

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



September 26, 2018

Adam G. Rankin
Holland & Hart LLP
agrarkin@hollandhart.com
PO Box 2208
Santa Fe, NM 87504-2208

RE: Request for Time Extension to Complete a Proposed Well

Case No. 16026, R-14676 approved date May 4, 2018

Applicant/Operator: Chisholm Energy Operating, LLC

Proposed Well:

Outland 14 23 State 2BS Well No. 3H, API No. 30-025-44158

Dear Sir or Madam:

The following pertains to your request received by the Division on September 26, 2018 and to the requirements in the captioned hearing order.

You have requested an extension of the 120-day time limit given by the Division in the captioned order in which to drill and complete at least one of the captioned well(s) after commencement of drilling operations on the first of the proposed well(s).

As stated in your request, the operator has commenced drilling this well [Division records show it spud on August 2, 2018], but intends to simultaneously complete this well with a companion well [subject of a separate hearing order] by the second week in October 2018. Accordingly, you are requesting a 240-day time limit to replace the existing time limit.

The operator is hereby given 240 days as a time limit between the spud date of the first of the referenced proposed wells to the date the C-104 is approved for at least one of the proposed wells. All other provisions of this order remain in full force and effect.

Sincerely,


HEATHER RILEY

Director

HR/wvjj

cc: Oil Conservation Division – Hobbs
Case No. 16026

September 26, 2018

VIA HAND DELIVERY

SEP 26 2018 10:51:24

Heather Riley
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Dr.
Santa Fe, New Mexico 87505

Re: Division Order Nos. R-14675 and 14676
Request for extension of deadline for drilling and completion of initial wells.
Outland 14-23 State 2BS 2H Unit Well
Outland 14-23 State 2BS 3H Unit Well

Dear Ms. Riley:

Order Nos. R-14657 and R-14676 created 240-acre non-standard spacing and proration units and authorized compulsory pooling of uncommitted interest owners to the subject units. The Orders named Chisholm Energy Operating, LLC ("Chisholm") operator of the spacing units and the dedicated initial wells: the Outland 14-23 State 2BS 2H Unit Well and the Outland 14-23 State 2BS 3H Unit Well, respectively.

Paragraph 7 in both Orders requires that the proposed wells be drilled and completed within 120 days after commencement, or that an extension be obtained from the Division Director. Chisholm spudded the Outland 14-23 State 2BS 2H Unit Well on June 7, 2018, and is currently drilling the lateral portion of the Outland 14-23 State 2BS 3H Unit Well. It plans to complete both wells simultaneously and to move a crew to complete both wells by the second week of October 2018. However, because Chisholm pad drilled these wells and intends to simultaneously complete them, Chisholm will require additional time to comply with the 120-day deadline in Order R-14675. It also drilled a pilot hole to collect data and encountered some mechanical complications during drilling, all of which extended the time necessary for Chisholm to complete these wells.



Therefore, in accordance with Paragraph 7 of both Orders, Chisholm respectfully requests, out of an abundance of caution, an extension of an additional 120 days (240 days total) under Order R-14675 and R-14676 to allow Chisholm adequate time to complete both wells.

Your attention to this request is appreciated. Please let me know if you have any questions or require additional information.

Very truly yours,

A handwritten signature in black ink, appearing to read "Adam Rankin".

Adam G. Rankin

**ATTORNEY FOR CHISHOLM ENERGY
OPERATING, LLC**