



CHISHOLM
ENERGY

DARK CANYON PROSPECT

Dark Canyon 15-22 State Com WCA 6H & 7H Wells

Case No. 20938

BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING December 12, 2019

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

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

CASE NO. 20938

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**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
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**APPLICATION OF CHISHOLM ENERGY
OPERATING, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 20938

AFFIDAVIT OF LUKE SHELTON

Luke Shelton, of lawful age and being first duly sworn, declares as follows:

1. My name is Luke Shelton. 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 uncommitted parties in this case has indicated opposition to this pooling application, 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 underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 15, and the NE/4 of Section 22, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico.
6. Chisholm seeks to dedicate this standard spacing unit to the following proposed initial wells:

- the **Dark Canyon 15-22 WCA #6H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottom hole location in the SW/4 NE/4 (Unit G) of Section 22; and
- the **Dark Canyon 15-22 WCA #7H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottom hole location in the SE/4 NE/4 (Unit H) of Section 22.

7. The completed interval for these proposed initial wells will remain within the setback requirements of the Special Rules for the Purple Sage Wolfcamp Pool.

8. **Chisholm Exhibit A-1** are the Form C-102s for the proposed **Dark Canyon 15-22 WCA #6H Well** and the **Dark Canyon 15-22 WCA #7H Well**.

9. The Pool Code for these wells is 98220 (Purple Sage; Wolfcamp (Gas) Pool).

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

11. **Chisholm Exhibit A-2** identifies the interest owners and their percentage of ownership interests by tract. A unit recapitulation, showing the percentage of ownership interests in the horizontal spacing unit, is also included on the exhibit. This spacing unit includes [fee/state] lands. Chisholm is seeking to pool only the working interest owners highlighted on Exhibit A-2.

12. There are no unleased mineral interest owners.

13. **Chisholm Exhibit A-3** is a copy of the well proposal letter that Chisholm sent to the working interest owners, along with an AFE for this well. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area.

14. Chisholm seeks approval of overhead and administrative costs at \$7,500/month while drilling and \$750/month while producing. These costs are consistent with what Chisholm and 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, together with a 200% charge for the risk against any non-consenting parties.

15. In my opinion, Chisholm has made good faith efforts to reach an agreement with the parties it seeks to pool. If Chisholm reaches an agreement with any of the proposed pool parties before the Division enters any order, I will let the Division know that Chisholm is no longer seeking to pool that party.

16. I provided the law firm of Holland & Hart LLP a list of names and addresses for the uncommitted interest owners shown on Exhibit A-2. In compiling these addresses, Chisholm conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches. All parties were locatable.

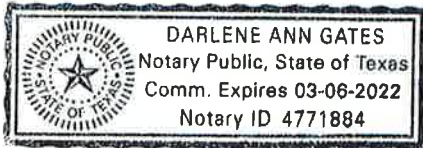
17. **Chisholm Exhibits A-1 through A-3** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Luke Shelton
LUKE SHELTON

STATE OF TEXAS)
)
COUNTY OF TARRANT)

SUBSCRIBED and SWORN to before me this 10th day of December 2019 by
Luke Shelton.



Darlene Ann Gates
NOTARY PUBLIC

My Commission Expires:

03-06-2022

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) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name					
⁴ Property Code		⁵ Property Name DARK CANYON 15-22 WCA						⁶ Well Number 6H	
⁷ OGRID No. 372137		⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC						⁹ Elevation 3304.0	
¹⁰ Surface Location									
UL or lot no. B	Section 15	Township 23 S	Range 31 E	Lot Idn	Feet from the 200	North/South line NORTH	Feet from the 1535	East/West line EAST	County EDDY
¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. G	Section 22	Township 23 S	Range 31 E	Lot Idn	Feet from the 2168	North/South line NORTH	Feet from the 2250	East/West line EAST	County EDDY
¹² Dedicated Acres		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ 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>¹⁷ OPERATOR CERTIFICATION</p> <p>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>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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>SEPTEMBER 23, 2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: </p> <p>Certificate Number: 12797</p>

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A1
Submitted by: Chisholm Energy Operating, LLC
Hearing Date: December 12, 2019
Case No. 20938

Intent ☐ As Drilled ☐

API #		
Operator Name:	Property Name:	Well Number
CHISHOLM ENERGY OPERATING, LLC	DARK CANYON 15-22 WCA	6H

Kick Off Point (KOP)

UL B	Section 15	Township 23S	Range 26E	Lot	Feet 200	From N/S NORTH	Feet 1535	From E/W EAST	County EDDY
Latitude 32.3112916					Longitude 104.2772160				NAD 83

First Take Point (FTP)

UL B	Section 15	Township 23S	Range 26E	Lot	Feet 330	From N/S NORTH	Feet 2250	From E/W EAST	County EDDY
Latitude 32.3108879					Longitude 104.2795297				NAD 83

Last Take Point (LTP)

UL G	Section 22	Township 23S	Range 26E	Lot	Feet 2168	From N/S NORTH	Feet 2250	From E/W EAST	County EDDY
Latitude 32.2908409					Longitude 104.2795970				NAD 83

Is this well the defining well for the Horizontal Spacing Unit? ☐

Is this well an infill well? ☐

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

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) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name DARK CANYON 15-22 WCA	⁶ Well Number 7H
⁷ OGRID No. 372137	⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC	⁹ Elevation 3304.0

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	15	23 S	31 E		200	NORTH	1505	EAST	EDDY

¹¹ 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
H	22	23 S	31 E		2254	NORTH	900	EAST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

SHL/KOP
200' 1505'
NMSP EAST (FT)
N = 477221.93
E = 560208.72

DARK CANYON 15-22 WCA 7H
200' FNL, 1505' FEL
ELEV. = 3304.0'
LAT. = 32.3112935°N (NAD83)
LONG. = 104.2771188°W
NMSP EAST (FT)
N = 476985.51
E = 558704.19

LANDING POINT & FTP
330' FNL, 900' FEL
LAT. = 32.3109756°N
LONG. = 104.2751622°W
N = 476870.16
E = 559308.73
GRID AZ. TO LP
S79°11'53"E
HORIZ. DIST
615.60 FT

SEC. 15

SEC. 22

BHL/LTP
2254' 900'
NMSP EAST (FT)
N = 471918.49
E = 560211.33

BOTTOM OF HOLE
2254' FSL, 900' FEL
LAT. = 32.2909225°N
LONG. = 104.2752282°W
NMSP EAST (FT)
N = 469575.13
E = 559292.29

NMSP EAST (FT)
N = 468545.39
E = 557527.02

NMSP EAST (FT)
N = 466605.92
E = 560216.45

¹⁷ 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.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ 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.

SEPTEMBER 23, 2019

Date of Survey _____

Signature and Seal of Professional Surveyor _____

Certificate Number _____

PROFESSIONAL SURVEYOR, PLS 12797

SURVEY NO. 7514A

Intent ☐ As Drilled ☐

API #		
Operator Name:	Property Name:	Well Number
CHISHOLM ENERGY OPERATING, LLC	DARK CANYON 15-22 WCA	7H

Kick Off Point (KOP)

UL B	Section 15	Township 23S	Range 26E	Lot	Feet 200	From N/S NORTH	Feet 1505	From E/W EAST	County EDDY
Latitude 32.3112935					Longitude 104.2771188				NAD 83

First Take Point (FTP)

UL A	Section 15	Township 23S	Range 26E	Lot	Feet 330	From N/S NORTH	Feet 900	From E/W EAST	County EDDY
Latitude 32.3109756					Longitude 104.2751622				NAD 83

Last Take Point (LTP)

UL H	Section 22	Township 23S	Range 26E	Lot	Feet 2254	From N/S NORTH	Feet 900	From E/W EAST	County EDDY
Latitude 32.2909225					Longitude 104.2752282				NAD 83

Is this well the defining well for the Horizontal Spacing Unit? ☐

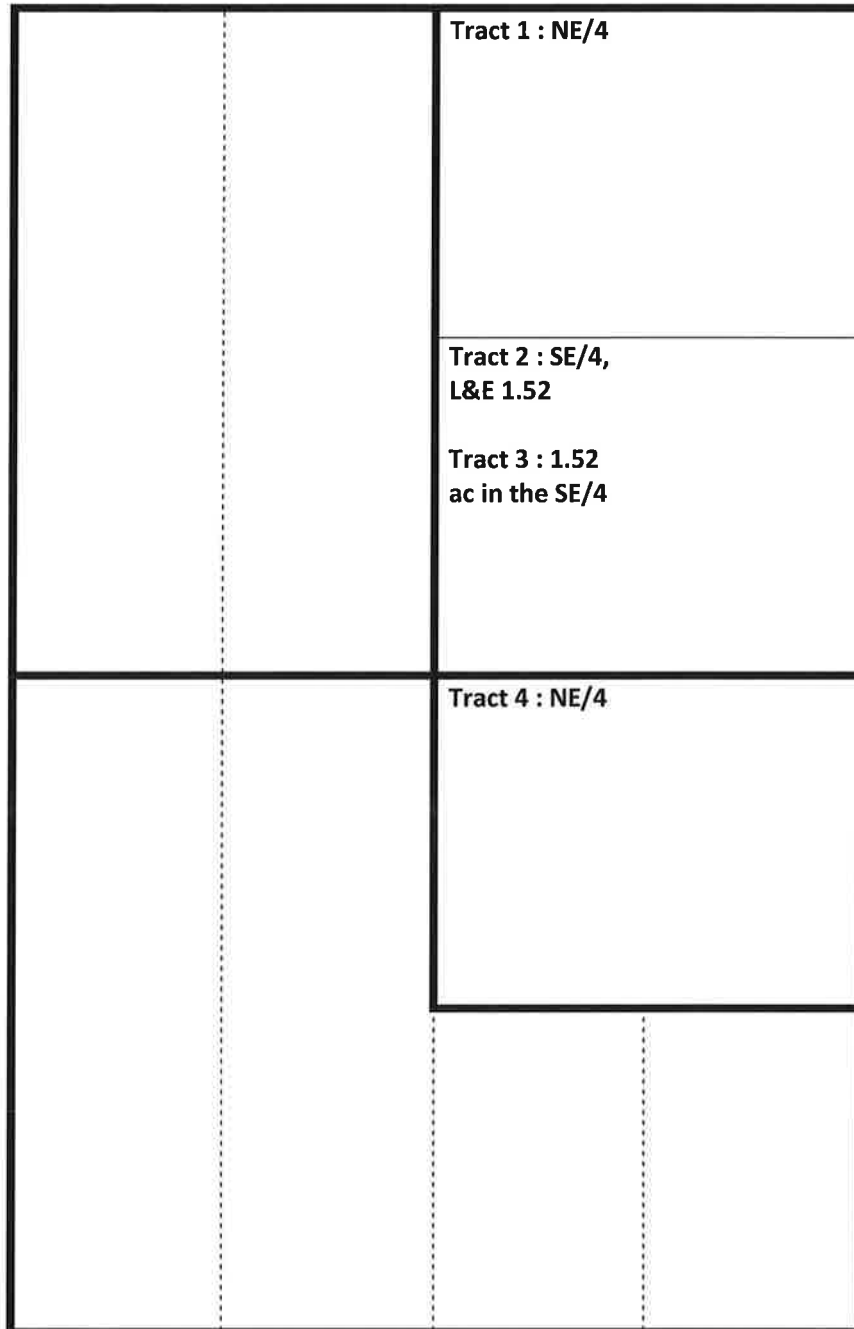
Is this well an infill well? ☐

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

DARK CANYON 22-15 STATE COM WCA 6H AND WCA 7H
T23S-R26E-Sections 15 and 22
Eddy County, NM



Tract 1: NE/4 Section 15-T23S-R26E

<u>Chisholm Energy Operating, LLC</u>	100.0%
Total	100.0%

Tract 2: SE/4 Section 15-T23-R26E, L&E 1.52 acres

<u>Chisholm Energy Operating, LLC</u>	100.0%
Total	100.0%

Tract 3: 1.52 acres, being a portion of the SE/4 Section 15-23S-26E

<u>Jeffrey B. Diamond</u>	100.0%
Total	100.0%

Tract 4: NE/4 Section 22-T23S-R26E

Chisholm Energy Operating, LLC	99.750%
Timothy R. MacDonald	0.1875%
<u>Maverick Oil & Gas Corp.</u>	0.0625%
Total	100.00%

UNIT RECAPITULATION

**DARK CANYON 22-15 STATE COM WCA 6H AND 7H
T23S-R26E-E/2 of Section 15 and NE/4 of Section 22**

Chisholm Energy Operating, LLC	99.600000%
Jeffrey B. Diamond	0.316667%
<i>Timothy R. MacDonald</i>	<i>0.062500%</i>
<i><u>Maverick Oil & Gas Corp.</u></i>	<i><u>0.020833%</u></i>
Total	100.00000%

Interests seeking to Compulsory Pool



September 25, 2019

VIA CERTIFIED MAIL:

Maverick Oil & Gas Corp.
Attn: Ben Kimbrough
1001 W. Wall Street
Midland, Texas 79701-3383

RE: Dark Canyon 15-22 State Com WCAY 6H and 7H
E/2 of Section 15-T23S-R26E &
NE/4 of Section 22-T23S-R26E
Eddy County, New Mexico

To whom it may concern,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of two horizontal Wolfcamp "A" wells to TVD of approximately 8,845' and a MD of approximately 16,175'.

Approximate surface hole locations:

Dark Canyon 15-22 State Com WCAY 6H, Sec. 15 125' FNL, 1700' FEL
Dark Canyon 15-22 State Com WCAY 7H, Sec. 15 125' FNL, 1550' FEL

Approximate bottom hole locations:

Dark Canyon 15-22 State Com WCAY 6H, Sec. 22 2990' FNL, 2250' FEL
Dark Canyon 15-22 State Com WCAY 7H, Sec. 22 2990' FNL, 900' FEL

Chisholm is proposing to drill this well under the terms of a modified 1989 AAPL form Operating Agreement covering the E/2 of Section 15 and NE/4 of Section 22, Township 23 South, Range 26 East, Eddy Co. Said Operating Agreement will be made available for your review upon request and contains the following general provision.

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

Enclosed are our Authority for Expenditures ("AFE"). Maverick Oil & Gas Corp. will own an approximate 0.020833% in said wells. Estimated spud date is approximately February of 2020.

Please indicate your election in the space provided below and return one copy of this letter to the undersigned. If you elect to participate under this well proposal, please sign and return one copy of the AFE.

Please call at your earliest convenience to discuss our proposal.

Chisholm Energy Operating, LLC

Luke Shelton
Senior Landman
817-953-0359

Enclosures

_____ Elect to participate in the drilling of the Dark Canyon 15-22 State Com WCAY 6H and 7H.

_____ Elect to farmout/assign our interest in the Dark Canyon 15-22 State Com WCAY 6H and 7H.

Maverick Oil & Gas Corp.

By: _____
Name: _____
Title: _____
Date: _____

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A3

Submitted by: **Chisholm Energy Operating, LLC**

Hearing Date: December 12, 2019

Case No. 20938

Address: Chisholm Energy Operating, LLC 801 Cherry Street Suite 1200 Unit 20 Fort Worth, TX 76102



Statement of Estimated Well Cost (100%)

Well	Dark Canyon 15-22 WCA 6H		
Field	Wolfcamp A		
County, State:	Eddy, NM		
BHL:	Horizontal		AFE #:
Proposed TD:	16,175 MD	8,845 TVD	
Normal Pressure?	Yes		

		BCP	ACP	TOTAL
COSTS TO CASING POINT: TANGIBLES				
8510-400	Conductor Casing or Drive Pipe	\$15,000		\$15,000
8510-405	Surface Casing	\$11,819		\$11,819
8510-410	Intermediate Casing/Drlg Liner	\$29,460		\$29,460
8510-415	Wellhead Equipment - Surface & MLS	\$30,000		\$30,000
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$17,000		\$17,000
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - TANGIBLES	\$103,279		\$103,279
COSTS TO CASING POINT: INTANGIBLES				
8500-100	Roads/Location	\$25,000		\$25,000
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$599,625		\$599,625
8500-115	Fuel/Power	\$132,000		\$132,000
8500-125	Equipment Rental	\$181,920		\$181,920
8500-130	Legal Fees	\$20,000		\$20,000
8500-135	Bonds, Permits and Inspection	\$20,000		\$20,000
8500-155	Mud and Chemicals	\$200,000		\$200,000
8500-160	Cementing Services	\$45,000		\$45,000
8500-170	Supervision/Consulting	\$81,400		\$81,400
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	\$150,000		\$150,000
8500-195	Directional Drilling Services	\$556,500		\$556,500
8500-200	Drill Bits	\$75,500		\$75,500
8500-210	Surface Damages/ROW	\$0		
8500-215	Contract Labor and Services	\$50,000		\$50,000
8500-220	Mud Logging	\$0		
8500-235	Reclamation	\$0		
8500-240	Rig Mobilization/Demob	\$162,500		\$162,500
8500-245	Fishing Tools and Services	\$0		
8500-250	Testing-Drill Stem/Production	\$0		
8500-260	Wireline Services	\$0		
8500-265	Water	\$28,250		\$28,250
8500-270	Camp Expenses	\$57,250		\$57,250
8500-285	Contingencies	\$125,911		\$125,911
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		
	TOTAL COST TO CASING POINT - INTANGIBLES	\$2,540,856		\$2,540,856
COMPLETION COSTS: TANGIBLES				
8530-415	Wellhead		\$40,000	\$40,000
8530-420	Subsurface Equipment		\$0	
8530-500	Production Casing		\$215,451	\$215,451
8530-510	Tubing		\$37,237	\$37,237
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		\$80,000	\$80,000
8530-545	Pumping Unit		\$0	
8530-550	Separator, Heater, Treater		\$80,000	\$80,000
8530-555	Tank Battery		\$55,000	\$55,000
8530-560	Vapor Recovery Unit		\$0	
8530-590	Other Misc Equipment		\$25,000	\$25,000
8530-600	Nonoperated		\$0	
8530-700	Impairment		\$0	

8530-999	Accruals			\$0	
	TOTAL COMPLETION COST - TANGIBLES			\$630,688	\$630,688
	COMPLETION COSTS: INTANGIBLES				
8520-100	Roads/Location			\$10,000	\$10,000
8520-120	Perforating Services			\$210,000	\$210,000
8520-125	Equipment Rental			\$173,000	\$173,000
8520-135	Bonds, Permits and Inspection			\$0	
8520-145	Completion Unit			\$7,000	\$7,000
8520-150	Frac Plugs			\$35,000	\$35,000
8520-155	Mud and Chemicals			\$10,000	\$10,000
8520-160	Cementing Services			\$70,000	\$70,000
8520-165	Acidizing and Fracturing			\$1,102,500	\$1,102,500
8520-170	Supervision/Consulting			\$45,500	\$45,500
8520-175	Casing and Other Tangible Crew			\$15,000	\$15,000
8520-190	Cuttings/Fluids Disposal			\$20,000	\$20,000
8520-200	Drill Bits			\$30,000	\$30,000
8520-210	Surface Damages/ROW			\$0	
8520-215	Contract Labor and Services			\$25,000	\$25,000
8520-230	Pump/Vacuum Trucks			\$2,500	\$2,500
8520-235	Reclamation			\$0	
8520-245	Fishing Tools and Services			\$0	
8520-250	Well Testing			\$126,000	\$126,000
8520-255	Trucking and Hauling			\$0	
8520-260	Wireline Services			\$5,000	\$5,000
8520-270	Camp Expenses			\$10,000	\$10,000
8520-275	Coiled Tubing Services			\$100,000	\$100,000
8520-280	Frac Water			\$380,750	\$380,750
8520-285	Contingencies			\$150,397	\$150,397
8520-290	Environmental			\$0	
8520-300	Overhead			\$0	
8520-350	Insurance			\$0	
8520-600	Nonoperated			\$0	
8520-700	Impairment			\$0	
8520-999	Accruals			\$0	
	TOTAL COMPLETION COST - INTANGIBLES			\$2,527,647	\$2,527,647
	TOTAL WELL COST		\$2,644,135	\$3,158,335	\$5,802,470

Approved by: _____ Date: _____

Approved by: _____ Date: _____

Approved by: _____ Date: _____



**CHISHOLM
ENERGY**

Statement of Estimated Well Cost (100%)

Well: Dark Canyon 15-22 WCA 7H
Field: Wolfcamp A
County, State: Eddy, NM
BHL: Horizontal
Proposed TD: 16,175 MD 8,845 TVD
Normal Pressure? Yes

AFE #:

		BCP	ACP	TOTAL
COSTS TO CASING POINT: TANGIBLES				
8510-400	Conductor Casing or Drive Pipe	\$15,000		\$15,000
8510-405	Surface Casing	\$11,819		\$11,819
8510-410	Intermediate Casing/Drlg Liner	\$29,460		\$29,460
8510-415	Wellhead Equipment - Surface & MLS	\$30,000		\$30,000
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$17,000		\$17,000
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - TANGIBLES	\$103,279		\$103,279
COSTS TO CASING POINT: INTANGIBLES				
8500-100	Roads/Location	\$25,000		\$25,000
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$599,625		\$599,625
8500-115	Fuel/Power	\$132,000		\$132,000
8500-125	Equipment Rental	\$181,920		\$181,920
8500-130	Legal Fees	\$20,000		\$20,000
8500-135	Bonds, Permits and Inspection	\$20,000		\$20,000
8500-155	Mud and Chemicals	\$200,000		\$200,000
8500-160	Cementing Services	\$45,000		\$45,000
8500-170	Supervision/Consulting	\$81,400		\$81,400
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	\$150,000		\$150,000
8500-195	Directional Drilling Services	\$556,500		\$556,500
8500-200	Drill Bits	\$75,500		\$75,500
8500-210	Surface Damages/ROW	\$0		
8500-215	Contract Labor and Services	\$50,000		\$50,000
8500-220	Mud Logging	\$0		
8500-235	Reclamation	\$0		
8500-240	Rig Mobilization/Demob	\$162,500		\$162,500
8500-245	Fishing Tools and Services	\$0		
8500-250	Testing-Drill Stem/Production	\$0		
8500-260	Wireline Services	\$0		
8500-265	Water	\$28,250		\$28,250
8500-270	Camp Expenses	\$57,250		\$57,250
8500-285	Contingencies	\$125,911		\$125,911
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		
	TOTAL COST TO CASING POINT - INTANGIBLES	\$2,540,856		\$2,540,856
COMPLETION COSTS: TANGIBLES				
8530-415	Wellhead		\$40,000	\$40,000
8530-420	Subsurface Equipment		\$0	
8530-500	Production Casing		\$215,451	\$215,451
8530-510	Tubing		\$37,237	\$37,237
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		\$80,000	\$80,000
8530-545	Pumping Unit		\$0	
8530-550	Separator, Heater, Treater		\$80,000	\$80,000
8530-555	Tank Battery		\$55,000	\$55,000
8530-560	Vapor Recovery Unit		\$0	
8530-590	Other Misc Equipment		\$25,000	\$25,000
8530-600	Nonoperated		\$0	
8530-700	Impairment		\$0	

8530-999	Accruals			\$0	
	TOTAL COMPLETION COST - TANGIBLES			\$630,688	\$630,688
	COMPLETION COSTS: INTANGIBLES				
8520-100	Roads/Location			\$10,000	\$10,000
8520-120	Perforating Services			\$210,000	\$210,000
8520-125	Equipment Rental			\$173,000	\$173,000
8520-135	Bonds, Permits and Inspection			\$0	
8520-145	Completion Unit			\$7,000	\$7,000
8520-150	Frac Plugs			\$35,000	\$35,000
8520-155	Mud and Chemicals			\$10,000	\$10,000
8520-160	Cementing Services			\$70,000	\$70,000
8520-165	Acidizing and Fracturing			\$1,102,500	\$1,102,500
8520-170	Supervision/Consulting			\$45,500	\$45,500
8520-175	Casing and Other Tangible Crew			\$15,000	\$15,000
8520-190	Cuttings/Fluids Disposal			\$20,000	\$20,000
8520-200	Drill Bits			\$30,000	\$30,000
8520-210	Surface Damages/ROW			\$0	
8520-215	Contract Labor and Services			\$25,000	\$25,000
8520-230	Pump/Vacuum Trucks			\$2,500	\$2,500
8520-235	Reclamation			\$0	
8520-245	Fishing Tools and Services			\$0	
8520-250	Well Testing			\$126,000	\$126,000
8520-255	Trucking and Hauling			\$0	
8520-260	Wireline Services			\$5,000	\$5,000
8520-270	Camp Expenses			\$10,000	\$10,000
8520-275	Coiled Tubing Services			\$100,000	\$100,000
8520-280	Frac Water			\$380,750	\$380,750
8520-285	Contingencies			\$150,397	\$150,397
8520-290	Environmental			\$0	
8520-300	Overhead			\$0	
8520-350	Insurance			\$0	
8520-600	Nonoperated			\$0	
8520-700	Impairment			\$0	
8520-999	Accruals			\$0	
	TOTAL COMPLETION COST - INTANGIBLES			\$2,527,647	\$2,527,647
	TOTAL WELL COST		\$2,644,135	\$3,158,335	\$5,802,470

Approved by: _____

Date: _____

Approved by: _____

Date: _____

Approved by: _____

Date: _____

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

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

CASE NO. 20938

AFFIDAVIT OF GEORGE ROTH

George Roth, of lawful age and being first duly sworn, declares as follows:

1. My name is George Roth. 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. In this case, Chisholm is targeting the Wolfcamp A within the Wolfcamp formation.
5. **Chisholm Exhibit B-1** is a project locator map showing the standard horizontal spacing unit for the **Dark Canyon 15-22 WCA #6H Well** and the **Dark Canyon 15-22 WCA #7H Well** that is outlined by a red line. The planned well paths for the **Dark Canyon 15-22 WCA #6H Well and the Dark Canyon 15-22 WCA #7H Well** are shown by red dashed lines. Existing Wolfcamp producers are marked by salmon circles. Wells used to create the top of Wolfcamp subsea structure map are marked by red sub sea values beneath the well.
6. **Chisholm Exhibit B-2** is a subsea structure map that I prepared for the top of the Wolfcamp formation. The contour interval is 25 feet. The structure map shows that the Wolfcamp

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Chisholm Energy Operating, LLC
Hearing Date: December 12, 2019
Case No. 20938**

is dipping to the east. The structure appears consistent in this section. I do not observe any faulting, pinchouts, or other geologic hazards to developing a horizontal well.

7. Chisholm Exhibit No. B-2 shows the 6 wells, depicted by the blue line, that were used to construct a cross-section from A to A'. I consider these wells to be representative of the geology of the area.

8. **Chisholm Exhibit No. B-3** is a stratigraphic cross section prepared by me for the 6 representative wells from A to A' and shows the following logs: gamma ray, resistivity, and porosity. The proposed target interval is labeled and depicted in yellow. The logs in the cross-section demonstrate that the targeted interval within the Wolfcamp A is consistent in thickness, across the entire spacing unit.

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


10. In my opinion, the stand-up orientation of the proposed wells is the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.

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

12. In my opinion, the granting of Chisholm's applications in this case is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

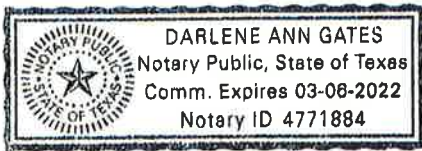
13. **Chisholm Exhibits B-1 through B-3** were either prepared by me or compiled under my direction and supervision.

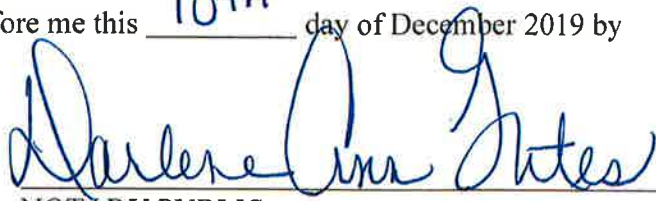
FURTHER AFFIANT SAYETH NOT.


GEORGE ROTH

STATE OF TEXAS)
)
COUNTY OF TARRANT)

SUBSCRIBED and SWORN to before me this 10th day of December 2019 by
George Roth.

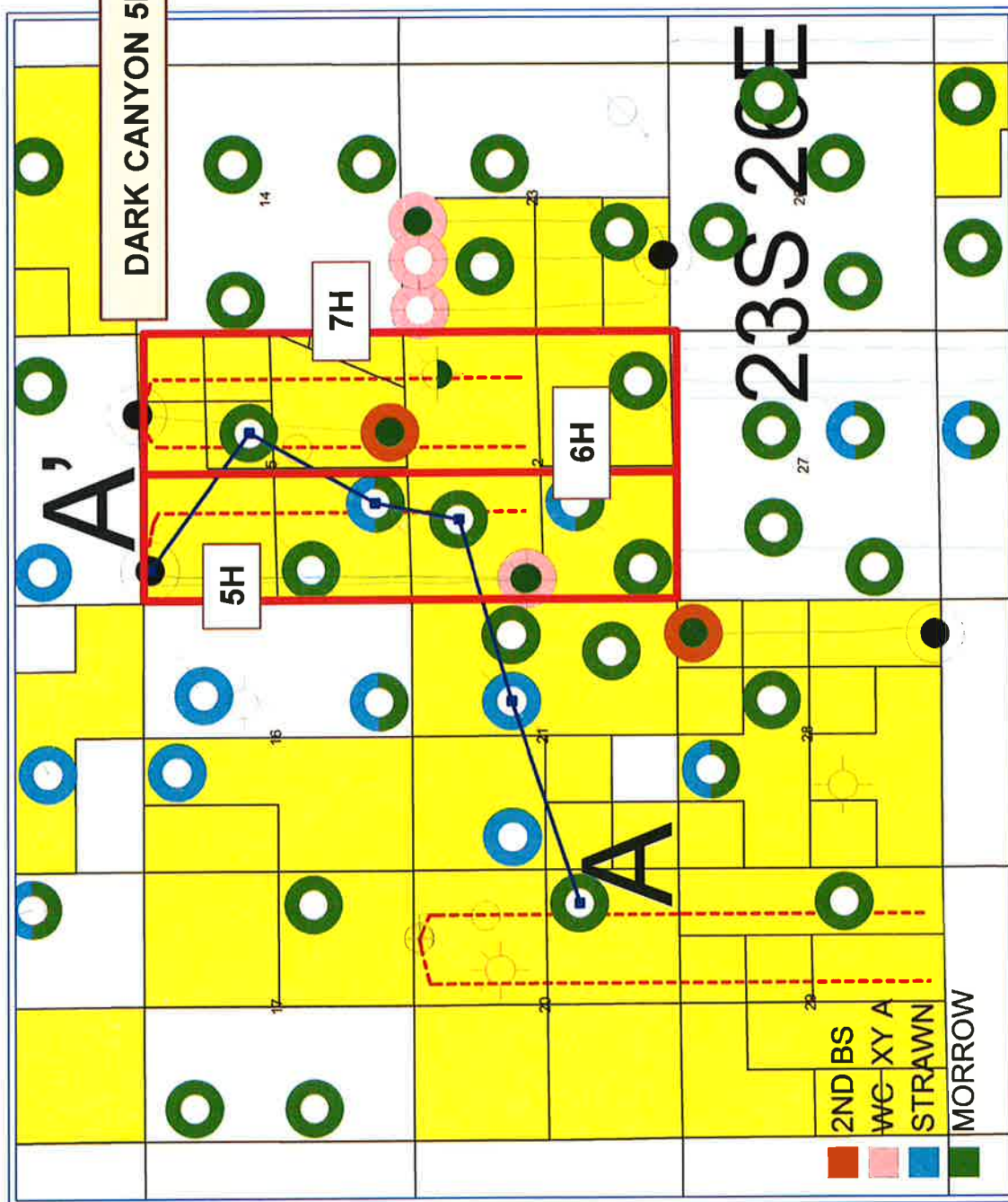



NOTARY PUBLIC

My Commission Expires:

03-06-2022

PROJECT LOCATOR MAP DARK CANYON PROSPECT



PETRA 12/6/2019 10:14:46 AM

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

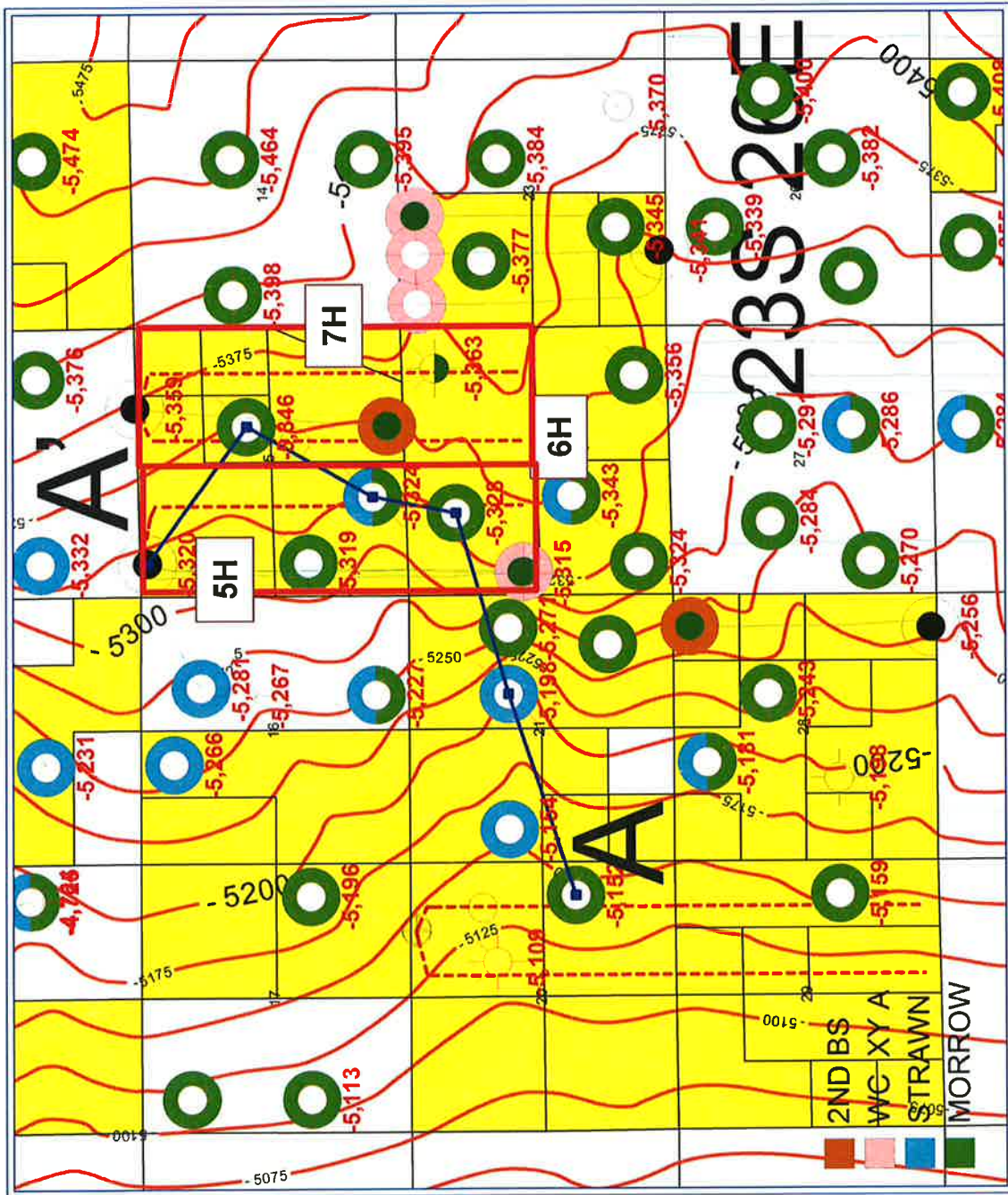
Exhibit No. B1

Submitted by: Chisholm Energy Operating, LLC

Hearing Date: December 12, 2019

Case No. 20938

STRUCTURE MAP TOP WOLFCAMP FORMATION C.I. = 25 FT.

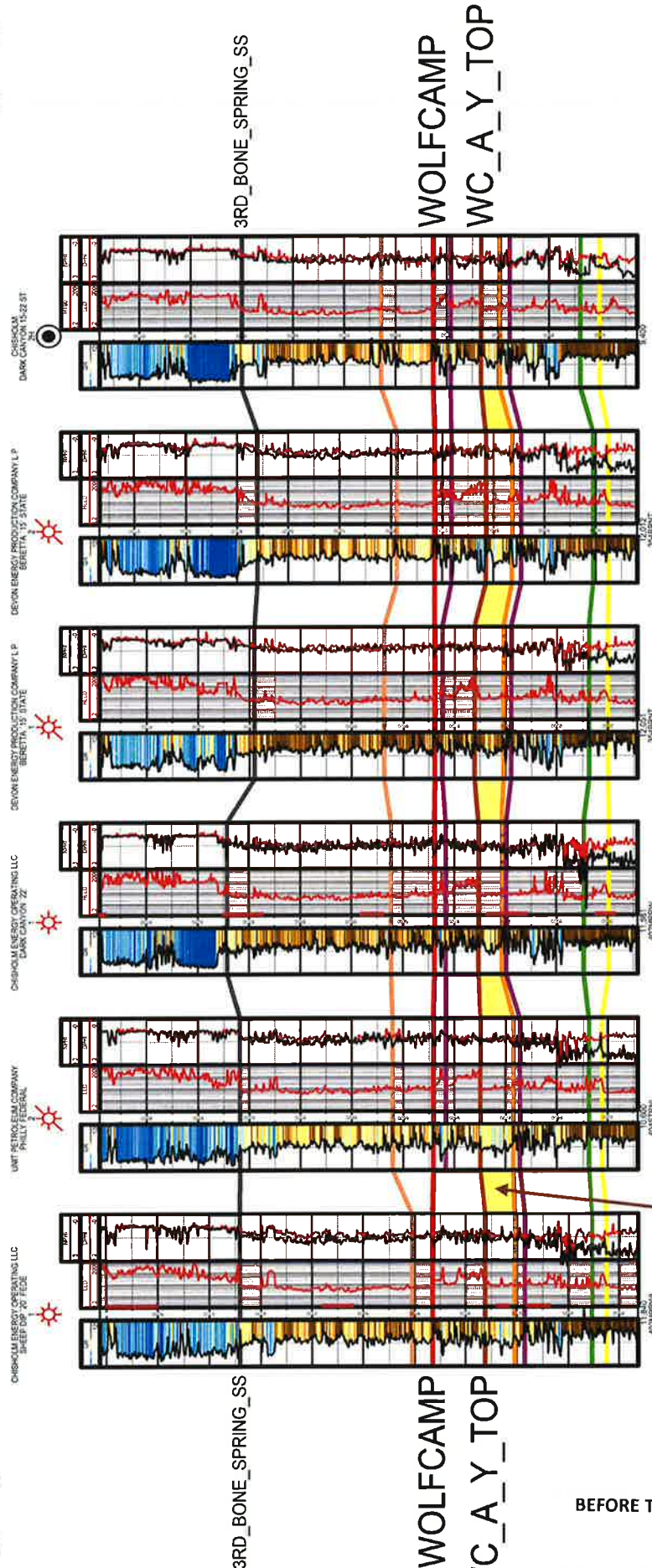


CONTOUR INTERVAL = 25 FT.

**STRATIGRAPHIC X-SECTION
ASTEROID/DARK CANYON
PROSPECT**

A'

A



TARGET INTERVAL FOR DARK CANYON 5H, 6H, & 7H = WC AY

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

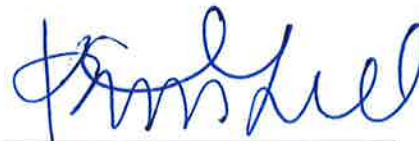
**APPLICATION OF CHISHOLM ENERGY
OPERATING, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 20938

AFFIDAVIT

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

Kaitlyn A. Luck, attorney in fact and authorized representative of 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.



Kaitlyn A. Luck

SUBSCRIBED AND SWORN to before me this 11th day of December, 2019 by Kaitlyn A. Luck.



Notary Public

My Commission Expires:

November 12, 2023



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: **Chisholm Energy Operating, LLC**
Hearing Date: December 12, 2019
Case No. 20938



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

November 20, 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,
Eddy County, New Mexico.
Dark Canyon 15-22 State Com WCA #6H, #7H Wells**

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. A hearing has been requested before a Division Examiner on December 12, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at 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 Luke Shelton, at (817) 953-0359 or lshelton@chisholmenergy.com.

Sincerely,

Michael H. Feldewert

**ATTORNEY FOR CHISHOLM ENERGY OPERATING,
LLC**

13794395_v1

Chisholm - Dark Canyon 6H 7H
Case No. 20938

Tracking Number	Recipient	Status
9214890194038399767203	Timothy R MacDonald 3003 Paleo Point College Station TX 77845	In-Transit
9214890194038399767210	Maverick Oil & Gas Corp 1001 W Wall Street Midland TX 79701-3383	Delivered Signature Received



\$5.60 x 2 = \$11.20

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.

Shipment Date: 11/20/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Chisholm - Dark Canyon 6H, 7H

Case No. 20938

CM# 93684.0001

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 0018 5267 51



[Handwritten signature]



Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		Affix Stamp Here <i>(if issued as an international certificate of mailing or for additional copies of this receipt).</i> Postmark with Date of Receipt.					
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender COD
1. 9214 8901 9403 8399 7672 03		Timothy R MacDonald 3003 Paleo Point College Station TX 77845		0.50	3.50	Handling Charge - if Registered and over \$50,000 in value			
2. 9214 8901 9403 8399 7672 10		Maverick Oil & Gas Corp 1001 W Wall Street Midland TX 79701-3383		0.50	3.50				
Total Number of Pieces Listed by Sender 2	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)							

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0003918133

This is not an invoice

DAVID WASHINGTON

110 NORTH GUADALUPE, SUITE 1 P

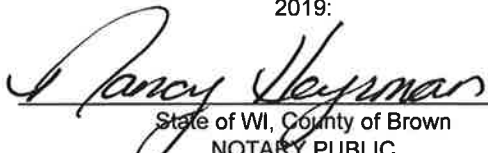
SANTA FE, NM 87504

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

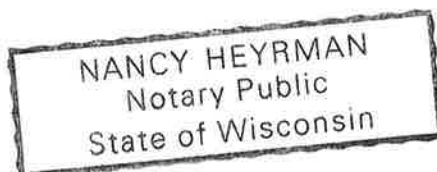
November 27, 2019


Legal Clerk

Subscribed and sworn before me this November 27, 2019:


State of WI, County of Brown
NOTARY PUBLIC
5.15.23
My commission expires

Ad # 0003918133
PO #: Dark Canyon
of Affidavits : 1
This is not an invoice



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C1
Submitted by: Chisholm Energy Operating, LLC
Hearing Date: December 12, 2019
Case No. 20938

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **December 12, 2019**, in Porter Hall, the Oil Conservation Division Hearing Room, 1st Floor, Wendell Chino Building, 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **December 2, 2019**. Public documents, including the agenda and minutes, can be provided in various accessible formats. Members of the public may obtain copies of the docket by contacting Ms. Davidson at the phone number indicated above. Also, the docket will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us/OCD/. Please contact Ms. Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All overriding royalty interest owners and pooled parties, including: Timothy R. MacDonald, his heirs and devisees; and Maverick Oil & Gas Corp.

Case No. 20938: Application of Chisholm Energy Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 15, and the NE/4 of Section 22, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico. The above-referenced unit will be dedicated to the following proposed initial wells: the **Dark Canyon 15-22 WCA #6H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottom hole location in the SW/4 NE/4 (Unit G) of Section 22; and the **Dark Canyon 15-22 WCA #7H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottom hole location in the SE/4 NE/4 (Unit H) of Section 22. The completed interval for the well will comply with the setback requirements of the Special Rules for the Purple Sage Wolfcamp Pool. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing each well. Said area is located approximately 19 miles east of Loving, New Mexico.

Current-Argus,
Legal ad #3918133,
Nov. 27, 2019

Exhibit "A"

Applicant: Chisholm Energy Operating, LLC
Operator: Chisholm Energy Operating, LLC (OGRID 372137)

Spacing Unit: Horizontal Gas
Building Blocks: Quarter Section Equivalent
Spacing Unit Size: 480 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
E/2 of Section 15, and the NE/4 of Section 22, Township 23 South, Range 26 East, NMPM,
Eddy County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: Purple Sage; Wolfcamp Gas (Pool code 98220)
Pool Spacing Unit Size: Quarter Sections
Governing Well Setbacks: Special Rules for the Purple Sage Gas Pool Apply
Pool Rules: Purple Sage and Horizontal Well Rules

Proximity Tracts: No

Monthly charge for supervision: While drilling: \$7500 While producing: \$750
As the charge for risk, 200 percent of reasonable well costs.

Proposed Wells:

Dark Canyon 15-22 WCA Well No. 6H, API No. 30-015-44329

SHL: 200 feet from the North line and 1535 feet from the East line,
(Unit B) of Section 15, Township 23 South, Range 31 East, NMPM.
BHL: 2168 feet from the North line and 2250 feet from the East line,
(Unit G) of Section 22, Township 23 South, Range 31 East, NMPM.

Completion Target: Wolfcamp A at approx 8845 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

Dark Canyon 15-22 WCA Well No. 7H, API No. 30-015-44331

SHL: 200 feet from the North line and 1505 feet from the East line,
(Unit B) of Section 15, Township 23 South, Range 31 East, NMPM.
BHL: 2254 feet from the North line and 900 feet from the East line,
(Unit H) of Section 22, Township 23 South, Range 31 East, NMPM.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D

Submitted by: **Chisholm Energy Operating, LLC**

Hearing Date: December 12, 2019

Case No. 20938

Case No. 20938

Order No. R- _____

Page 2 of 2

Completion Target: Wolfcamp A at approx 8845 feet TVD.

Well Orientation: North to South

Completion Location expected to be: standard