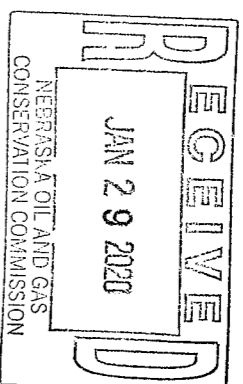


BEFORE THE NEBRASKA OIL AND GAS CONSERVATION COMMISSION

Case No. 20-01

IN THE MATTER OF THE APPLICATION OF)
EVERTSON OPERATING COMPANY, INC. FOR AN)
ORDER ESTABLISHING THE RIGHTS AND)
EQUITIES AND POOLING OF ALL INTERESTS IN)
THE D-SAND FORMATION AND THE J-SAND)
FORMATION IN THE NORTHWEST QUARTER)
SOUTHWEST QUARTER (NW/4SW/4) OF SECTION)
TWENTY-ONE (21), TOWNSHIP SIXTEEN (16))
NORTH, RANGE FIFTY-SEVEN (57) WEST OF THE)
6TH P.M., KIMBALL COUNTY, NEBRASKA AND TO)
PROVIDE FOR PROPER ALLOCATION OF COST)
OF DEVELOPMENT)



APPLICATION

COMES NOW Evertson Operating Company, Inc., Applicant in the above-entitled cause, and herewith represents unto this Honorable Commission, as follows:

1. Applicant is a Corporation organized and existing under and by virtue of the laws of the State of Wyoming, having its principal place of business at P. O. Box 397, 4362 East Hwy 30, Kimball, Nebraska 69145.
2. The 40-acre spacing unit, which is the subject matter of this Application and is the proposed pooling unit as to the D-Sand Formation and the J-Sand Formation, and is described as:

Township 16 North, Range 57 West of the 6th P.M.,
Kimball County, Nebraska
Section 21: NW/4SW/4

3. Applicant will drill a test well, located 2,600' FSL and 975' FWL in the Northwest Quarter Southwest Quarter (NW/4SW/4) of Section Twenty-one (21), Township Sixteen (16) North, Range Fifty-seven (57) West of the 6th P.M., Kimball County, Nebraska, identified as the KDK 13-21 Well, to a depth of 6,980' to 7,000', a depth sufficient to adequately test the D-Sand Formation and the J-Sand Formation.
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 spacing unit located in the Northwest Quarter Southwest Quarter (NW/4SW/4) of Section Twenty-one (21), Township Sixteen (16) North, Range Fifty-seven (57) West of the 6th P.M., Kimball County, Nebraska, is attached hereto marked as Exhibit "A", and is by this reference specifically incorporated herein and made a part hereof.
5. The following owners of separately owned mineral or royalty interests have neither executed an Oil and Gas Lease leasing their respective mineral or royalty interests in the Northwest Quarter Southwest Quarter (NW/4SW/4) of Section Twenty-one (21), Township Sixteen (16) North, Range Fifty-seven (57) West of the 6th P.M., Kimball County, Nebraska, nor executed a voluntary pooling agreement:

The heirs, personal representatives,
successors and assigns of David Lee
Karlson, potentially including Michele
Marie Karlson and Sherry M. Hawks

1/4th

and that although reasonable and bona fide efforts have been made to locate and enter into either an oil and gas lease or a voluntary pooling agreement with said parties owning an interest in the mineral or royalty interest with regard to the Northwest Quarter Southwest Quarter (NW/4SW/4) of Section Twenty-one (21), Township Sixteen (16) North, Range Fifty-seven (57) West of the 6th P.M., Kimball County, Nebraska, 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 D-Sand Formation and the J-Sand Formation.

6. Applicant, Evertson Operating Company, Inc., is the Operator of the KDK 13-21 Well in the proposed pooling unit.

7. The expenses for drilling and completing the KDK 13-21 Well in the proposed pooling unit are as follows:

Drilling Tangibles	\$ 700.00
Drilling Intangibles	283,487.00
Completion Tangibles	292,263.00
Completion Intangibles	<u>176,003.00</u>
Total	\$752,453.00

8. Pursuant to Neb. Rev. Stat Section 57-909(2), as amended in 2011 by LB 458, said parties set forth in preceding Paragraph 5 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.

9. Pursuant to Neb. Rev. 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 wells in the proposed unit, his, her or its share of the production applicable to its interest, after the Operator shall have recovered 500% 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 500% 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:

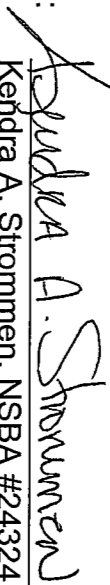
- A. Pooling and determining the rights of all owners in the proposed pooling unit with regard to the D-Sand Formation and the J-Sand Formation, upon terms and conditions that are just and reasonable and that afford to the owners of interests in said pooling unit, the opportunity to recover or receive without unnecessary expense, his, her or its just and equitable share thereof;
- B. 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 a lessor to the extent of the remaining 1/8th interest therein;
- C. Confirming the proposed drilling and operation of the KDK 13-21 Well, located 2,600' FSL and 975' FWL in the Northwest Quarter Southwest Quarter (NW/4SW/4) of Section Twenty-one (21), Township Sixteen (16) North, Range Fifty-seven (57) West of the 6th P.M., Kimball County, Nebraska;
- D. Providing for the payment of the reasonable actual cost for drilling and operation of said well, including a reasonable charge for supervision;
- E. Providing that, as to each owner who refused to agree upon the terms of drilling and operating the well, 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;
- F. Determining in the event of dispute, the proper costs;
- G. 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 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 500% 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 500% 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,

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

DATED this 29th day of January, 2020.

Evertson Operating Company, Inc.
Applicant

By:



Kehdra A. Strommen, NSBA #24324

For: Matzke, Mattoon, Martens & Strommen,

LLC

P.O. Box 316

Sidney, Nebraska 69162

(308) 254-5595

Attorneys for the Applicant

EXHIBIT "A"

Township 16 North, Range 57 West, 6th P.M.
Section 21: NW/4SW/4 at 2600' FSL and 975' FWL
Kimball County, Nebraska

Surface:

KDK Farming, L.L.C.
P. O. Box 144
Bushnell, Nebraska 69128

Mineral and
Royalty Interest

KDK Farming, L.L.C.
as above

Mineral and
Royalty Interest
Uncommitted

The Heirs, Personal Representatives, Successors
and Assigns of David Lee Karlson, potentially
including Michele Marie Karlson and Sherry M. Hawks
836 West High Point Drive
Claremont, California 91711
2274 Idaho Avenue
South Lake Tahoe, California 96150
P. O. Box 10755
South Lake Tahoe, California 96158

Mineral Under
Lease to:

Evertson Energy Partners, LLC
P. O. Box 397
Kimball, Nebraska 69145

Helm Energy, LLC
a Colorado limited liability company
5251 DTC Parkway, Suite 425
Greenwood Village, Colorado 80111

Evertson Well Service, Inc.
P. O. Box 397
Kimball, Nebraska 69145

Tim Wistrom Production, Inc.
2981 West Highway 30
Kimball, Nebraska 69145

Overriding Royalty
Interest:

Evertson Energy Partners, LLC
as above