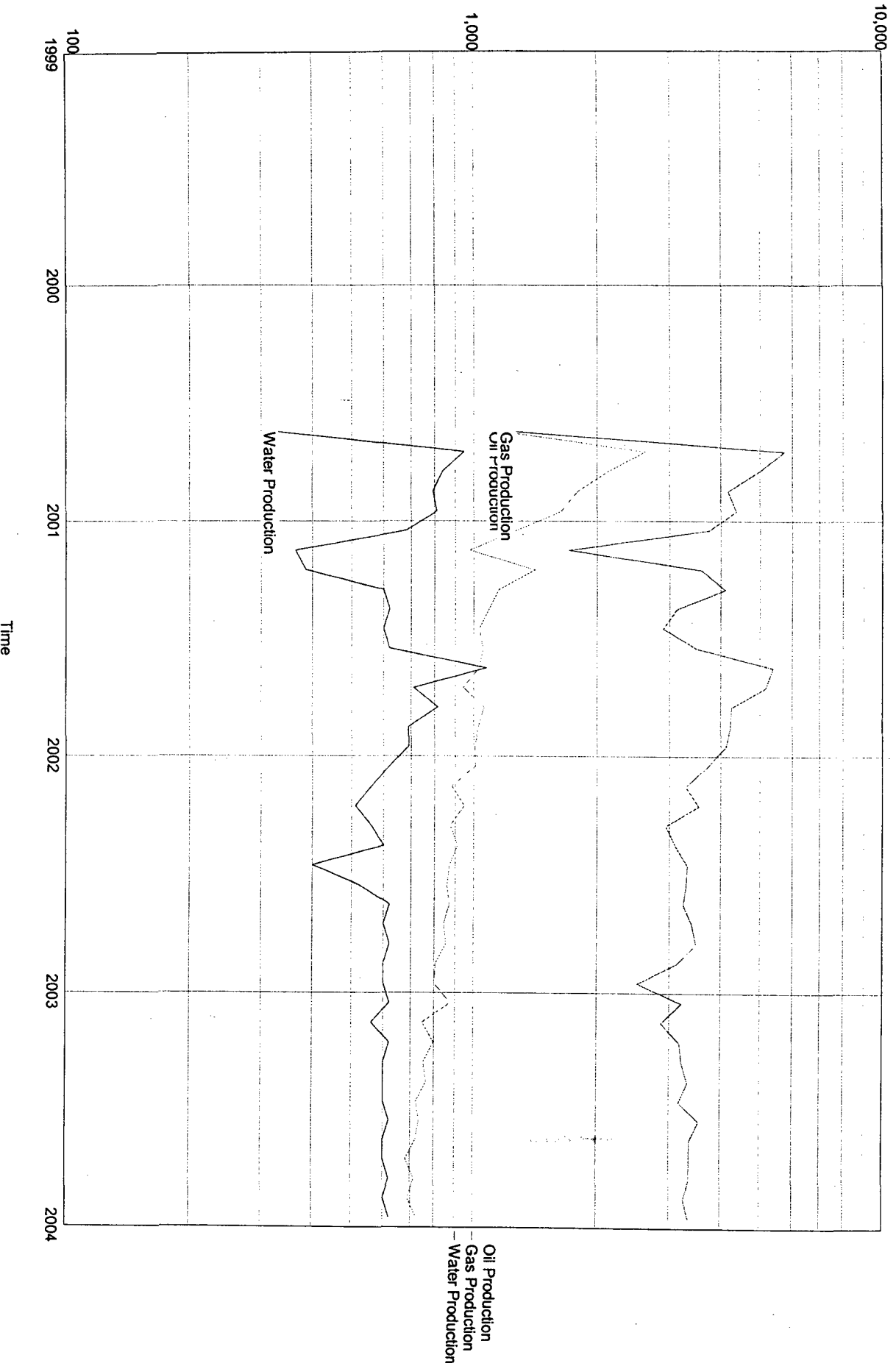
Lease Name: BELL LAKE S 20-6
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: DELAWARE BRU
Location: 6 22S 34E

BELL LAKE S 20-6 - BELL LAKE



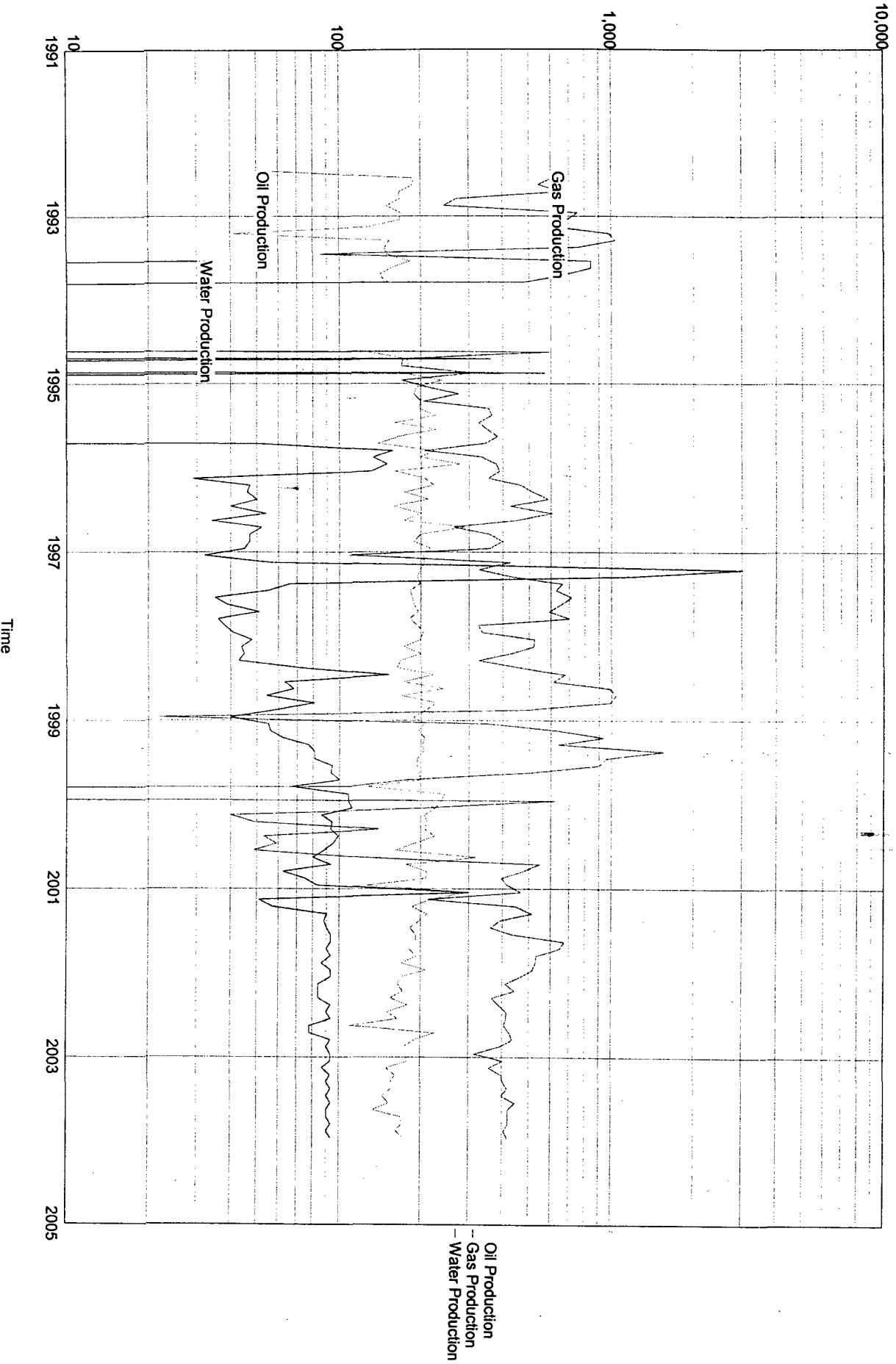
Lease Name: BELL LAKE S 20-6
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: DELAWARE BRU
Location: 6 22S 34E

BELL LAKE S 20-6 - BELL LAKE



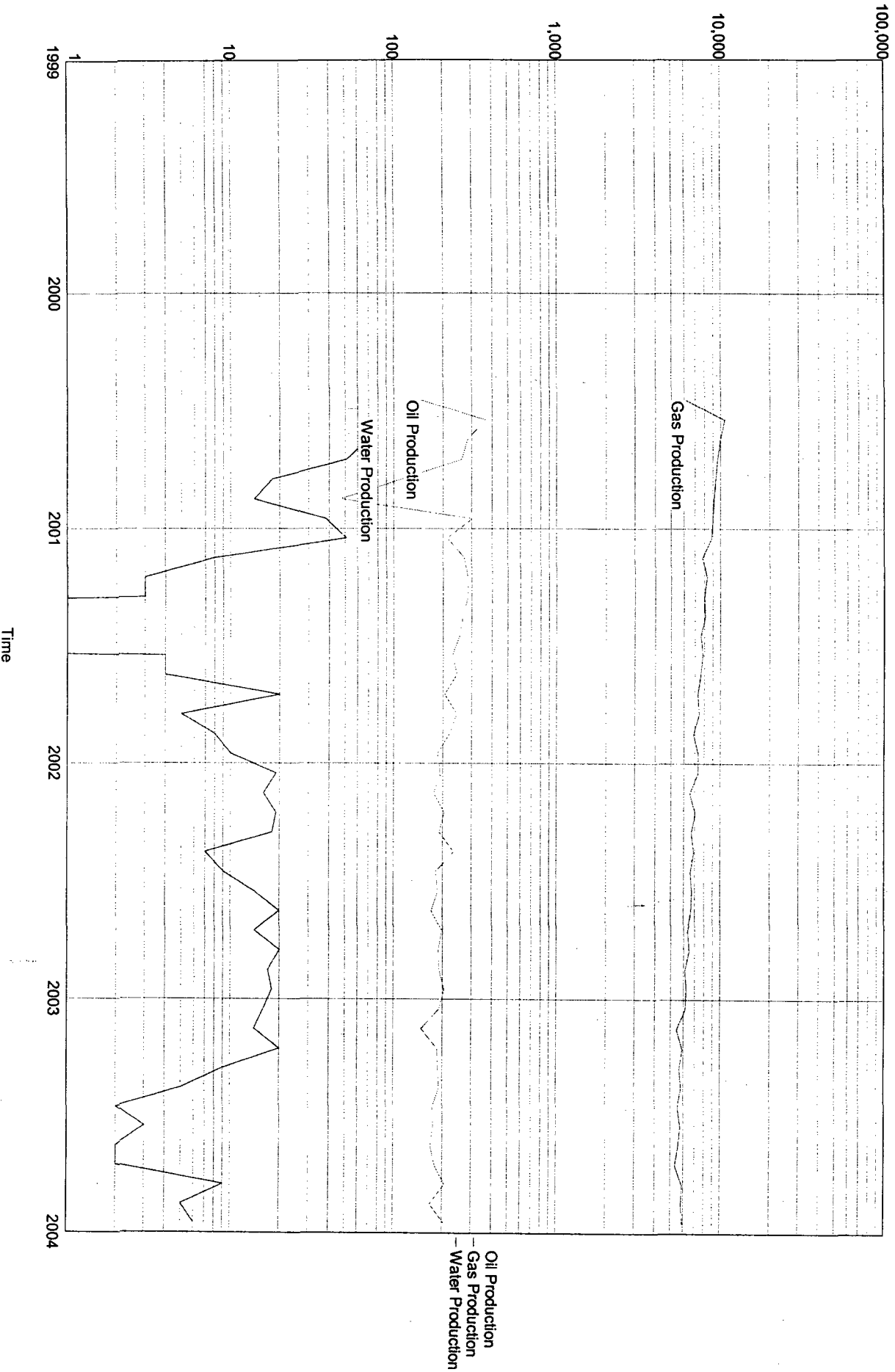
Lease Name: BELL LAKE S 3 (BONE SPRINGS)
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: BONE SPRINGS
Location: 6 24S 34E

BELL LAKE S 3 (BONE SPRINGS) - BELL LAKE



Lease Name: BELL LAKE S 3 14
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: ATOKA
Location: 5 24S 34E

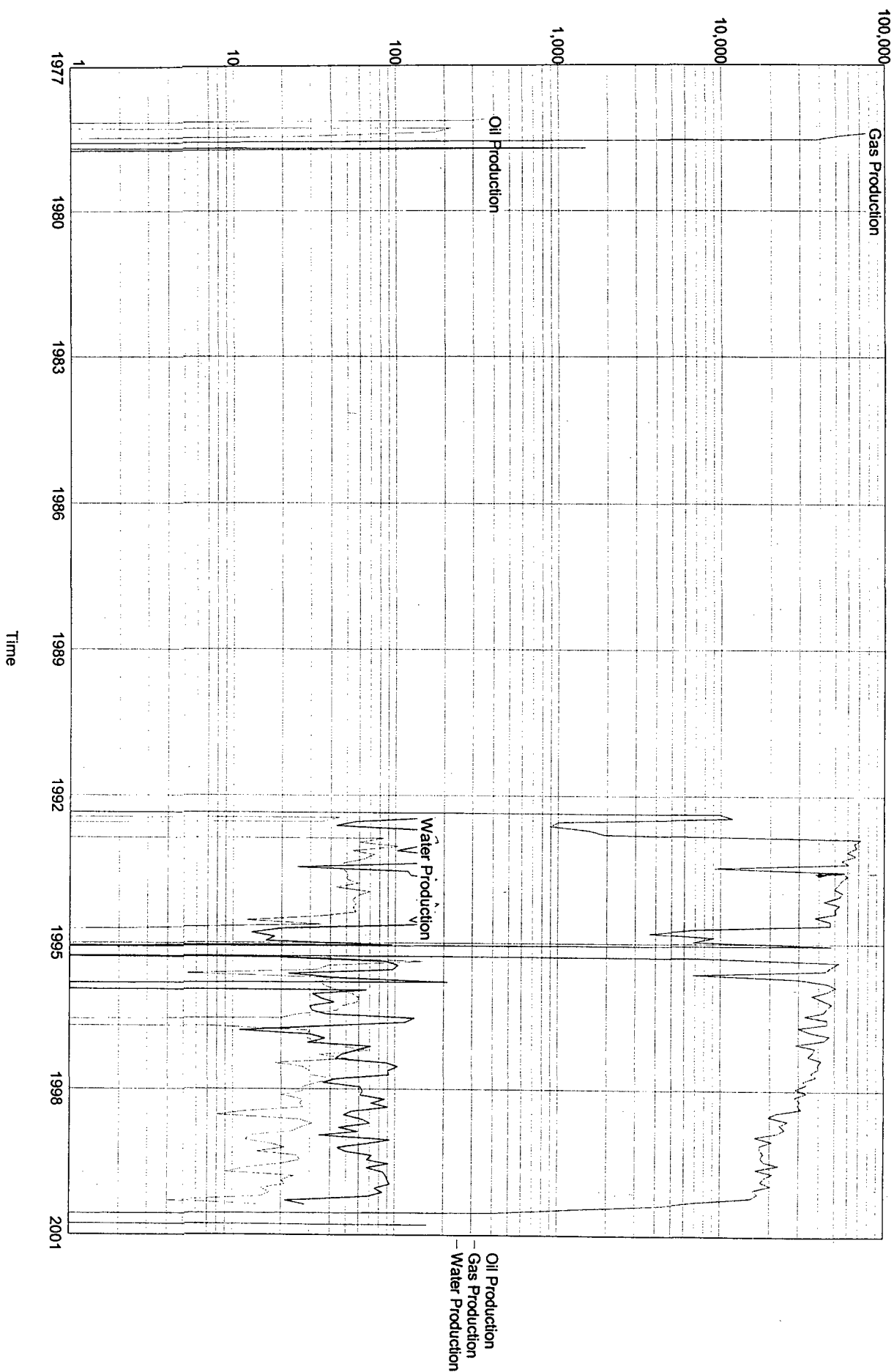
BELL LAKE S 3 14 - BELL LAKE



Lease Name: BELL LAKE S 3 18
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir: MORROW
Location: 36 23S 33E

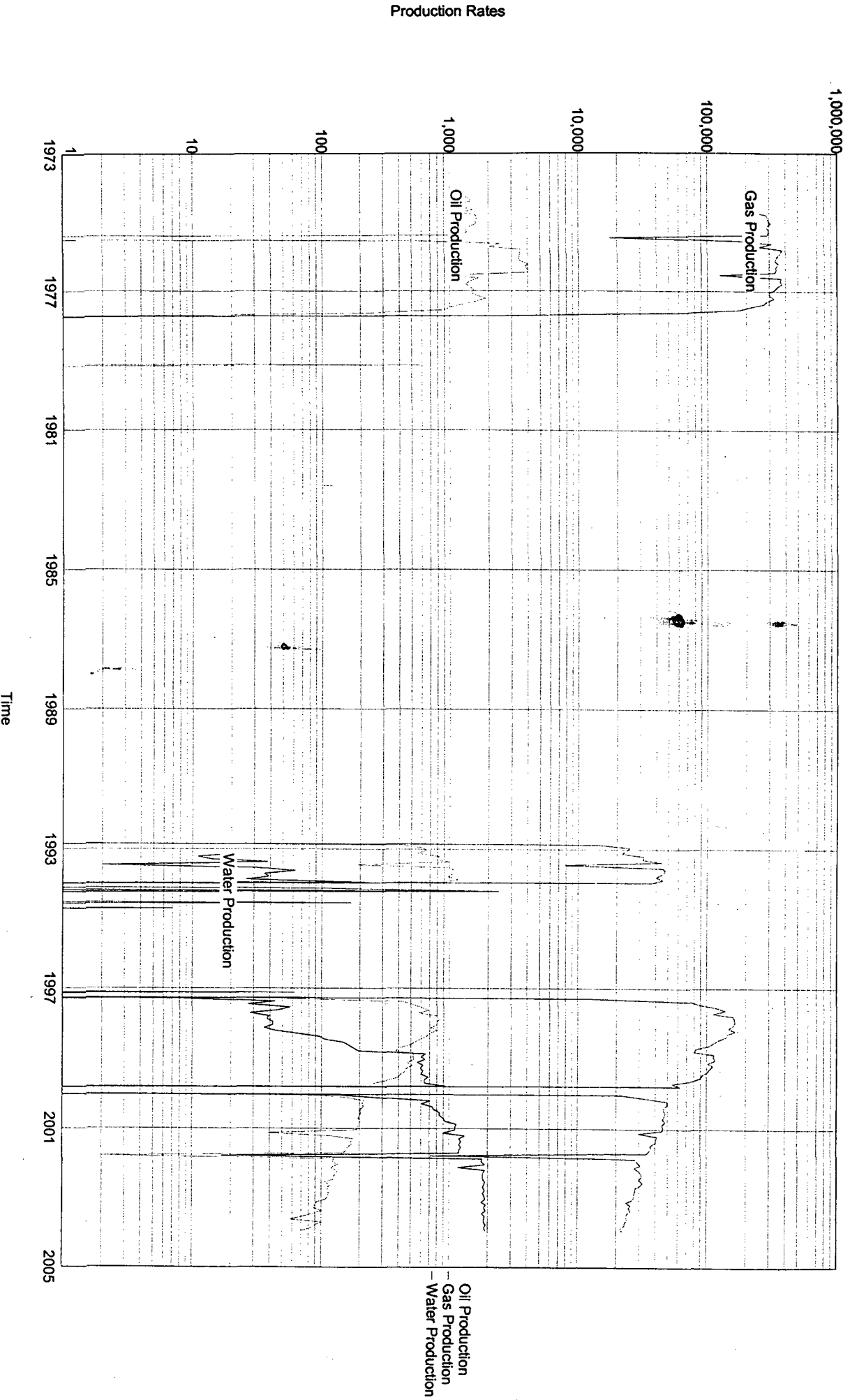
BELL LAKE S 3 18 - BELL LAKE

Production Rates



Lease Name: BELL LAKE S 1 4
County, State: LEA, NM
Operator: KAISER-FRANCIS
Field: BELL LAKE
Reservoir:
Location: 6 24S 34E

BELL LAKE S 1 4 - BELL LAKE





PATRICK H. LYONS
COMMISSIONER

LIVED State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL

P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

FEB 23 2004

Oil and Gas Division
Francis Drive
NM 87505
February 20, 2004

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, Oklahoma 74121-1468

Attn: Mr. Robert Major

Re: 2003 Plan of Development
Bell Lake Unit
Lea County, New Mexico

Dear Mr. Major:

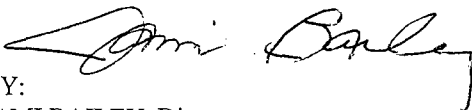
The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the unit area and the need for further development of the unit may exist. You may be contacted at a later date regarding these possibilities.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/cpm

xc: Reader File

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JUL 06 2004

PATRICK H. LYONS
COMMISSIONER

OIL CONSERVATION
DIVISION

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

June 30, 2004

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, Oklahoma 74121-1468

Attn: Mr. Robert Major

Re: 2004 Plan of Development
Bell Lake Unit
Lea County, New Mexico

Dear Mr. Major:

The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the unit area and the need for further development of the unit may exist. You may be contacted at a later date regarding these possibilities.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over the printed name and title.

BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/cpm
xc: Reader File

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PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

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APR 21 2005

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

CONSERVATION
DIVISION

April 20, 2005

ConocoPhillips
P.O. Box 2197
Three Westlake Park – 3WL 5058
Houston, Texas 77252-2197

Attn: Ms. Linda H. Hicks

Re: Designation of Sub-Operator
Bell Lake Unit
Lea County, New Mexico

Dear Ms. Hicks:

We are in receipt of your letter of April 15, 2005 together with a Designation of Sub-Operator for the Bell Lake Unit.

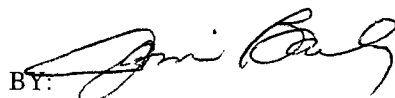
This instrument designates Kaiser-Francis Oil Company as the sub-operator with respect to drilling, testing, completing, operating and producing the Bell Lake Unit, Devonian Participating Area wells in Lea County, New Mexico.

The Commissioner of Public Lands has this date approved the above-mentioned Designation of Sub-Operator. It is our understanding that this Designation of Sub-Operator does not relieve the unit operator of responsibility for compliance with the terms of the unit agreement and the oil and gas regulations.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/cpm

xc: Reader File

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-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University