

BEFORE THE NEBRASKA OIL AND GAS CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
ROXANNA NEBRASKA, LLC, FOR AN ORDER )  
ESTABLISHING THE RIGHTS AND EQUITIES )  
AND POOLING OF ALL INTERESTS IN THE )  
HUNTON FORMATION IN PART OF THE )  
EAST HALF OF THE SOUTHEAST QUARTER )  
(E/2 SE/4) OF SECTION SEVEN (7) AND )  
PART OF THE EAST HALF OF THE NORTHEAST )  
QUARTER (E/2 NE/4) OF SECTION EIGHTEEN )  
(18), TOWNSHIP ONE (1) NORTH, RANGE )  
SIXTEEN (16) EAST OF THE SIXTH (6TH) )  
P.M., RICHARDSON COUNTY, NEBRASKA, )  
AND TO PROVIDE FOR PROPER ALLOCATION )  
OF COSTS OF DEVELOPMENT )

CASE NO. 15-02



APPLICATION

COMES NOW Roxanna Nebraska LLC, Applicant in the above-entitled cause and herewith represents unto this Honorable Commission as follows:

1. Applicant, Roxanna Nebraska LLC, is a Limited Liability Company organized and existing under and by virtue of the laws of the State of Texas and is duly qualified to conduct business in the State of Nebraska. The address of the Applicant is 952 Echo Ln., Ste. 364, Houston, Texas 77024.
2. The 80 acre spacing unit and the proposed pooling unit as to the Hunton Formation, is described as follows:

Township One (1) North, Range Sixteen (16) East of the Sixth (6th) P.M., Richardson County, Nebraska

Section Seven (7) and Section Eighteen (18):

The proposed pooling unit begins at a point 3,630 feet FNL and 3,960 feet FWL of Section Seven (7), thence Eastward 1,056 feet, thence South 3,300 feet into Section Eighteen (18), thence West 1,056 feet, then North 3,300 feet to point of origin.

3. Applicant intends to drill a horizontal Well identified as the Wayne 1-H in the pooling unit located in part of the East half of the Southeast Quarter (E/2 SE/4) of Section Seven (7) and part of the East half of the Northeast Quarter (E/2 NE/4) of Section Eighteen (18), Township One (1) North, Range Sixteen (16) East of the Sixth (6th) P.M., Richardson County, Nebraska. The well will be drilled to approximately 2,300 feet true vertical depth and 5,300 feet measured depth. Production is expected to be obtained from the Hunton Formation, as defined by the depths of the J-1 Zorn Lease (26147210520000) in Section Seven (7), Township One (1) North, Range Sixteen (16) East, Richardson County, Nebraska, from

a depth 2,280' - 2,320', with said J-1 Well being located approximately ¼ mile West of the proposed well location which is subject to this Application, a common source of supply. Applicant will obtain a drilling permit with regard to the proposed horizontal well. A plat indicating the initial proposed location of the Wayne 1-H Well, marked Exhibit "A" is attached hereto and by this reference are specifically incorporated herein and made a part hereof.

4. Applicant proposes to have the initial surface location approximately 300 feet North of the proposed pooling unit as indicated in Exhibit "A". Applicant has entered into an agreement with the surface owner allowing use of surface facilities and an easement for ingress and egress.

5. A complete list of all interested parties is indicated in Exhibit "B", including those persons owning any oil and gas leasehold, mineral or royalty interest in the proposed pooling unit, as disclosed by the public records of Richardson County, Nebraska.

6. There are two separately owned tracts embraced within the proposed spacing and pooling unit with 40-acres being located in the East Half of the Southeast Quarter (E/2 SE/4) of Section Seven (7), and 40-acres being located in the East Half of the Northeast Quarter (E/2 NE/4) of Section Eighteen (18), all in Township One (1) North, Range Sixteen (16) East of the 6th P.M., Richardson County, Nebraska. Applicant has leased all mineral interest with regard to that portion of the spacing and pooling unit located in the East Half of the Northeast Quarter (E/2 NE/4) of said Section Eighteen (18), which working interest is burdened by the landowner royalty interest and also by the following overriding royalty interests:

Roxanna Oil Company: 5% - 5.5%

The mineral ownership in that part of the spacing and pooling unit located in the East Half of the Southeast Quarter (E/2 SE/4) of said section Seven (7) is owned by the following parties:

William Von Seggern - 2 mineral acres

Donald Von Seggern - 2 mineral acres

Lewis R. Weick Trust holder - balance of mineral acres,

which mineral interest is currently leased to International Petroleum Services, LLC, which working interest is burdened by the landowner royalty interest and also by the following overriding royalty interests:

Geologist - 5%

International Petroleum Services - 5% - 5.5%

To date, Applicant and International Petroleum Services, LLC have not agreed upon the terms for

drilling and operating the Well and in particular, the Authorization for Expenditures (AFE), which has been forwarded to International Petroleum Services, LLC. Despite reasonable and bona fide efforts to agree upon the terms for drilling and operating the Well and entering into a voluntary pooling agreement, no agreement has been entered into, for which reason it is necessary that a Pooling Order be entered, which shall make provisions for the drilling and operation of the authorized Well on the pooling unit and for the payment of reasonable actual costs thereof, including reasonable charge for supervision.

7. The mineral interest of William Von Seggern and Donald Von Seggern remain uncommitted to an oil and gas lease; Pursuant to Neb. Stat Section 57-909(2), as amended in 2011 by LB 458, said parties set forth in preceding Paragraph 6 owning unleased mineral or royalty interests shall each be regarded as a lessee to the extent of a 7/8th interest in and to such rights and a lessor to the extent of the remaining 1/8th interest therein.

8. Applicant proposes that Roxanna Nebraska, LLC, shall be the Operator. Drilling operations will be managed by Tres Management for the Wayne 1-H Well in the proposed pooling unit.

9. The estimated expenses for drilling and completing the Wayne 1-H Well in the proposed pooling unit are as follows:

|                        |    |              |
|------------------------|----|--------------|
| Drilling Tangibles     | \$ | 87,000.00    |
| Drilling Intangibles   | \$ | 816,220.00   |
| Completion Tangibles   | \$ | 369,000.00   |
| Completion Intangibles | \$ | 415,000.00   |
| Total                  | \$ | 1,687,220.00 |

10. Pursuant to Neb. Stat. Section 57-909(2), as amended in 2011 by LB 458, Applicant specifically proposes that as to any nonconsenting owner/lessee in the proposed pooling unit, that said owner shall be entitled to receive from the Operator of said well in the proposed unit, his, her or its share of the production applicable to its interest, after the Operator shall have recovered 400% of that portion of the costs and expenses of staking, well site preparation, drilling, reworking, deepening or plugging back, testing, completing and other intangible expenses approved by the Commission chargeable to each owner who does not agree and 300% of all equipment, including wellhead connections, casing, tubing, packers and other down hole equipment and surface equipment, including, but not limited to stock tanks, separators, treaters, water disposal well, pumping equipment and piping, plus 100% of the nonconsenting owner's share of the cost of operation, together with a reasonable rate of

interest on the unpaid balance and continuing costs of operation thereafter.

WHEREFORE, Applicant prays that the Application be set for hearing, that notice thereof be given as required by law and upon the evidence presented at such hearing, an Order be made and entered as follows:

- A. Pooling and determining the rights of all owners in the proposed pooling unit, upon terms and conditions that are just and reasonable and that afford to the owners of interests in said pooling unit, the opportunity to recover or receive without unnecessary expensive, his, her or its just and equitable share thereof;
- B. Determining that those owners of unleased mineral or royalty interests in the proposed pooling unit each be regarded as a lessee to the extent of a 7/8th interest in and to such rights and as lessor to the extent of the remaining 1/8th interest therein;
- C. Authorizing and permitting the drilling and operation of the initial test well identified as the Wayne 1-H in the pooling unit located in part of the East half of the Southeast Quarter (E/2 SE/4) of Section Seven (7) and part of the East half of the Northeast Quarter (E/2 NE/4) of Section Eighteen (18), Township One (1) North, Range Sixteen (16) East of the Sixth (6th) P.M., Richardson County, Nebraska;
- D. Authorizing to have the initial surface location to be approximately 300 feet North of the proposed spacing unit. Applicant has obtained an agreement with the surface owner allowing use of surface facilities and an easement for ingress and egress.
- E. Providing for the payment of the reasonable actual cost for drilling and operation of such wells, including a reasonable charge for supervision;
- F. Providing that as to each owner who refuses to agree upon the terms of drilling and operating the wells, that his, her or its share of the costs shall be reimbursed to the Operator out of, and only out of, production from the pooling unit representing his, her or its interest, excluding royalty or other interest not obligated to pay any part of the cost thereof;
- G. Determining in the event of dispute, the proper costs;
- H. Determining the interest of each owner in the pooling unit and providing, in substance, that as to each owner who agrees with the Operator drilling and operating said well for the payment by said owner of his, her or its share of the costs, such owner, unless he, she or it has agreed otherwise, shall be entitled to receive, subject to royalty of similar obligations, the share of the production of any well applicable to the interest of such consenting owner; and that as to each owner who does not so agree,

that he, she or it shall be entitled to receive from the Operator drilling and operating said well on the unit his, her or its share of the production applicable to his, her or its interest, after the Operator drilling and operating said well shall have recovered 400% of that portion of the costs and expenses of staking, well site preparation, drilling, reworking, deepening or plugging back, testing, completing and other intangible expenses approved by the Commission chargeable to each owner who does not agree and 300% of all equipment, including wellhead connections, casing, tubing, packers, and other downhole equipment and surface equipment, including but not limited to, stock tanks, separators, treaters, pumping equipment, and piping, plus 100% of the nonconsenting owner's share of the costs of operation and an interest rate of 10% on the unpaid balance and continuing costs of operation thereafter; and,

I. Such other and further Orders as may be just, equitable and proper.

Dated this 1<sup>st</sup> day of April, 2015.

Roxanna Nebraska, LLC, Applicant



By: Steven F Mattoon NSBA #151110

For: Matzke & Mattoon, L.L.C.  
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P.O. Box 316  
Sidney, Nebraska 69162-0316  
(308) 254-5595  
Attorneys for Applicant

Exhibit "A"  
 Roxanna Nebraska, LLC - Tres Management  
 Wayne 1-H Well

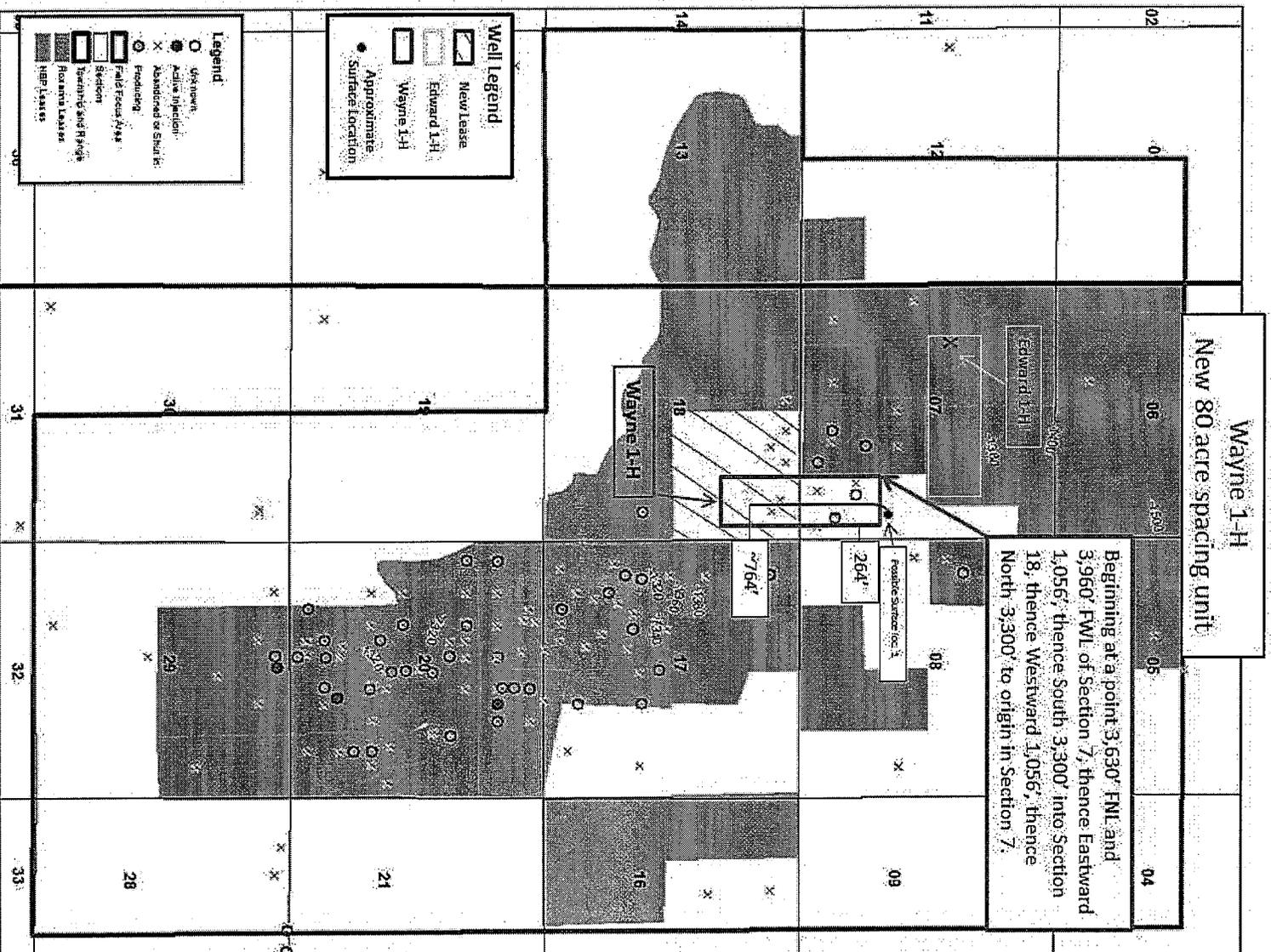


Exhibit "B"

O. William Von Seggern  
308 N Ave C-4  
Cheyenne, Wyoming 82007

Donald J. Von Seggern  
308 N Ave C-4  
Cheyenne, Wyoming 82007

William Von Seggern  
105 E 17<sup>th</sup> Street  
Falls City, Nebraska 68355

Lewis R. Weick and Darlene M. Weick  
Co-Trustees of the Trust Agreement of  
Darlene M. Weick Dated April 27, 1999  
1123 N. Main Street  
Washington, Illinois 61571

International Petroleum Service, LLC  
700 N. Main Street  
Eureka, Kansas 67045

Antero Energy and Minerals, LLC  
Hedke Saenger Geoscience, Ltd  
8100 E 22<sup>nd</sup> St North  
Bldg 2200 Su 3  
Wichita, Kansas 67226

J. Fred Hambright, Inc.  
125 N Market #1415  
Wichita, Kansas 67202

Roxanna Nebraska, LLC  
952 Echo Ln. Ste. 340  
Houston, Texas 77024