

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING MARCH 7, 2019**

**CASE No. 20270**

*MINIS 1 FED COM WCA No. 12H WELL*

**LEA COUNTY, NEW MEXICO**



**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF CHISHOLM ENERGY OPERATING, LLC  
FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

**CASE NO. 20270**

**AFFIDAVIT OF JACOB DANIELS  
IN SUPPORT OF CASE NO. 20270**

Jacob Daniels, of lawful age and being first duly sworn, declares as follows:

1. My name is Jacob Daniels. I work for Chisholm Energy Operating, LLC (“Chisholm”) as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by Chisholm in this case, and I am familiar with the status of the lands in the subject area.
4. None of the proposed pool parties has indicated opposition, and therefore I do not expect any opposition at the hearing.
5. Chisholm is seeking an order pooling all uncommitted interests in the Wolfcamp formation in the 238.85-acre horizontal spacing unit comprised of the W/2 W/2 equivalent of Section 1 (Lots 4-5, 12-13, and Units L and M), Township 21 South, Range 32 East, NMPM, Lea County, New Mexico. Chisholm further seeks to dedicate the above-referenced horizontal spacing unit to its proposed **Minis 1 Fed Com WCA No. 12H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 4) of Section 1 to a bottom hole location

in the SW/4 SW/4 (Unit M) of Section 1. Section 1 is an irregular section with approximately 960 acres.

6. Chisholm has filed a Form C-102 with the Division for the proposed Minis 1 Fed Com WCA No. 12H. The C-102 is attached hereto as **Chisholm Exhibit A-1**. The Pool Code is 98282.

7. The completed interval for the proposed well will comply with the Division's setback requirements.

8. There are no depth severances in the Wolfcamp formation.

9. **Chisholm Exhibit A-2** is an exhibit prepared by me that identifies the tracts of land comprising the horizontal spacing unit. This spacing unit includes federal land only. This exhibit shows the interest owners and the percentage of their interest by tract. A unit recapitulation, showing the percentage of ownership interests in the proposed spacing unit, is also included on the exhibit.

10. Chisholm is seeking to pool the working interest owner highlighted in yellow, Marathon Oil Permian, LLC ("Marathon"), and the overriding royalty interests identified on Exhibit A-2.

11. There are no unleased mineral interest owners.

12. Chisholm sent a well proposal letter to Marathon. An AFE was included with the well proposal letter. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached as **Chisholm Exhibit A-3**.


13. Chisholm has made an estimate of overhead and administrative costs for drilling and producing the proposed wells. It is \$7,500/month while drilling, and \$750/month while

producing. These costs are consistent with what other operators are charging in this area for these types of wells. Chisholm respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division in this case.

14. In my opinion, Chisholm has made good faith efforts to reach an agreement with the parties it is seeking to pool. In particular, I have been in regular contact with Marathon, both by telephone and by email. If Chisholm and Marathon reach an agreement before the Division enters an order, I will let the Division know this.

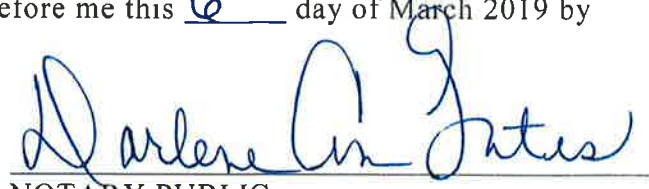
15. I provided the law firm of Holland & Hart LLP a list of names and addresses for the proposed pool parties. In compiling these notice lists, Chisholm conducted a diligent search of all public records in the county where the proposed well is located and of phone directories, including computer searches. All parties were locatable.

16. **Chisholm Exhibit A-1 through A-3** were either prepared by me or compiled under my direction and supervision.

  
JACOB DANIELS

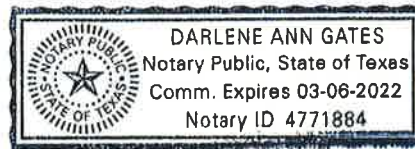
STATE OF TEXAS                   )  
COUNTY OF TARRANT       )

SUBSCRIBED and SWORN to before me this 6<sup>th</sup> day of March 2019 by  
Jacob Daniels.

  
NOTARY PUBLIC

My Commission Expires:

03-06-2022



12131798\_1

**DISTRICT I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 393-6161 Fax: (575) 393-0720

**DISTRICT II**  
811 S. First St., Artesia, NM 88210  
Phone (575) 748-1283 Fax: (575) 748-0720

**DISTRICT III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-8178 Fax: (505) 334-8170

**DISTRICT IV**  
1226 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 478-3460 Fax: (505) 478-3462

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

**OIL CONSERVATION DIVISION**  
1226 South St. Francis Dr.  
Santa Fe, New Mexico 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

☒ AMENDED REPORT

API Number 30-025-44852	Pool Code 98282	Pool Name WC-025 G-08 S213201D; WOLFCAMP
Property Code	Property Name MINIS 1 FED COM WCA	Well Number 12H
OGRID No. 372137	Operator Name CHISHOLM ENERGY OPERATING, LLC	Elevation 3702'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
LOT 4	1	21 S	32 E		150	NORTH	1240	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
M	1	21 S	32 E		330	SOUTH	890	WEST	LEA
Dedicated Acres 238.85	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

**SURFACE LOCATION**  
Lat - N 32.521944  
Long - W 103.632889  
NMSPCE- N 554323.6  
E 757230.2  
(NAD-83)

**FIRST TAKE POINT  
LANDING POINT  
330 FNL & 890 FWL**  
Lat - N 32.520984  
Long - W 103.634024  
NMSPCE- N 553971.7  
E 756882.7  
(NAD-83)

**LAST TAKE POINT  
PROPOSED BOTTOM  
HOLE LOCATION**  
Lat - N 32.501579  
Long - W 103.634025  
NMSPCE- N 546912.3  
E 756928.7  
(NAD-83)

**OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Jennifer Elrod* 11/15/18  
Signature Date  
JENNIFER ELROD  
Printed Name  
jelrod@chisholmenergy.com  
Email Address

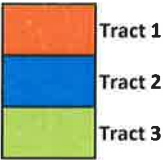
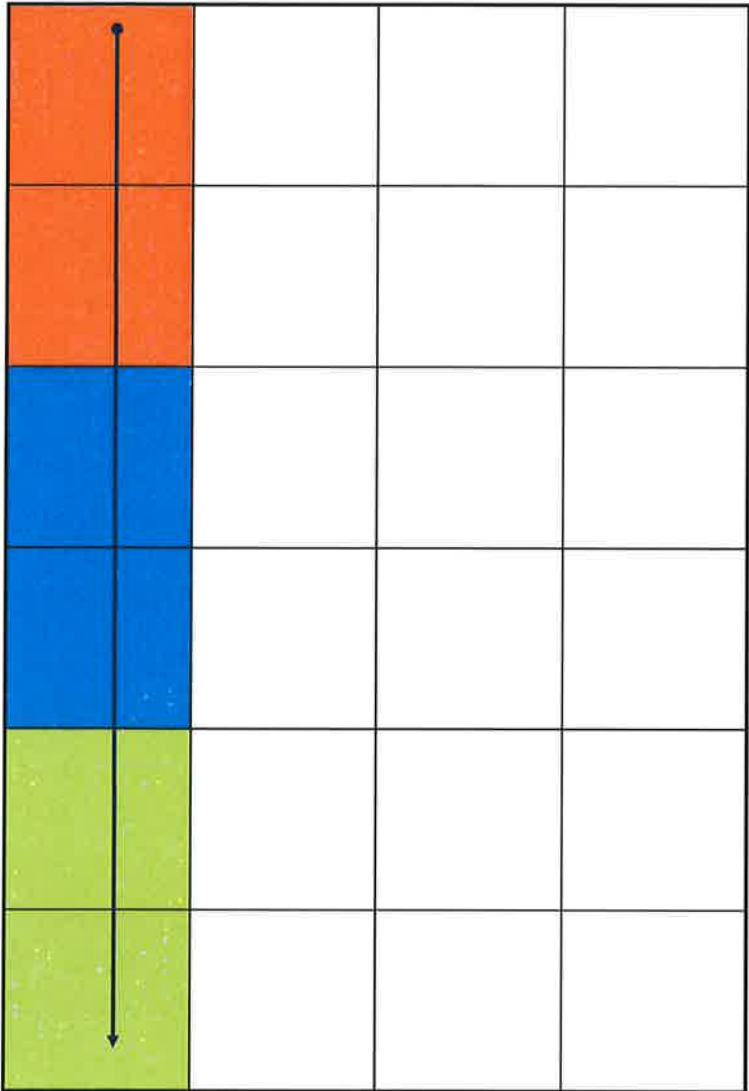
**SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

DATE MAY 5, 2019  
Date Surveyed  
Signature & Seal of Professional Surveyor  
7977  
Certificate Number Gary L. Lopes 7977  
Brent Bennett

0' 1000' 2000' 3000' 4000'  
SCALE: 1" = 1000'  
WO Num.: 32886

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A- 1  
Submitted by: CHISHOLM ENERGY OPERATING LLC  
Hearing Date: March 7, 2019  
Case No. 20270

Section 1, T21S-R32E, Lea County, NM



**Working Interest Ownership by Tract**

TRACT	WI OWNER	WORKING INTEREST
1	CHISHOLM ENERGY OPERATING, LLC	0.89516882
	MARATHON OIL PERMIAN, LLC	0.06296040
	PGP HOLDINGS 1, LLC	0.04187079
		1.00000000
2	CHISHOLM ENERGY OPERATING, LLC	0.89516882
	MARATHON OIL PERMIAN, LLC	0.06296040
	PGP HOLDINGS 1, LLC	0.04187079
		1.00000000
3	CHISHOLM ENERGY OPERATING, LLC	0.95812921
	PGP HOLDINGS 1, LLC	0.04187079
		1.00000000

**Proposed Unit Working Interest Ownership**

W/2 W/2 of Section 1, T21S-R32E, Lea County, NM

WI OWNER	WORKING INTEREST
CHISHOLM ENERGY OPERATING, LLC	0.91625842
MARATHON OIL PERMIAN, LLC	0.04187079
PGP HOLDINGS 1, LLC	0.04187079
	1.00000000

\*Parties highlighted in yellow are the Working Interest Owners to be pooled.

**Working Interest and Overriding Royalty Owners by Tract**

Tract	Owner	Ownership Type
1	NEARBURG EXPLORATION COMPANY, LLC	ORRI
	NEARBURG PRODUCING COMPANY FBO NEARBURG PRODUCING COMPANY EMPLOYEE FUND	ORRI
	CHISHOLM ENERGY OPERATING, LLC	WI
	MARATHON OIL PERMIAN, LLC	WI
	PGP HOLDINGS 1, LLC	WI
2	NEARBURG PRODUCING COMPANY FBO NEARBURG PRODUCING COMPANY EMPLOYEE FUND	ORRI
	CHISHOLM ENERGY OPERATING, LLC	WI
	MARATHON OIL PERMIAN, LLC	WI
	PGP HOLDINGS 1, LLC	WI
3	NEARBURG PRODUCING COMPANY FBO NEARBURG PRODUCING COMPANY EMPLOYEE FUND	ORRI
	CHISHOLM ENERGY OPERATING, LLC	WI
	PGP HOLDINGS 1, LLC	WI



November 8, 2018

**VIA CERTIFIED MAIL:**

Marathon Oil Company  
Attn: Land Department  
5555 San Felipe Street  
Houston, Texas 77056

RE: Minis 1 Fed Com WCA #12H Well Proposal  
W/2 W/2 of Section 1-T21S-R32E  
Lea County, New Mexico

To whom it may concern,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of a horizontal Wolfcamp well to a Measured Depth of approximately 18,785'. The expected surface location for this well is approximately 150' FNL & 1,240' FWL of Section 1-T21S-R32E with a bottom hole location of 330' FSL & 460' FWL of Section 1-T21S-R32E. Enclosed is our Authority for Expenditure ("AFE") reflecting estimated costs of \$7,208,830 for a completed well.

Chisholm is proposing to drill this well under the terms of a modified 1989 AAPL form Operating Agreement covering the W/2 of Section 1, Township 21 South, Range 32 East, which will be provided upon request. Said Operating Agreement contains the following general provisions:

- 100/300 Non-consenting penalty
- \$7,500/\$750 Drilling and Production rate
- Chisholm Energy Operating, LLC named as Operator

According to our ownership, Marathon Oil Permian, LLC, owns an undivided 0.04187079 interest in the above captioned unit. Chisholm respectfully requests that you select one of the following options:

1. Participate with your interest in the drilling of the proposed well and execute the Operating Agreement.
2. Farmout/Assign your interest in the above captioned project area, subject to mutually agreeable terms.

Please indicate your election in the space provided below and return one copy of this letter to the undersigned. In the event all parties do not enter into an agreement to develop the proposed project area(s), Chisholm intends to file application(s) for compulsory pooling with the New Mexico Oil Conservation Division.

Please call at your earliest convenience to discuss our proposal.

**Chisholm Energy Operating, LLC**

Jacob Daniels  
Landman  
817-953-0737

Enclosures

\_\_\_\_\_ Elect to participate in the drilling of the Minis 1 Fed Com WCA #12H.

\_\_\_\_\_ Elect to farmout/assign your interest in the Minis 1 Fed Com WCA #12H.

**Marathon Oil Permian, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Address: Chisholm Energy Operating, LLC 801 Cherry Street Suite 1200 Unit 20 Fort

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

**Exhibit No. A-3**

Submitted by: **CHISHOLM ENERGY OPERATING LLC**

Hearing Date: March 7, 2019

Case No. 20270



**CHISHOLM  
ENERGY**

**Statement of Estimated Well Cost (100%)**

Well: Minis I Fed Com WCA 12H  
Field: Wolfcamp A  
County, State: Lea, NM  
BHL: Horizontal  
Proposed TD: 18,785 MD 11,535 TVD  
Normal Pressure? Yes

AFE:

		BCP	ACP	TOTAL
<b>COSTS TO CASING POINT: TANGIBLES</b>				
8510-400	Conductor Casing or Drive Pipe	\$15,000		\$15,000
8510-405	Surface Casing	\$83,719		\$83,719
8510-410	Intermediate Casing/Drig Liner	\$207,058		\$207,058
8510-415	Wellhead Equipment - Surface & MLS	\$20,000		\$20,000
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$34,050		\$34,050
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - TANGIBLES</b>	<b>\$359,826</b>		<b>\$359,826</b>
<b>COSTS TO CASING POINT: INTANGIBLES</b>				
8500-100	Roads/Location	\$62,500		\$62,500
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$537,600		\$537,600
8500-115	Fuel/Power	\$128,000		\$128,000
8500-125	Equipment Rental	\$176,780		\$176,780
8500-130	Legal Fees	\$15,000		\$15,000
8500-135	Bonds, Permits and Inspection	\$20,000		\$20,000
8500-155	Mud and Chemicals	\$100,000		\$100,000
8500-160	Cementing Services	\$80,000		\$80,000
8500-170	Supervision/Consulting	\$102,000		\$102,000
8500-175	Casing and Other Tangible Crew	\$24,000		\$24,000
8500-180	Damages/Penalties	\$0		
8500-185	Coring and Analysis	\$0		
8500-190	Cuttings/Fluids Disposal	\$100,000		\$100,000
8500-195	Directional Drilling Services	\$293,100		\$293,100
8500-200	Drill Bits	\$60,000		\$60,000
8500-210	Surface Damages/ROW	\$0		
8500-215	Contract Labor and Services	\$1,100		\$1,100
8500-220	Mud Logging	\$0		
8500-235	Reclamation	\$0		
8500-240	Rig Mobilization/Demob	\$182,500		\$182,500
8500-245	Fishing Tools and Services	\$0		
8500-250	Testing-Drill Stem/Production	\$0		
8500-260	Wireline Services	\$0		
8500-265	Water	\$29,500		\$29,500
8500-270	Camp Expenses	\$55,700		\$55,700
8500-285	Contingencies	\$116,680		\$116,680
8500-290	Environmental	\$0		
8500-300	Overhead	\$6,000		\$6,000
8500-350	Insurance	\$0		
8500-600	Nonoperated	\$0		
8500-700	Impairment	\$0		
8500-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - INTANGIBLES</b>	<b>\$2,090,460</b>		<b>\$2,090,460</b>
<b>COMPLETION COSTS: TANGIBLES</b>				
8530-415	Wellhead		\$30,000	\$30,000
8530-420	Subsurface Equipment		\$0	
8530-500	Production Casing		\$308,638	\$308,638
8530-510	Tubing		\$75,208	\$75,208
8530-515	Rods		\$0	
8530-525	Artificial Lift Equipment		\$50,000	\$50,000
8530-530	Gas Metering Equipment		\$48,000	\$48,000
8530-535	LACT Unit		\$0	
8530-540	Production Facilities and Flowlines		\$120,000	\$120,000
8530-545	Pumping Unit		\$0	
8530-550	Separator, Heater, Treater		\$75,000	\$75,000
8530-555	Tank Battery		\$110,000	\$110,000
8530-560	Vapor Recovery Unit		\$0	
8530-590	Other Misc Equipment		\$15,000	\$15,000

8530-600	Nonoperated			\$0	
8530-700	Impairment			\$0	
8530-999	Accruals			\$0	
	<b>TOTAL COMPLETION COST - TANGIBLES</b>			<b>\$831,846</b>	<b>\$831,846</b>
	<b>COMPLETION COSTS: INTANGIBLES</b>				
8520-100	Roads/Location			\$0	
8520-120	Perforating Services			\$165,000	\$165,000
8520-125	Equipment Rental			\$193,000	\$193,000
8520-135	Bonds, Permits and Inspection			\$0	
8520-145	Completion Unit			\$50,000	\$50,000
8520-150	Frac Plugs			\$39,600	\$39,600
8520-155	Mud and Chemicals			\$20,000	\$20,000
8520-160	Cementing Services			\$100,000	\$100,000
8520-165	Acidizing and Fracturing			\$1,980,000	\$1,980,000
8520-170	Supervision/Consulting			\$52,500	\$52,500
8520-175	Casing and Other Tangible Crew			\$15,000	\$15,000
8520-190	Cuttings/Fluids Disposal			\$100,000	\$100,000
8520-200	Drill Bits			\$75,000	\$75,000
8520-210	Surface Damages/ROW			\$0	
8520-215	Contract Labor and Services			\$5,000	\$5,000
8520-230	Pump/Vacuum Trucks			\$20,000	\$20,000
8520-235	Reclamation			\$0	
8520-245	Fishing Tools and Services			\$0	
8520-250	Well Testing			\$84,000	\$84,000
8520-255	Tracking and Hauling			\$0	
8520-260	Wireline Services			\$5,000	\$5,000
8520-270	Camp Expenses			\$6,000	\$6,000
8520-275	Coiled Tubing Services			\$100,000	\$100,000
8520-280	Frac Water			\$690,000	\$690,000
8520-285	Contingencies			\$226,597	\$226,597
8520-290	Environmental			\$0	
8520-300	Overhead			\$0	
8520-350	Insurance			\$0	
8520-600	Nonoperated			\$0	
8520-700	Impairment			\$0	
8520-999	Accruals			\$0	
	<b>TOTAL COMPLETION COST - INTANGIBLES</b>			<b>\$3,926,697</b>	<b>\$3,926,697</b>
	<b>TOTAL WELL COST</b>		<b>\$2,450,287</b>	<b>\$4,758,543</b>	<b>\$7,208,830</b>

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (505) 383-8161 Fax: (505) 383-0720

DISTRICT II  
511 S. First St., Artesia, NM 88210  
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DISTRICT IV  
1225 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 478-3460 Fax: (505) 478-3468

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION  
1226 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-44852	Pool Code 96438	Pool Name HAT MESA; WOLFCAMP
Property Code	Property Name MINIS 1 FED COM WCA	Well Number 12H
OGRID No. 372137	Operator Name CHISHOLM ENERGY OPERATING, LLC	Elevation 3702'

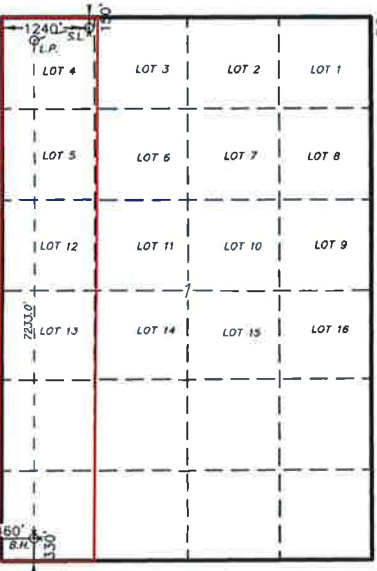
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
LOT 4	1	21 S	32 E		150	NORTH	1240	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
M	1	21 S	32 E		330	SOUTH	460	WEST	LEA
Dedicated Acres 238.85	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p><b>SURFACE LOCATION</b> Lot - N 32.521944 Long - W 103.632889 NMSPC - N 554323.5 E 757230.2 (NAD-83)</p> <p><b>LANDING POINT 330 FNL &amp; 460 FWL</b> Lot - N 32.521452 Long - W 103.635419 NMSPC - N 554139.4 E 756451.5 (NAD-83)</p> <p><b>PROPOSED BOTTOM HOLE LOCATION</b> Lot - N 32.501576 Long - W 103.635420 NMSPC - N 546908.3 E 756498.6 (NAD-83)</p>		<p><b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Jennifer Elrod</u> 11/15/18 Signature Date</p> <p>JENNIFER ELROD Printed Name jelrod@chisholmenergy.com Email Address</p> <p><b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>Date Surveyed: MAY 5, 2018 Signature: [Signature] Professional Surveyor 7977</p> <p>Certified by: GARY L. HOPES 7977 Examined by: [Signature]</p> <p>0' 1000' 2000' 3000' 4000' SCALE: 1" = 1000' WO Num.: 32885</p>
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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

APPLICATION OF CHISHOLM ENERGY OPERATING, LLC  
FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

CASE NO. 20270

**AFFIDAVIT OF JOSH KUHN**  
**IN SUPPORT OF CASE NO. 20270**

Josh Kuhn, of lawful age and being first duly sworn, declares as follows:

1. My name is Josh Kuhn. I work for Chisholm Energy Operating, LLC (“Chisholm”) as a Geologist.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by Chisholm in this case, and I have conducted a geologic study of the lands in the subject area.
4. Chisholm is targeting the Wolfcamp formation.
5. **Chisholm Exhibit B-1** is a subsea structure map that I prepared for the top of the Wolfcamp. The contour interval is 50 feet. Chisholm’s acreage is highlighted in yellow. The proposed wellbore path for the proposed **Minis 1 Fed Com WCA 12H Well** is depicted by the gray dashed line.
6. The structure map shows the Wolfcamp gently dipping south / southeast. The map also identifies wells used to create this Wolfcamp structure map. The structure appears consistent across the proposed wellbore path. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.

7. The structure map also shows the location of the wells used to create the stratigraphic cross-section. These four wells from A to A' are representative of the geology in the area.

8. **Chisholm Exhibit B-2** is a stratigraphic cross-section that I prepared displaying open-hole logs run over the Wolfcamp from the four representative wells denoted from A to A' on the structure map. For each well in the cross-section, Exhibit B-2 shows the following logs: gamma ray, resistivity, and porosity. The proposed target interval is marked and denoted in green. The logs in the cross-section demonstrate that the target interval, within the Wolfcamp, is consistent in thickness, across the entire proposed spacing unit.

9. Based on my geologic study of the area in this case, I have not identified any geologic impediments to drilling horizontal wells in the area.

10. In my opinion, each tract comprising the proposed spacing unit will be productive and contribute more-or-less equally to production from the wellbore.

11. In my opinion, the granting of Chisholm's application in this case will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

12. **Chisholm Exhibit B-1** and **B-2** were prepared by me.

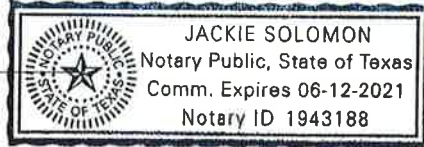
  
\_\_\_\_\_  
JOSH KUHN

STATE OF TEXAS                    )  
COUNTY OF Tarrant            )

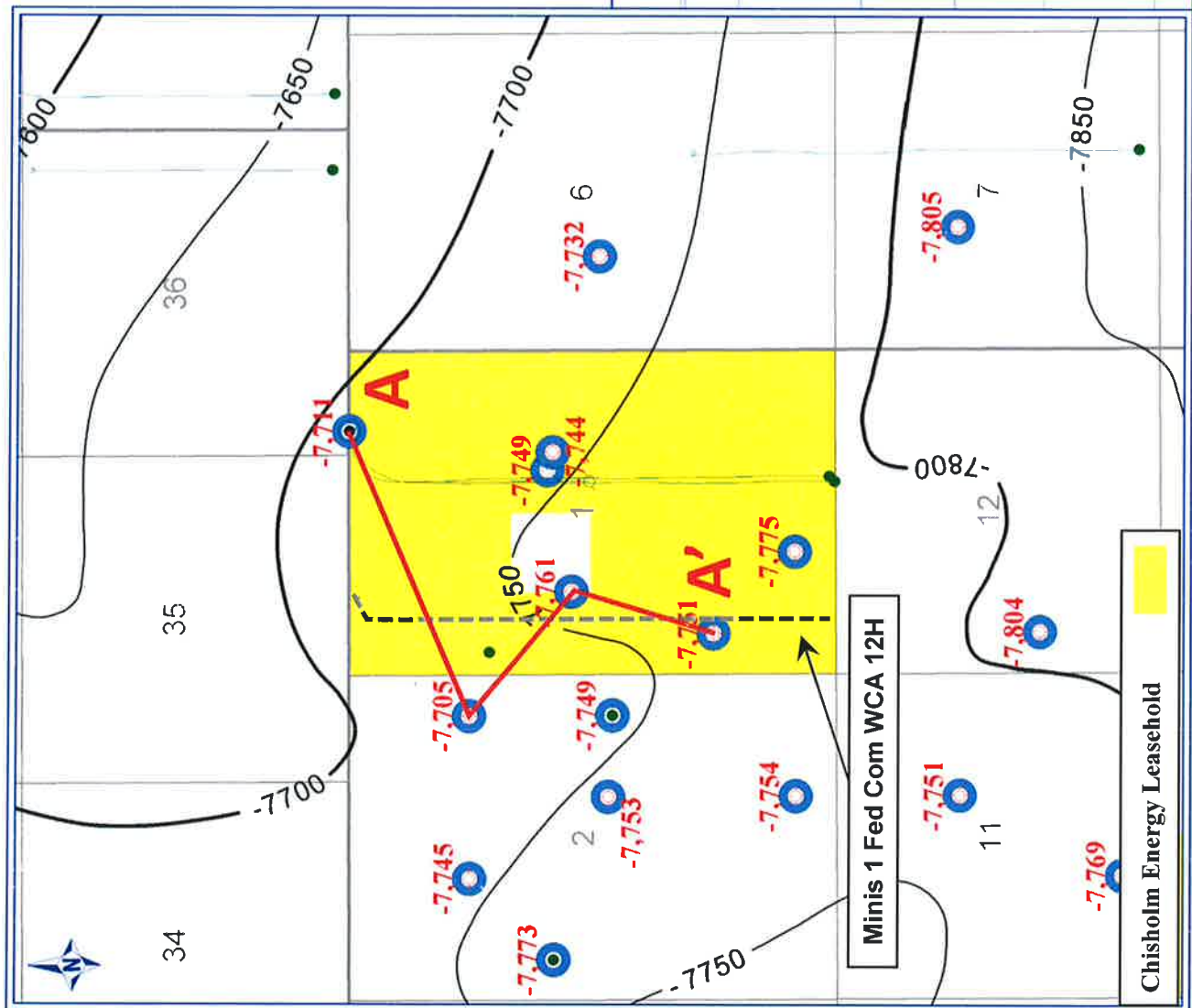
SUBSCRIBED and SWORN to before me this 6th day of March 2019, by Josh Kuhn.

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:



11416182\_1



<b>Lea County, NM</b>
<b>Minis Prospect</b>
<b>S1 / T 21S / R 32E</b>
<b>Top Wolfcamp</b>
<b>Subsea Structure Map</b>
<div>0 2,500 5,000</div> <div>FEET</div>
<div> <div>Top Wolfcamp Pick</div> <div>ATTRIBUTE MAP</div> </div>
<div> <div>Contour Interval: 50 ft</div> <div>Wells &gt; 8,000 ft</div> </div>
<b>By: Joshua Kuhn</b>

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Exhibit No. B-1

Submitted by: **CHISHOLM ENERGY OPERATING LLC**

Hearing Date: March 7, 2019

Case No. 20270

NE

CHISHOLM  
MINIS 1 FED COM 3BS



44856

A

COG  
MINIS 2 FEDERAL COM



36290

CHISHOLM  
MINIS FEDERAL COM



33506

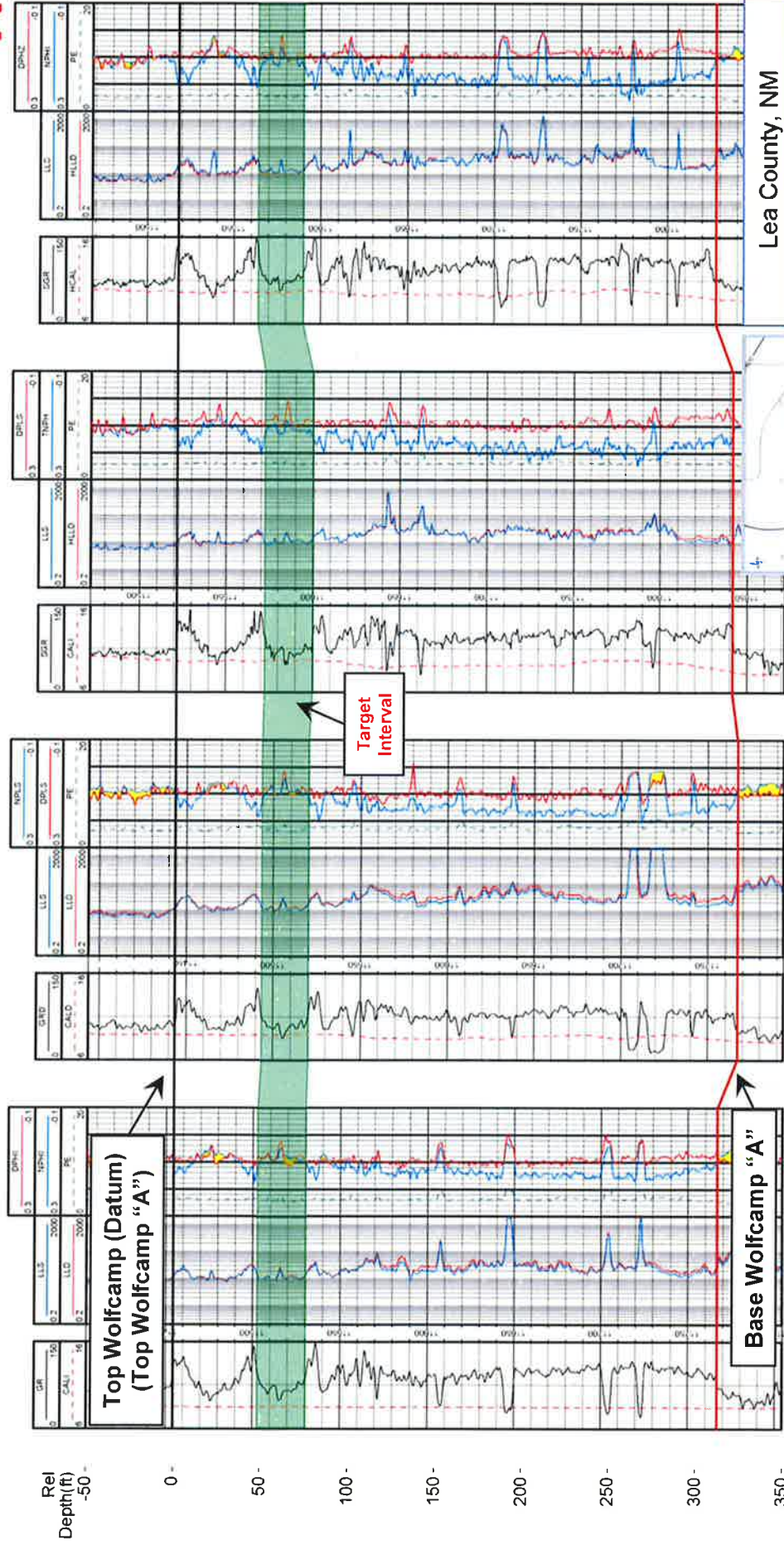
CHISHOLM  
MINIS 1 FEDERAL



33227

SW

A'



Base Wolfcamp "A"

Target Interval

Top Wolfcamp (Datum)  
(Top Wolfcamp "A")

Lea County, NM

Minis Prospect

S 1 / T 21S/R 34E

Wolfcamp "A"

Stratigraphic Cross Section (A-A')

Operator:  
Well Name:  
Well Number:  
API Series:

By: Joshua Kuhn



BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Exhibit No. B-2  
Submitted by: CHISHOLM ENERGY OPERATING LLC

Hearing Date: March 7, 2019

Case No. 20270

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

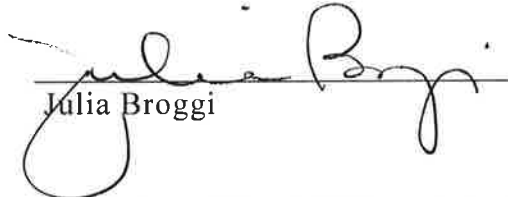
**APPLICATION OF CHISHOLM ENERGY OPERATING LLC  
FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

**CASE NO. 20270**

**AFFIDAVIT**

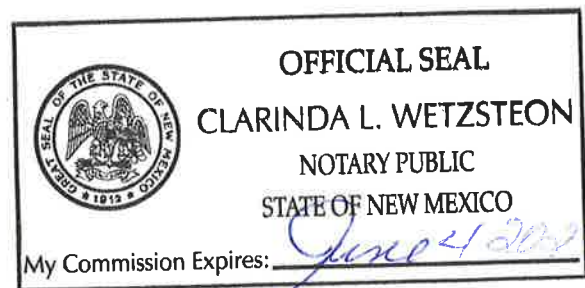
STATE OF NEW MEXICO    )  
  ) ss.  
COUNTY OF SANTA FE    )

Julia Broggi, attorney for Chisholm Energy Operating LLC the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.

  
Julia Broggi

SUBSCRIBED AND SWORN to before me this 6th day of March 2019 by Julia Broggi.

  
Notary Public



HOLLAND & HART<sup>LLP</sup>



**Michael H. Feldewert**  
Recognized Specialist in the  
Area of Natural Resources –  
Oil and Gas Law – New Mexico Board  
of Legal Specification  
mfeldewert@hollandhart.com

February 15, 2019

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED**

**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS**

**Re: Application of Chisholm Energy Operating LLC for compulsory pooling, Lea  
County, New Mexico.  
Minis 1 Fed Com WCA No. 12H Well**

Ladies & Gentlemen:

This letter is to advise you that Chisholm Energy Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on March 7, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices, located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Jacob Daniels at (817) 953-0737 or [jdaniels@chisholmenergy.com](mailto:jdaniels@chisholmenergy.com).

Sincerely,

Michael H. Feldewert  
**ATTORNEY FOR CHISHOLM ENERGY OPERATING  
LLC**



## Shipment Confirmation Acceptance Notice

### A. Mailer Action

**Note to Mailer:** The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Chisholm Energy - Minis 12H  
CM# 93684.0001 Case No 20270  
ORRI List 20190307 Docket

Shipment Date: 02/13/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

### B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.  
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0012 7339 33





## Firm Mailing Book For Accountable Mail

[illegible]

Pieces 

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Between 02/06/2019 And 02/20/2019



Barcode	Recipient	Status	Custom	User / Profile	Location / Department	Job ID
9214890194038378760249	Nearburg Producing Company F/B/O Nearburg Producing Employee Fund PO BOX 823085 Dallas TX 75382	Delivered Signature Received	Ref#: C1219556.6973764 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		1219556
9214890194038378760256	Nearburg Exploration Company LLC PO BOX 823085 Dallas TX 75382	Delivered Signature Received	Ref#: C1219556.6973765 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		1219556

20 items per page

1 - 2 of 2 items



## Shipment Confirmation Acceptance Notice

### A. Mailer Action

**Note to Mailer:** The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Chisholm Energy - Minis 12H Well  
CM# 93684.0001  
WI Notice List 20190307 Docket

Shipment Date: 02/11/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

### B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.  
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0012 6801 38





# Firm Mailing Book For Accountable Mail

[illegible]

Pieces 

Search for:

Go

Advanced

Between

02/11/2019

And

02/11/2019

Clear Job Filter: 92750901193562000012680138



Barcode	Recipient	Status	Custom	User / Profile	Location / Department	Job ID
9214890194038378656573	Marathon Oil Permian LLC 5555 San Felipe Houston TX 77056	Delivered Signature Received	Ref#: C1214513.6952573 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		1214513
9214890194038378656580	PGP Holdings 1 LLC 104 Town Park Drive Kennesaw GA 30144	Delivered Signature Received	Ref#: C1214513.6952574 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		1214513

1

20 items per page

1 - 2 of 2 items