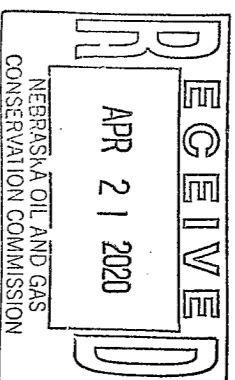


BEFORE THE NEBRASKA OIL AND GAS CONSERVATION COMMISSION

Case No. 20-03



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 EAST HALF NORTHEAST)
QUARTER SOUTHEAST QUARTER (E/2NE/4SE/4)
OF SECTION TWENTY-EIGHT (28), TOWNSHIP)
FOURTEEN (14) NORTH, RANGE FIFTY-EIGHT (58)))
WEST OF THE 6TH P.M., KIMBALL COUNTY,)
NEBRASKA, AND THE WEST HALF NORTHWEST)
QUARTER SOUTHWEST QUARTER (W/2NW/4SW/4)
OF SECTION TWENTY-SEVEN (27), TOWNSHIP)
FOURTEEN (14) NORTH, RANGE FIFTY-EIGHT (58)))
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 14 North, Range 58 West of the 6th P.M.,
Kimball County, Nebraska
Section 28: E/2NE/4SE/4
Section 27: W/2NW/4SW/4;

3. Applicant proposes to drill a test well in the East Half Northeast Quarter Southeast Quarter (E/2NE/4SE/4) of Section Twenty-eight (28), Township Fourteen (14) North, Range Fifty-eight (58) West of the 6th P.M., Kimball County, Nebraska, identified as the Beranek 43-28 Well, to a proposed depth of 7,330', as to 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 East Half Northeast Quarter Southeast Quarter (E/2NE/4SE/4) of Section Twenty-eight (28), Township Fourteen (14) North, Range Fifty-eight (58) West of the 6th P.M., Kimball County, Nebraska, and in the West Half Northwest Quarter Southwest Quarter (W/2NW/4SW/4) of Section Twenty-seven (27), Township Fourteen (14) North, Range Fifty-eight (58) 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 East Half Northeast Quarter Southeast Quarter (E/2NE/4SE/4) of Section Twenty-eight (28), Township Fourteen (14) North, Range Fifty-eight (58) West of the 6th P.M., Kimball County, Nebraska, nor executed a voluntary pooling agreement:

JL Energy, LLC, a Delaware
limited liability company
4925 Greenville, Suite 1220
Dallas, Texas 75206
0.9375%

Violet Hays
100 Park Avenue, Room 2709
New York, New York 10017
0.9375%

Michael J. Mara
100 Park Avenue, Room 2709
New York, New York 10017
0.9375%

Carl L. Maxey, as Trustee
888 South Oneida
Denver, Colorado
0.125%

Bess K. Rider
4329 McFarlin Blvd.
Dallas, Texas 75205
0.375%

Gael Agan
5910 N. Jim Miller Road
Dallas, Texas 75228
0.125%

Total
3.4375%

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 East Half Northeast Quarter Southeast Quarter (E/2NE/4SE/4) of Section Twenty-eight (28), Township Fourteen (14) North, Range Fifty-eight (58) 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, Everton Operating Company, Inc., is the Operator of the Beranek 43-28 Well in the proposed pooling unit.
7. The expenses for drilling and completing the Beranek 43-28 Well in the proposed pooling unit are as follows:

Drilling Tangibles	\$	700.00
Drilling Intangibles		301,105.00
Completion Tangibles		239,520.00
Completion Intangibles		<u>125,638.00</u>
Total	\$	741,013.00

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 minerals 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 minerals 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 Beranek 43-28 Well, located in the East Half Northeast Quarter Southeast Quarter (E/2NE/4SE/4) of Section Twenty-eight (28), Township Fourteen (14) North, Range Fifty-eight (58) West of the 6th P.M., Kimball County, Nebraska;

D. Providing for the payment of the reasonable actual costs 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 21st day of April, 2020.

Everton Operating Company, Inc. Applicant

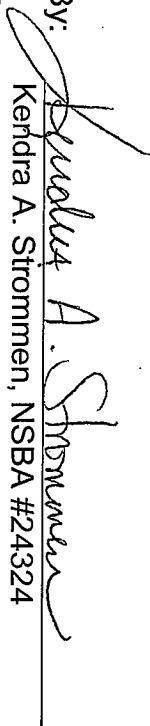
By: 
Kendra A. Strommen, NSBA #24324
For: Matzke, Mattoon, Martens & Strommen, LLC
P. O. Box 316
Sidney, Nebraska 69162
(308) 254-5595
Attorneys for the Applicant

EXHIBIT "A"

Township 14 North, Range 58 West, 6th P.M.

Section 28: E/2NE/4SE/4

Section 27: W/2NW/4SW/4

Kimball County, Nebraska

Surface:

Section 28: E/2NE/4SE/4

James A. Beranek

P. O. Box 144, Bushnell, Nebraska 69128

Kelly D. Mansfield as Personal Representative of the Estate of Ludmila Mansfield
701 White River Road, Crawford, NE 69339

Marie L. Joska

1401 East 4th Ave, Apt. 103, Kimball, NE 69145

Rose Miller, fka Roe Marie Joska

3087 Link 53C, Bushnell, NE 69128

Anton Joska, Jr.

66345 WCR 125, Bushnell, NE 69128

Patricia Vowers

3251 Road 47E, Kimball, NE 69145

Theresa Lukassen

3486 Road 33 W, Kimball, NE 69145

Mary Peters

152 Beacon Way, Windsor, CO 80550

Section 27: W/2NW/4SW/4

William R. Patrick Foundation

8701 West Dodge Road, Ste. 408, Omaha, NE 68114

Section 28: E/2NE/4SE/4

SAME AS ABOVE SURFACE OWNERS; AND

Karen M. Sinclair, Trustee of the Michael and Karen Sinclair Living Trust dated
February 7, 2011

204 SE 5th Street, Plainville, KS 67663

MJR Investments, LTD

PO Box 1434, Edinburg, TX 78540

Joe P. Pritchett

PO Box 1077, Edinburg, TX 78540

Mineral and
Royalty Interest

Victoria Trading Co. L.L.C.
PO Box 1077, Edinburg, TX 78540

Dellconn Oil Corporation, A Delaware corporation
1011 Center Rd., STE 310, Wilmington, DE 19805

Thomas R. Morris
PO Box 2000, Edinburg, TX 78540

Mineral and
Royalty Interest
JL, Energy, LLC, a Delaware limited liability company
4925 Greenville, Suite 1220, Dallas, Texas 75206

Uncommitted
Violet Hays
100 Park Avenue, Room 2709, New York, NY 10017

Michael J. Mara
100 Park Avenue, Room 2709, New York, NY 10017

Carl L. Maxey, as Trustee
888 South Oneida, Denver, CO 80224

Bess K. Rider
4329 McFarlin Blvd., Dallas, TX 75205

Gael Agan
5910 N Jim Miller Road, Dallas, TX 75228

Mineral and
Royalty Interest
Section 27: W/2NW/4SW/4
William R. Patrick Foundation

Mineral and
Royalty Interest
Uncommitted
None

Mineral Under
Lease to:
Section 28: E/2NE/4SE/4 and Section 27: W/2NW/4SW/4
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 Evertson Energy Partners, LLC
Interest: as above