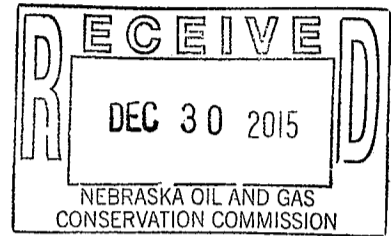


BEFORE THE NEBRASKA OIL AND GAS CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF)
WELL OPERATING NE LLC, A/K/A WELCO)
OPERATING NE LLC, FOR AN ORDER)
ESTABLISHING THE RIGHTS AND EQUITIES AND)
POOLING OF ALL INTERESTS IN THE)
LANSING-KANSAS CITY, FORAKER, OREAD,)
MARMATON AND CHEROKEE FORMATIONS IN)
THE SOUTHWEST QUARTER SOUTHEAST)
QUARTER (SW/4SE/4) OF SECTION NINETEEN)
(19), TOWNSHIP FOUR (4) NORTH, RANGE)
THIRTY-EIGHT (38) WEST OF THE 6TH P.M.,)
DUNDY COUNTY, NEBRASKA, AND TO)
PROVIDE FOR PROPER ALLOCATION OF)
COSTS OF DEVELOPMENT)

Case No. 16-01



APPLICATION

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

1. Applicant, Well Operating NE LLC, is the alternate name of Welco Operating NE LLC, approved by the office of the Secretary of State of the State of Nebraska, with its Application for Certificate of Authority of a foreign limited liability company, being approved by the Secretary of State of the State of Nebraska on December 4, 2015. The Applicant is duly qualified to conduct business in the State of Nebraska. The address of the Applicant is 1120 Lincoln Street, Suite 1605, Denver, Colorado 80203.
2. The 40 acre spacing unit, which is the subject matter of this Application and is the proposed pooling unit as to the Lansing-Kansas City, Foraker, Oread, Marmaton and Cherokee Formations, is described as follows:

Township 4 North, Range 38 West of the 6th P.M.,
Dundy County, Nebraska
Section 19: SW/4SE/4
3. Applicant proposes to drill a test well at a location 1,000' FSL and 1,350' FEL of Section Nineteen (19), Township Four (4) North, Range Thirty-eight (38) West of the 6th P.M., Dundy County, Nebraska, identified as the Supreme No. 1-19 Well, to a proposed depth of 5,001 feet, or to a depth sufficient to adequately test the Lansing-Kansas City, Marmaton and Cherokee Formations. Plats indicating the initial

proposed location of the Supreme No. 1-19 Well, marked Exhibit "A" are attached hereto and by this reference are specifically incorporated herein and made a part hereof.

4. A complete list of all interested parties, including those persons owning any royalty and oil and gas leasehold, mineral or royalty interest in the pooling unit located in the Southwest Quarter Southeast Quarter (SW/4SE/4) of Section Nineteen (19), Township Four (4) North, Range Thirty-eight (38) West of the 6th P.M., Dundy County, Nebraska, is attached hereto marked as Exhibit "B", and is by this reference specifically incorporated herein and made a part hereof.
5. The following owner of a separately owned oil and gas leasehold interest in the Southwest Quarter Southeast Quarter (SW/4SE/4) of Section Nineteen (19), Township Four (4) North, Range Thirty-eight (38) West of the 6th P.M., Dundy County, Nebraska, has not executed either a voluntary operating agreement or a voluntary pooling agreement:

<u>Name:</u>	<u>Working Interest:</u>
Forestar Petroleum Corporation 1801 Broadway, Suite 600 Denver, Colorado 80202	.078125%

and that although reasonable and bona fide efforts have been made to locate and enter into an operating agreement and a voluntary pooling agreement with said party, such efforts have been unsuccessful and the same will not be accomplished without an Order by the Commission pooling all interests in the proposed pooling unit for the development and operation of the Lansing-Kansas City, Marmaton and Cherokee Formations.

6. Applicant proposes that Well Operating NE LLC shall be the Operator of the Supreme No. 1-19 Well in the proposed pooling unit.
7. The estimated expenses for the drilling and completion of the Supreme No.1-19 Well in the proposed pooling unit are as follows:

Drilling Tangibles	\$ 0.00
Drilling Intangibles	186,536.00
Completion Tangibles	132,835.00
Completion Intangibles	<u>114,175.00</u>
Total	\$433,546.00

8. Pursuant to Neb. Rev. Stat. Section 57-909(2), as amended in 2011 by LB 458, Applicant specifically proposes that as to the nonconsenting lessee in the proposed pooling unit, that said owner shall be entitled to receive from the Operator of said well in the proposed pooling unit, 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 the 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 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 expense, his, her or its just and equitable share thereof;
- B. Authorizing and permitting the drilling and operation of the initial test well situated 1,000' FSL and 1,350' FEL of Section Nineteen (19), Township Four (4) North, Range Thirty-eight (38) West of the 6th P.M., Dundy County, Nebraska;
- C. Providing for the payment of the reasonable actual cost for drilling and operation of such well, including a reasonable charge for supervision;
- D. Providing that as to the owner who refuses to agree upon the terms of drilling and operating the wells, that its share of the costs shall be reimbursed to the Operator out of, and only out of, production from the pooling unit representing its interest.
- E. Determining in the event of dispute, the proper costs;
- F. 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 or similar obligations, the share of the production of any well applicable to the interest of such consenting owner; and that as to the owner who does not so agree, that it shall be entitled to receive from the Operator drilling and operating said well on the unit its share of the production applicable to 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 the 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 cost of operation and a reasonable rate of interest on the unpaid balance and continuing costs of operation thereafter; and,

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

DATED this 30th day of December, 2015.

Respectfully submitted,

WELL OPERATING NE LLC a/k/a
WELCO OPERATING NE LLC,
APPLICANT

By: 
Steven F. Mattoon, NSBA No. 15110

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



Fall & Associates
Stake and Elevation Service
P.O. Box 222
Pretty Prairie, KS. 67570
785-243-7506

Date 11-20-15

Invoice Number 1120151

WELCO OPERATING

1-19

Supreme

Operator

Number

Farm Name

Dundy-NE

19

4n

38w

1000'FSL 1350'FEL

County-State

S

T

R

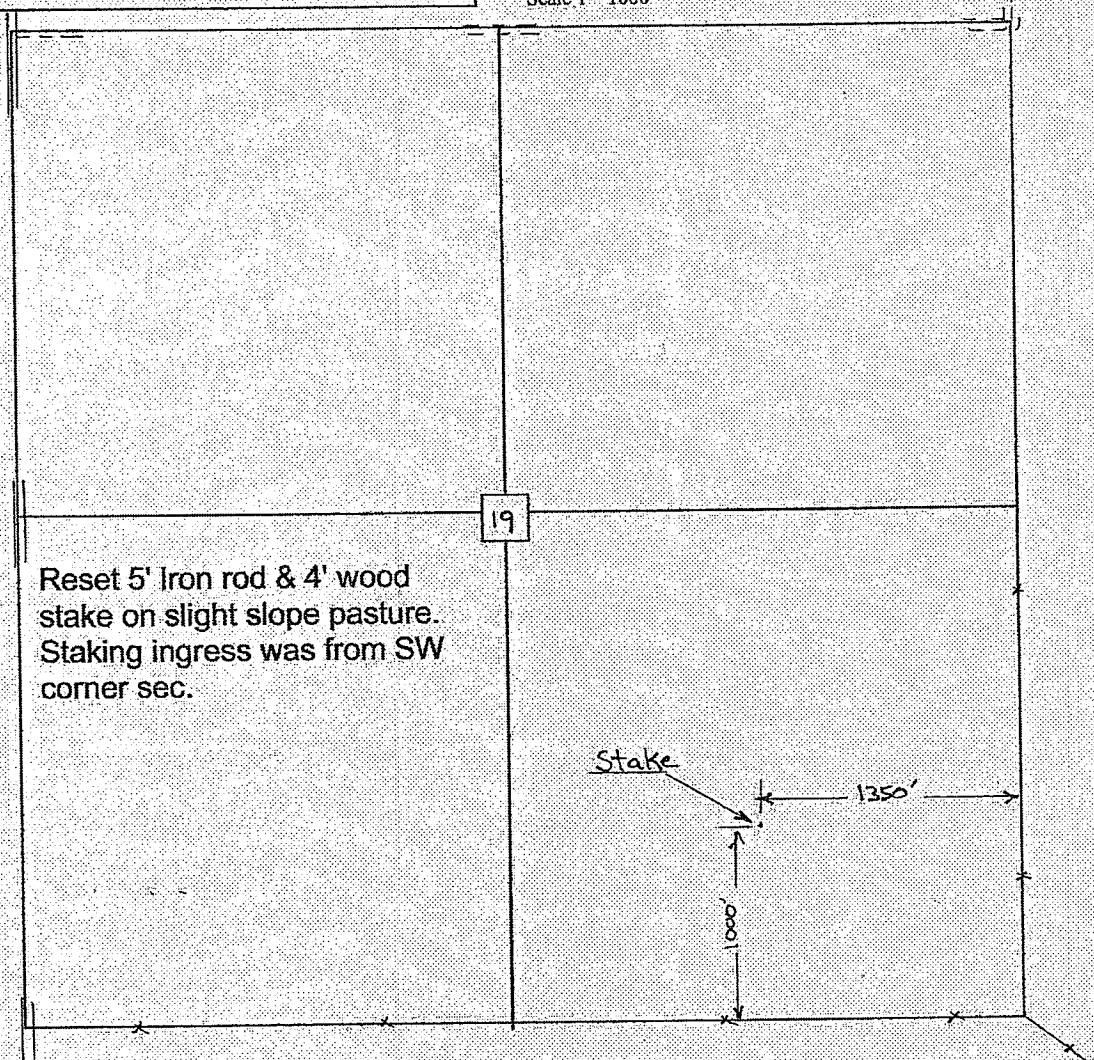
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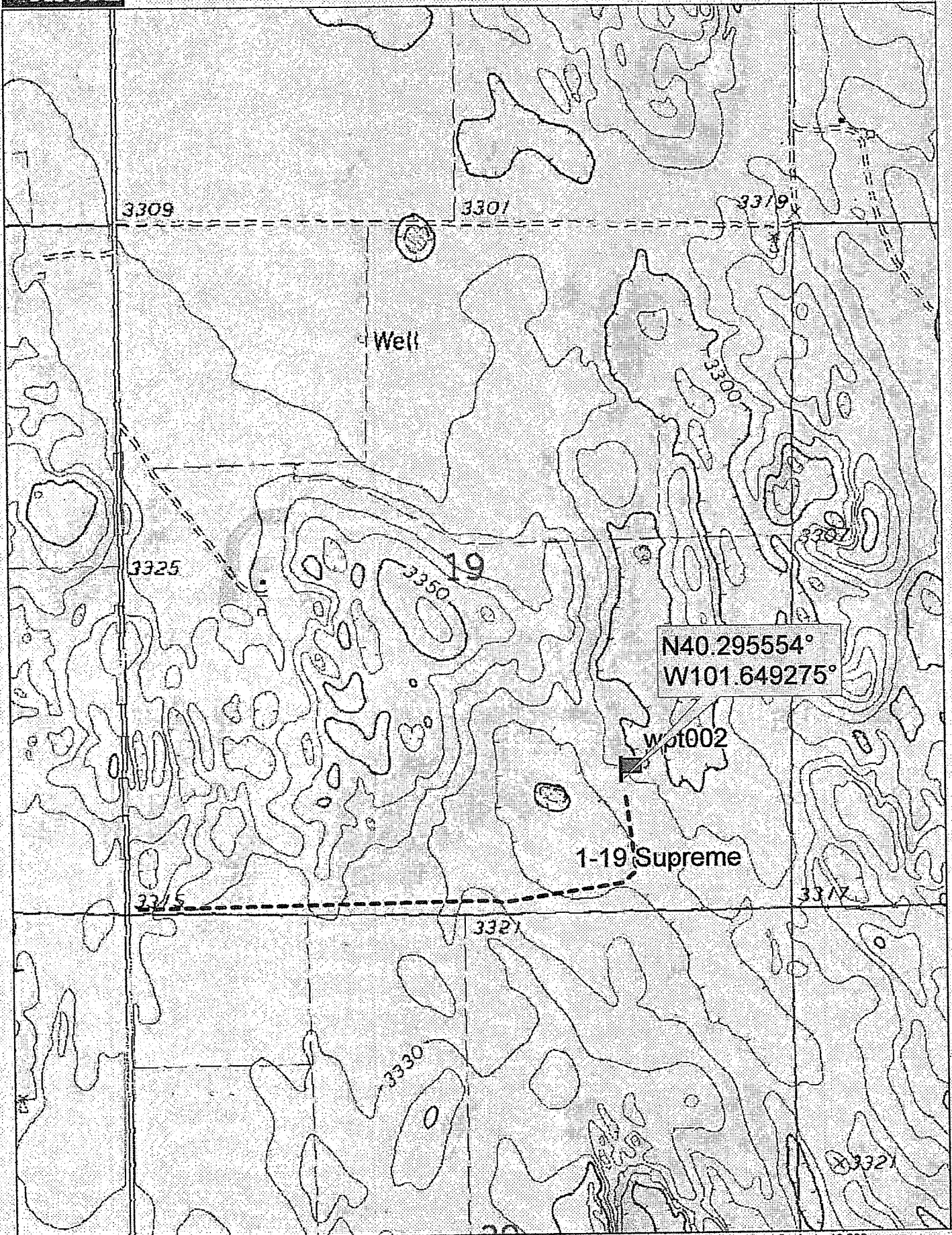
Welco Operating
1120 Lincoln St.
Suite 1605
Denver, CO 80203

Elevation 3310 Gr.

Ordered By: Gordon

Scale 1"=1000'





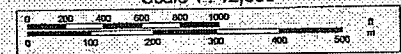
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Scale 1:12,000



1" = 1,000.0 ft Data Zoom 13-1

Exhibit "B"

Supreme Investments LLC (Also Surface Owner)	PO Box 787 Imperial, NE 69033
Kansas Alliance Resources	1776 S. Jackson St. Suite 1000 Denver, CO 80210
Carroll D. Alsbury and Jackie Lynn Alsbury	2952 Dean Dr. Fort Collins, CO 80521
Alsbury Inc.	2952 Dean Dr. Fort Collins, CO 80521
Alsbury 151, LLC	2952 Dean Dr. Fort Collins, CO 80521
Faith Partners Land Company LLC	432 S. Washington Ave. Suite 903 Royal Oak, MI 48067
MCS Royalty Interests LLC	7784 South Lafayette Court Centennial, CO 80122
LaFon Royalties LLC	1475 N. Ward Circle Franktown, CO 80116
Forestar Petroleum Corp	1801 Broadway Suite 600 Denver, CO 80202
Welco Operating	1120 Lincoln Street Suite 1605 Denver, CO 80203
Aminex Corporation	6301 Gaston Avenue Suite 360 Dallas, TX 75214

