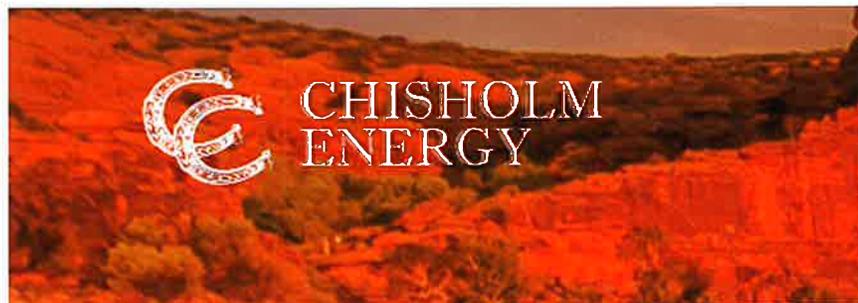


**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING SEPTEMBER 10, 2020**

CASE NOS. 21262-21263

*STETSON 13-24 FED COM 1BS #5H WELL
STETSON 13-24 FED COM 1BS #6H WELL*

LEA COUNTY, NEW MEXICO



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

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

CASE NOS. 21262-21263

**CONSOLIDATED HEARING PACKAGE
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- Compulsory Pooling Application Checklist and Filed Application
- **COG Exhibit A:** Affidavit of Jacob Daniels, Landman
 - COG Exhibit A-1: Draft C-102s
 - COG Exhibit A-2: General Location Map
 - COG Exhibit A-3: Sample Well Proposal Letter & AFE
 - COG Exhibit A-4: Sample Well Proposal Letter & AFE
 - COG Exhibit A-5: Chronology of Contact
- **COG Exhibit B:** Affidavit of John Kuhn, Geologist
 - COG Exhibit B-1: Project Location Map
 - COG Exhibit B-2: Subsea Structure Map
 - COG Exhibit B-3: Stratigraphic Cross Section
- **COG Exhibit C:** Notice Affidavit
- **COG Exhibit D:** Affidavit of Publication

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| | |
|--|---|
| Case: 21262 | APPLICANT'S RESPONSE |
| Date: September 8, 2020 | |
| Applicant | Chisholm Energy Operating, LLC |
| Designated Operator & OGRID (affiliation if applicable) | Chisholm Energy Operating, LLC (OGRID No. 327137) |
| Applicant's Counsel: | Holland & Hart LLP |
| Case Title: | APPLICATION OF CHISHOLM ENERGY OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO |
| Entries of Appearance/Intervenors: | EOG Resources, Inc, Cimarex Energy Co., MCM Permian LP |
| Well Family | Stetson 13-24 Fed Com |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Bone Spring |
| Primary Product (Oil or Gas): | Oil |
| Pooling this vertical extent: | N/A |
| Pool Name and Pool Code: | Gem; Bone Spring, East Pool (Pool Code 27230) |
| Well Location Setback Rules: | Standard |
| Spacing Unit Size: | 320-acres |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 320-acres |
| Building Blocks: | Quarter-Quarter sections |
| Orientation: | North-South |
| Description: TRS/County | W/2 E/2 of Secs. 13 and 24, T19S, R33E, Lea County |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe | Yes |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | No |
| Proximity Tracts: If yes, description | No |
| Proximity Defining Well: if yes, description | N/A |
| Applicant's Ownership in Each Tract | Exhibit A-2 |
| Well(s) | |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | |
| Well #1 | <p>Stetson 13-24 1BS Fed Com 5H, API No. (waiting assignment) SHL:37' FNL & 1290' FEL (Unit A) of Sec. 13, T19S, R33E BHL:100' FSL & 1750' FEL (Unit O) of Sec. 24, T19S, R33E</p> <p>Completion Target: Bone Spring formation Well Orientation:North to South Completion Location expected to be:Standard</p> |

| | |
|--|-----------------------------|
| Horizontal Well First and Last Take Points | See Exhibit A-1 |
| Completion Target (Formation, TVD and MD) | See Exhibit A-3 |
| | |
| AFE Capex and Operating Costs | |
| Drilling Supervision/Month \$ | \$700 |
| Production Supervision/Month \$ | \$7,000 |
| Justification for Supervision Costs | Exhibit A |
| Requested Risk Charge | 200% |
| Notice of Hearing | |
| Proposed Notice of Hearing | Exhibit C |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit C |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit D |
| Ownership Determination | |
| Land Ownership Schematic of the Spacing Unit | Exhibit A-2 |
| Tract List (including lease numbers and owners) | Exhibit A-2 |
| Pooled Parties (including ownership type) | Exhibit A-2 |
| Unlocatable Parties to be Pooled | Exhibit C |
| Ownership Depth Severance (including percentage above & below) | N/A |
| Joinder | |
| Sample Copy of Proposal Letter | Exhibit A-3 |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit A-2 |
| Chronology of Contact with Non-Joined Working Interests | Exhibit A-4 |
| Overhead Rates In Proposal Letter | Exhibit A-3 |
| Cost Estimate to Drill and Complete | Exhibit A-3 |
| Cost Estimate to Equip Well | Exhibit A-3 |
| Cost Estimate for Production Facilities | Exhibit A-3 |
| Geology | |
| Summary (including special considerations) | Exhibit B |
| Spacing Unit Schematic | Exhibit B-1 |
| Gunbarrel/Lateral Trajectory Schematic | Exhibit B-1 and Exhibit A-1 |
| Well Orientation (with rationale) | Exhibit B |
| Target Formation | Exhibit B |
| HSU Cross Section | Exhibit B-3 |
| Depth Severance Discussion | N/A |
| Forms, Figures and Tables | |
| C-102 | Exhibit A-1 |
| Tracts | Exhibit A-2 |

| | |
|--|--|
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit A-2 |
| General Location Map (including basin) | Exhibit B-1 |
| Well Bore Location Map | Exhibit A-1 and B-1 |
| Structure Contour Map - Subsea Depth | Exhibit B-2 |
| Cross Section Location Map (including wells) | Exhibit B-2 |
| Cross Section (including Landing Zone) | Exhibit B-3 |
| Additional Information | |
| Special Provisions/Stipulations | N/A |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| Printed Name (Attorney or Party Representative): | Michael H. Feldewert |
| Signed Name (Attorney or Party Representative): |  |
| Date: | 8-Sep-20 |

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| | |
|--|--|
| Case: 21263 | APPLICANT'S RESPONSE |
| Date: September 8, 2020 | |
| Applicant | Chisholm Energy Operating, LLC |
| Designated Operator & OGRID (affiliation if applicable) | Chisholm Energy Operating, LLC (OGRID No. 327137) |
| Applicant's Counsel: | Holland & Hart LLP |
| Case Title: | APPLICATION OF CHISHOLM ENERGY OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO |
| Entries of Appearance/Intervenors: | EOG Resources, Inc, Cimarex Energy Co., MCM Permian LP |
| Well Family | Stetson 13-24 Fed Com |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Bone Spring |
| Primary Product (Oil or Gas): | Oil |
| Pooling this vertical extent: | N/A |
| Pool Name and Pool Code: | Gem; Bone Spring, East Pool (Pool Code 27230) |
| Well Location Setback Rules: | Standard |
| Spacing Unit Size: | 320-acres |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 320-acres |
| Building Blocks: | Quarter-Quarter sections |
| Orientation: | North-South |
| Description: TRS/County | E/2 E/2 of Secs. 13 and 24, T19S, R33E, Lea County |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe | Yes |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | No |
| Proximity Tracts: If yes, description | No |
| Proximity Defining Well: if yes, description | N/A |
| Applicant's Ownership in Each Tract | Exhibit A-2 |
| Well(s) | |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | |
| Well #1 | <p>Stetson 13-24 1BS Fed Com 6H, API No. (waiting assignment) SHL:37' FNL & 1260' FEL (Unit A) of Sec. 13, T19S, R33E BHL:100' FSL & 400' FEL (Unit P) of Sec. 24, T19S, R33E</p> <p>Completion Target: Bone Spring formation Well Orientation:North to South Completion Location expected to be:Standard</p> |

| | |
|--|-----------------------------|
| Well #2 | |
| Horizontal Well First and Last Take Points | See Exhibit A-1 |
| Completion Target (Formation, TVD and MD) | See Exhibit A-3 |
| | |
| AFE Capex and Operating Costs | |
| Drilling Supervision/Month \$ | \$700 |
| Production Supervision/Month \$ | \$7,000 |
| Justification for Supervision Costs | Exhibit A |
| Requested Risk Charge | 200% |
| Notice of Hearing | |
| Proposed Notice of Hearing | Exhibit C |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit C |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit D |
| Ownership Determination | |
| Land Ownership Schematic of the Spacing Unit | Exhibit A-2 |
| Tract List (including lease numbers and owners) | Exhibit A-2 |
| Pooled Parties (including ownership type) | Exhibit A-2 |
| Unlocatable Parties to be Pooled | Exhibit C |
| Ownership Depth Severance (including percentage above & below) | N/A |
| Joinder | |
| Sample Copy of Proposal Letter | Exhibit A-3 |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit A-2 |
| Chronology of Contact with Non-Joined Working Interests | Exhibit A-4 |
| Overhead Rates In Proposal Letter | Exhibit A-3 |
| Cost Estimate to Drill and Complete | Exhibit A-3 |
| Cost Estimate to Equip Well | Exhibit A-3 |
| Cost Estimate for Production Facilities | Exhibit A-3 |
| Geology | |
| Summary (including special considerations) | Exhibit B |
| Spacing Unit Schematic | Exhibit B-1 |
| Gunbarrel/Lateral Trajectory Schematic | Exhibit B-1 and Exhibit A-1 |
| Well Orientation (with rationale) | Exhibit B |

| | |
|--|--|
| Target Formation | Exhibit B |
| HSU Cross Section | Exhibit B-3 |
| Depth Severance Discussion | N/A |
| Forms, Figures and Tables | |
| C-102 | Exhibit A-1 |
| Tracts | Exhibit A-2 |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit A-2 |
| General Location Map (including basin) | Exhibit B-1 |
| Well Bore Location Map | Exhibit A-1 and B-1 |
| Structure Contour Map - Subsea Depth | Exhibit B-2 |
| Cross Section Location Map (including wells) | Exhibit B-2 |
| Cross Section (including Landing Zone) | Exhibit B-3 |
| Additional Information | |
| Special Provisions/Stipulations | N/A |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| Printed Name (Attorney or Party Representative): | Michael H. Feldewert |
| Signed Name (Attorney or Party Representative): |  |
| Date: | 8-Sep-20 |

**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. 21262

APPLICATION

Chisholm Energy Operating, LLC (“Applicant”) (OGRID No. 372137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 of Sections 13 and 24, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, Chisholm states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial **Stetson 13-24 Fed Com 1BS #5H Well** to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 24.
3. The completed interval of the proposed well will comply with Statewide setbacks for oil wells.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed horizontal well and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 14, 2020, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating Applicant operator of this horizontal spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By:  _____

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Kaitlyn A. Luck

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

agrarkin@hollandhart.com

jbroggi@hollandhart.com

kaluck@hollandhart.com

ATTORNEYS FOR CHISHOLM ENERGY OPERATING, LLC

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. 21263

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1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial **Stetson 13-24 Fed Com 1BS #6H Well** to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 24.
3. The completed interval of the proposed well will comply with Statewide setbacks for oil wells.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed horizontal well and spacing unit.

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- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By:  _____

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ATTORNEYS FOR CHISHOLM ENERGY OPERATING, LLC

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

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

CASE NOS. 21262 & 21263

AFFIDAVIT OF JACOB DANIELS, LANDMAN

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

1. My name is Jacob Daniels and I am employed by 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 applications filed by Chisholm in these consolidated cases, and I am familiar with the status of the lands in the subject areas.

4. After additional discussions with the parties that have entered an appearance in these matters, I no longer expect any opposition to the presentation of these case by affidavits.

5. In these consolidated cases, Chisholm seeks orders pooling all uncommitted interests in the Bone Spring formation [WC-025 G-08 S213304D; BONE SPRING Pool (97895)] underlying two standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 and the E/2 E/2 of Sections 13 and 24, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.

- In **Case No. 21262**, Chisholm seeks to form and initially dedicate the W/2 E/2 of Sections 13 and 24 to the **Stetson 13-24 Fed Com 1BS #5H Well** to be horizontally

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A
Submitted by: **Chisholm Energy Operating, LLC**
Hearing Date: September 10, 2020
Case Nos. 21262-21263

drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 24.

- In **Case No. 212163**, Chisholm seeks to form and initially dedicate the E/2 E/2 of Sections 13 and 24 to the **Stetson 13-24 Fed Com 1BS #6H Well** to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 24.

6. This acreage contains federal lands and no ownership depth severances exist in the Bone Spring formation underlying the subject acreage.

7. **Chisholm Exhibit A-1** contains Form C-102s for the proposed initial wells for each spacing unit in numerical order. They reflect that each well will comply with the standard setback requirements for horizontal oil wells.

8. **Chisholm Exhibit A-2** identifies the tracts of lands comprising each proposed spacing units, the working interests in each tract and their respective percentage interest in the horizontal spacing unit. I have highlighted on this exhibit the working interest owners and the overriding royalty interest owners that remain to be pooled for each spacing unit.

9. Chisholm has conducted a diligent search of company records, county records, telephone directories and conducted computer searches to locate contact information for each of the mineral owners that it seeks to pool. All of the pooled working interest owners have been located.

10. **Chisholm Exhibit A-3** contains a sample of the well proposal letters and AFE's Chisholm sent to the working interest owners it has been able to locate. The costs reflected in each AFE are consistent with what Chisholm and other operators have incurred for drilling similar horizontal wells in this formation in this area.

11. **Chisholm Exhibit A-4** contains a chronology of the contacts with the uncommitted working interest owners Chisholm have been able to locate. It reflects that Chisholm has made a good faith effort to obtain voluntary joinder of these owners in the proposed wells.

12. Chisholm seeks approval of overhead and administrative rates of \$7,000/month while drilling and \$700/month while producing. These rates are consistent with what Chisholm and other operators are charging in this area for these types of wells.

13. I provided the law firm of Holland & Hart LLP a list of names and addresses of the mineral owners that Chisholm seeks to pool and instructed that they be notified of this hearing.

14. **Chisholm Exhibits A-1 through A-4** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.



JACOB DANIELS

STATE OF TEXAS)
)
COUNTY OF TARRANT)

SUBSCRIBED and SWORN to before me this 1st day of September 2020 by
Jacob Daniels.





NOTARY PUBLIC

My Commission Expires:
9/12/2020

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 STETSON 13-24 1BS FED COM | | | ⁶ Well Number 5H | | | | |
| ⁷ OGRID No. 372137 | | ⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC | | | ⁹ Elevation 3721.1 | | | | |
| ¹⁰ Surface Location | | | | | | | | | |
| UL or lot no. A | Section 13 | Township 19 S | Range 33 E | Lot Idn | Feet from the 37 | North/South line NORTH | Feet from the 1290 | East/West line EAST | County LEA |
| ¹¹ Bottom Hole Location If Different From Surface | | | | | | | | | |
| UL or lot no. O | Section 24 | Township 19 S | Range 33 E | Lot Idn | Feet from the 100 | North/South line SOUTH | Feet from the 1750 | East/West line EAST | County LEA |
| 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.

The diagram shows a well location across two sections, 13 and 24. Section 13 is on the north side and Section 24 is on the south side. The well is located in Section 24. Key features include:
- **LANDING POINT** in Section 13: 100' FNL, 1750' FEL. LAT. = 32.6671702°N, LONG. = 103.6137219°W. N=607198.22, E=762780.54. GRID AZ. TO LP: N81°59'06"E, HORIZ. DIST. 460.36 FT.
- **BOTTOM OF HOLE** in Section 24: 100' FSL, 1750' FEL. LAT. = 32.6386888°N, LONG. = 103.6137956°W. N=596836.02, E=762828.06.
- **STETSON 13-24 1BS FED COM 5H** well location: 97' FNL, 1290' FEL. ELEV. = 3721.1'. LAT. = 32.6673381°N (NAD83), LONG. = 103.6122268°W. N=607262.40, E=763240.20.
- **GRID AZ. = S00°14'28"E, HORIZ. DIST. = 103364.43 FT.**
- **BHL** (Bottom Hole Location) in Section 24: 100' FSL, 1750' FEL. N=596732.15, E=761931.95.
- **SHL** (Surface Hole Location) in Section 13: 1290' FSL, 37' FEL. N=607295.76, E=761899.53.
- **1290'** and **37'** dimensions are shown for the well location.
- **100'** and **1750'** dimensions are shown for the bottom hole location.
- **CAL** (Cadastral) is noted on the left side of the diagram.

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.

NOVEMBER 7, 2019

Date of Survey _____

Signature and Seal of Professional Surveyor:

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A1
Submitted by: **Chisholm Energy Operating, LLC**
Hearing Date: September 10, 2020
Case Nos. 21262-21263

Intent As Drilled

| | | |
|---|---|-------------------|
| API # | | |
| Operator Name: CHISHOLM ENERGY OPERATING, LLC | Property Name: STETSON 13-24 1BS FED COM | Well Number 5H |

Kick Off Point (KOP)

| UL | Section | Township | Range | Lot | Feet | From N/S | Feet | From E/W | County |
|----------|---------|----------|-------|-----|-----------|----------|------|----------|--------|
| Latitude | | | | | Longitude | | | | NAD |

First Take Point (FTP)

| UL | Section | Township | Range | Lot | Feet | From N/S | Feet | From E/W | County |
|------------------------|---------|----------|-------|-----|--------------------------|----------|------|----------|-----------|
| B | 13 | 19S | 33E | | 100 | NORTH | 1750 | EAST | LEA |
| Latitude 32.6671702 | | | | | Longitude 103.6137219 | | | | NAD 83 |

Last Take Point (LTP)

| UL | Section | Township | Range | Lot | Feet | From N/S | Feet | From E/W | County |
|------------------------|---------|----------|-------|-----|--------------------------|----------|------|----------|-----------|
| O | 24 | 19S | 33E | | 100 | SOUTH | 1750 | EAST | LEA |
| Latitude 32.6386888 | | | | | Longitude 103.6137956 | | | | 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 |

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

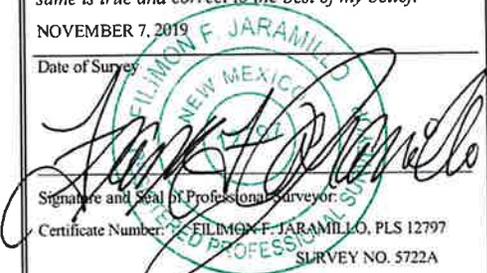
State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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 STETSON 13-24 1BS FED COM | | | ⁶ Well Number 6H | | | | |
| ⁷ OGRID No. 372137 | | ⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC | | | ⁹ Elevation 3721.2 | | | | |
| ¹⁰ Surface Location | | | | | | | | | |
| UL or lot no. A | Section 13 | Township 19 S | Range 33 E | Lot Idn | Feet from the 37 | North/South line NORTH | Feet from the 1260 | East/West line EAST | County LEA |
| ¹¹ Bottom Hole Location If Different From Surface | | | | | | | | | |
| UL or lot no. P | Section 24 | Township 19 S | Range 33 E | Lot Idn | Feet from the 100 | North/South line SOUTH | Feet from the 400 | East/West line EAST | County LEA |
| 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>NMSP EAST (FT) N=607285.41 E=759263.63</p> <p>NMSP EAST (FT) N=604644.06 E=759272.91</p> <p>NMSP EAST (FT) N=602004.58 E=759283.95</p> <p>NMSP EAST (FT) N=596719.06 E=759309.66</p> | <p>NMSP EAST (FT) SHL N=607295.76 E=761899.53</p> <p>LANDING POINT 100' FNL, 400' FEL LAT. = 32.6671554°N LONG. = 103.6093360°W N=607201.98 E=764130.26 GRID AZ. TO LP S85°58'11"E HORIZ. DIST. 862.42 FT</p> <p>SEC. 13</p> | <p>NMSP EAST (FT) N=607303.06 E=764529.76</p> <p>NMSP EAST (FT) N=604661.12 E=764540.57</p> <p>NMSP EAST (FT) N=602023.63 E=764553.27</p> <p>NMSP EAST (FT) N=599383.40 E=764567.77</p> <p>NMSP EAST (FT) N=596743.67 E=764578.08</p> | <p>17 OPERATOR CERTIFICATION <i>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.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>18 SURVEYOR CERTIFICATION <i>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.</i></p> <p>NOVEMBER 7, 2019 Date of Survey</p> <p>Signature and Seal of Professional Surveyor:  Certificate Number: FILIMON F. JARAMILLO, PLS 12797 SURVEY NO. 5722A</p> | |
| | <p>NMSP EAST (FT) N=602012.98 E=761918.59</p> <p>STETSON 13-24 1BS FED COM 6H 97' FNL, 1260' FEL ELEV. = 3721.2' LAT. = 32.6673380°N (NAD83) LONG. = 103.6121295°W NMSP EAST (FT) N = 607262.58 E = 763270.15</p> <p>SEC. 24</p> | <p>GRID AZ. = S00°15'45"E HORIZ. DIST. = 10362.33 FT</p> | | <p>NMSP EAST (FT) N=607262.58 E=763270.15</p> |
| | <p>BOTTOM OF HOLE 100' FSL, 400' FEL LAT. = 32.6386798°N LONG. = 103.6094112°W NMSP EAST (FT) N = 596841.90 E = 764177.73</p> | <p>BHL 100'</p> | | <p>NMSP EAST (FT) N=596732.15 E=761931.95</p> |
| | <p>CAL</p> | <p>1260'</p> | | <p>NMSP EAST (FT) N=596743.67 E=764578.08</p> |

Intent As Drilled

| | | |
|---|---|-------------------|
| API # | | |
| Operator Name: CHISHOLM ENERGY OPERATING, LLC | Property Name: STETSON 13-24 1BS FED COM | Well Number 6H |

Kick Off Point (KOP)

| UL | Section | Township | Range | Lot | Feet | From N/S | Feet | From E/W | County |
|----------|---------|----------|-------|-----|-----------|----------|------|----------|--------|
| Latitude | | | | | Longitude | | | | NAD |

First Take Point (FTP)

| UL | Section | Township | Range | Lot | Feet | From N/S | Feet | From E/W | County |
|------------------------|---------|----------|-------|-----|--------------------------|----------|------|----------|-----------|
| A | 13 | 19S | 33E | | 100 | NORTH | 400 | EAST | LEA |
| Latitude 32.6671554 | | | | | Longitude 103.6093360 | | | | NAD 83 |

Last Take Point (LTP)

| UL | Section | Township | Range | Lot | Feet | From N/S | Feet | From E/W | County |
|------------------------|---------|----------|-------|-----|--------------------------|----------|------|----------|-----------|
| P | 24 | 19S | 33E | | 100 | SOUTH | 400 | EAST | LEA |
| Latitude 32.6386798 | | | | | Longitude 103.6094112 | | | | NAD 83 |

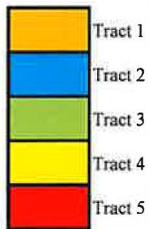
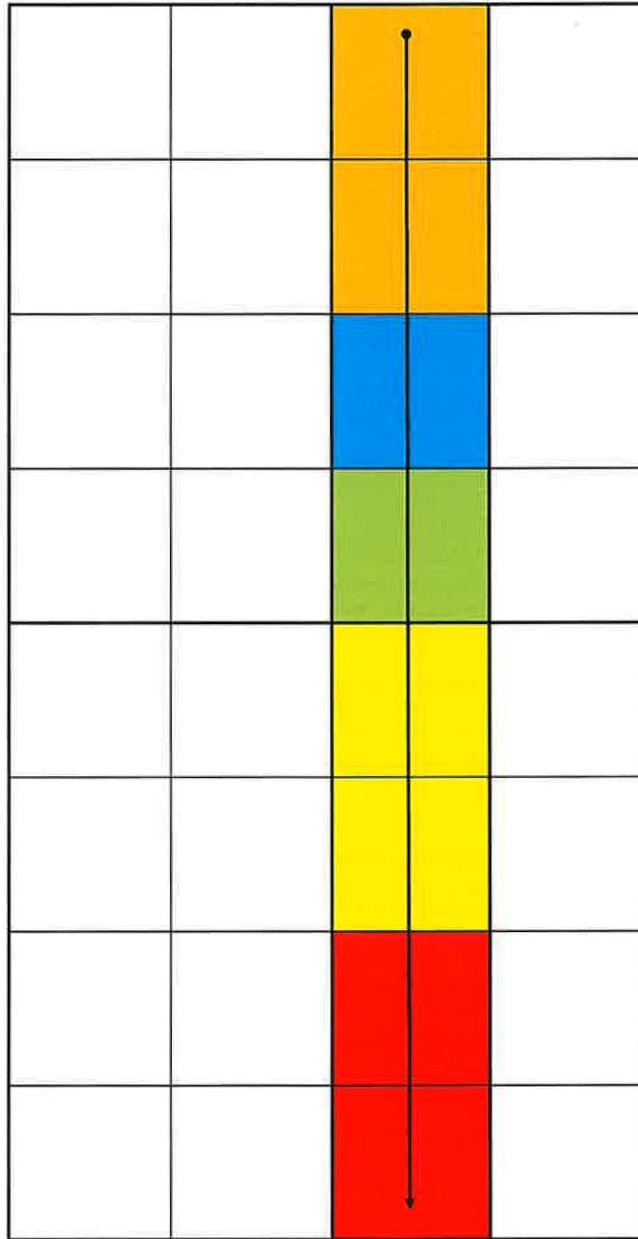
Is this well the defining well for the Horizontal Spacing Unit?

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 |

Sections 13 and 24, T19S-R33E, Lea County, NM



Working Interest Ownership by Tract

| TRACT | WI OWNER | WORKING INTEREST | |
|--|--------------------------------|--------------------------------|------------|
| 1 | EOG RESOURCES, INC. | 0.31764720 | |
| | CHISHOLM ENERGY OPERATING, LLC | 0.20234051 | |
| | TIMOTHY R. MACDONALD | 0.00007115 | |
| | WILLIAMSON ENTERPRISES | 0.00441176 | |
| | STEPHEN MITCHELL | 0.00423529 | |
| | COG OPERATING, LLC | 0.00635294 | |
| | HUTCHINGS OIL COMPANY | 0.01764706 | |
| | NUEVO SEIS LIMITED PARTNERSHIP | 0.00141176 | |
| | DAVID J. SORENSON | 0.02823528 | |
| | MARCIA JOY VAREL | 0.01764705 | |
| | MCM PERMIAN LP | 0.40000000 | |
| | | 1.00000000 | |
| | 2 | EOG RESOURCES, INC. | 0.31764720 |
| | | CHISHOLM ENERGY OPERATING, LLC | 0.16780068 |
| COG OPERATING, LLC | | 0.02352987 | |
| TIMOTHY R. MACDONALD | | 0.00013995 | |
| WILLIAMSON ENTERPRISES | | 0.00441176 | |
| STEPHEN MITCHELL | | 0.00423529 | |
| HUTCHINGS OIL COMPANY | | 0.01764706 | |
| NUEVO SEIS LIMITED PARTNERSHIP | | 0.00141176 | |
| DAVID J. SORENSON | | 0.02823528 | |
| MARCIA JOY VAREL | | 0.01764705 | |
| THOMAS ALDEN RITCH, M.D. | | 0.00882352 | |
| MAXINE S. REYNOLDS, KENNETH JAY REYNOLDS, TANZA BRUMFIELD, AND WESTERN OIL PRODUCERS, INC. | | 0.00847058 | |
| MCM PERMIAN LP | | 0.40000000 | |
| | | 1.00000000 | |
| 3 | CHISHOLM ENERGY OPERATING, LLC | 0.99916667 | |
| | TIMOTHY R. MACDONALD | 0.00083333 | |
| | 1.00000000 | | |
| 4 | CHISHOLM ENERGY OPERATING, LLC | 0.74937500 | |
| | FR ENERGY, LLC | 0.25000000 | |
| | TIMOTHY R. MACDONALD | 0.00062500 | |
| | 1.00000000 | | |
| 5 | CHISHOLM ENERGY OPERATING, LLC | 0.50000000 | |
| | CIMAREX ENERGY COMPANY | 0.50000000 | |
| | 1.00000000 | | |

Proposed Unit Working Interest Ownership
W/2 E/2 of Sections 13 and 24, T19S-R33E, Lea County, NM

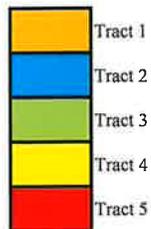
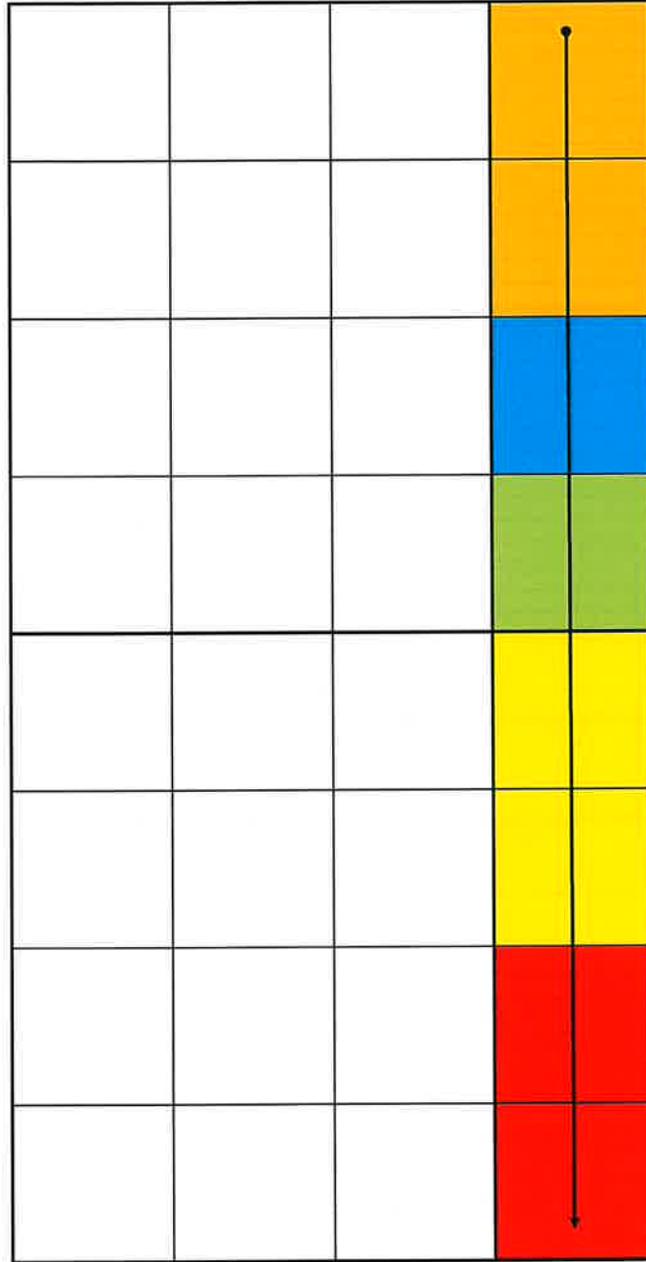
| WI OWNER | WORKING INTEREST |
|--|------------------|
| CHISHOLM ENERGY OPERATING, LLC | 0.50879980 |
| MCM PERMIAN LP | 0.15000000 |
| CIMAREX ENERGY COMPANY | 0.12500000 |
| EOG RESOURCES, INC. | 0.11911770 |
| FR ENERGY, LLC | 0.06250000 |
| DAVID J. SORENSON | 0.01058823 |
| HUTCHINGS OIL COMPANY | 0.00661765 |
| MARCIA JOY VAREL | 0.00661764 |
| COG OPERATING, LLC | 0.00452947 |
| WILLIAMSON ENTERPRISES | 0.00165441 |
| STEPHEN MITCHELL | 0.00158823 |
| THOMAS ALDEN RITCH, M.D. | 0.00110294 |
| MAXINE S. REYNOLDS, KENNETH JAY REYNOLDS, TANZA BRUMFIELD, AND WESTERN OIL PRODUCERS, INC. | 0.00105882 |
| NUEVO SEIS LIMITED PARTNERSHIP | 0.00052941 |
| TIMOTHY R. MACDONALD | 0.00029570 |
| | 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 | EOG RESOURCES, INC. | WI | |
| | CHISHOLM ENERGY OPERATING, LLC | WI | |
| | TIMOTHY R. MACDONALD | WI | |
| | WILLIAMSON ENTERPRISES | WI | |
| | STEPHEN MITCHELL | WI | |
| | COG OPERATING LLC | WI | |
| | HUTCHINGS OIL COMPANY | WI | |
| | NUEVO SEIS LIMITED PARTNERSHIP | WI | |
| | DAVID J. SORENSON | WI | |
| | MARCIA JOY VAREL | WI | |
| | MCM PERMIAN LP | WI | |
| | LINDA SUE HENRY | ORRI | |
| | BLUE RIDGE ROYALTIES, LLC | ORRI | |
| | ROLLA R. HINKLE III | ORRI | |
| | MADISON M. HINKLE | ORRI | |
| | MORRIS E SCHERTZ | ORRI | |
| | IPERC ROYALTY FUND | ORRI | |
| | TRAINER PARTNERS, LTD. | ORRI | |
| MARVIN C. GROSS TRUST | ORRI | | |
| MEXCO ENERGY CORPORATION | ORRI | | |
| | CAVIN TRUST DATED AUGUST 28, 2013; , SEALY H CAVIN JR. AND SYNDA S. CAVIN AND THEIR SUCCESSORS, TRUSTEES | ORRI | |
| 2 | EOG RESOURCES, INC. | WI | |
| | CHISHOLM ENERGY OPERATING, LLC | WI | |
| | COG OPERATING LLC | WI | |
| | TIMOTHY R. MACDONALD | WI | |
| | WILLIAMSON ENTERPRISES | WI | |
| | STEPHEN MITCHELL | WI | |
| | HUTCHINGS OIL COMPANY | WI | |
| | NUEVO SEIS LIMITED PARTNERSHIP | WI | |
| | DAVID J. SORENSON | WI | |
| | MARCIA JOY VAREL | WI | |
| | THOMAS ALDEN RITCH, M.D. | WI | |
| | | MAXINE S. REYNOLDS, KENNETH JAY REYNOLDS, TANZA BRUMFIELD, AND WESTERN OIL PRODUCERS, INC. | WI |
| | | MCM PERMIAN LP | WI |
| | | LINDA SUE HENRY | ORRI |
| | | BLUE RIDGE ROYALTIES, LLC | ORRI |
| | | ROLLA R. HINKLE III | ORRI |
| | | MADISON M. HINKLE | ORRI |
| | | MORRIS E SCHERTZ | ORRI |
| | IPERC ROYALTY FUND | ORRI | |
| | TRAINER PARTNERS, LTD. | ORRI | |
| | MARVIN C. GROSS TRUST | ORRI | |
| | MEXCO ENERGY CORPORATION | ORRI | |
| | CAVIN TRUST DATED AUGUST 28, 2013; , SEALY H CAVIN JR. AND SYNDA S. CAVIN AND THEIR SUCCESSORS, TRUSTEES | ORRI | |
| | NEARBURG PRODUCING COMPANY EMPLOYEE FUND | ORRI | |
| 3 | CHISHOLM ENERGY OPERATING, LLC | WI | |
| | TIMOTHY R. MACDONALD | WI | |
| | NEARBURG PRODUCING COMPANY EMPLOYEE FUND | ORRI | |
| | MAP2004-OK | ORRI | |
| 4 | CHISHOLM ENERGY OPERATING, LLC | WI | |
| | FR ENERGY, LLC | WI | |
| | TIMOTHY R. MACDONALD | WI | |
| | NEARBURG PRODUCING COMPANY EMPLOYEE FUND | ORRI | |
| | MAP2004-OK | ORRI | |
| 5 | CHISHOLM ENERGY OPERATING, LLC | WI | |
| | CIMAREX ENERGY COMPANY | WI | |

Sections 13 and 24, T19S-R33E, Lea County, NM



Working Interest Ownership by Tract

| TRACT | WI OWNER | WORKING INTEREST |
|--|--------------------------------|--------------------------------|
| 1 | EOG RESOURCES, INC. | 0.31764720 |
| | CHISHOLM ENERGY OPERATING, LLC | 0.20234051 |
| | TIMOTHY R. MACDONALD | 0.00007115 |
| | WILLIAMSON ENTERPRISES | 0.00441176 |
| | STEPHEN MITCHELL | 0.00423529 |
| | COG OPERATING, LLC | 0.00635294 |
| | HUTCHINGS OIL COMPANY | 0.01764706 |
| | NUEVO SEIS LIMITED PARTNERSHIP | 0.00141176 |
| | DAVID J. SORENSON | 0.02823528 |
| | MARCIA JOY VAREL | 0.01764705 |
| | MCM PERMIAN LP | 0.40000000 |
| | | 1.00000000 |
| | 2 | CHISHOLM ENERGY OPERATING, LLC |
| EOG RESOURCES, INC. | | 0.07941180 |
| COG OPERATING, LLC | | 0.02494163 |
| TIMOTHY R. MACDONALD | | 0.00067916 |
| WILLIAMSON ENTERPRISES | | 0.00441176 |
| NUEVO SEIS LIMITED PARTNERSHIP | | 0.00141176 |
| DAVID J. SORENSON | | 0.02823528 |
| MARCIA JOY VAREL | | 0.01764706 |
| HUTCHINGS OIL COMPANY | | 0.01764706 |
| MAXINE S. REYNOLDS, KENNETH JAY REYNOLDS, TANZA BRUMFIELD, AND WESTERN OIL PRODUCERS, INC. | | 0.00847058 |
| MCM PERMIAN LP | 0.40000000 | |
| | 1.00000000 | |
| 3 | CHISHOLM ENERGY OPERATING, LLC | 0.99916667 |
| | TIMOTHY R. MACDONALD | 0.00083333 |
| | 1.00000000 | |
| 4 | CHISHOLM ENERGY OPERATING, LLC | 0.74937500 |
| | FR ENERGY, LLC | 0.25000000 |
| | TIMOTHY R. MACDONALD | 0.00062500 |
| | 1.00000000 | |
| 5 | CHISHOLM ENERGY OPERATING, LLC | 0.50000000 |
| | CIMAREX ENERGY COMPANY | 0.50000000 |
| | 1.00000000 | |

Proposed Unit Working Interest Ownership

E/2 E/2 of Sections 13 and 24, T19S-R33E, Lea County, NM

| WI OWNER | WORKING INTEREST |
|--|-------------------|
| CHISHOLM ENERGY OPERATING, LLC | 0.53996770 |
| MCM PERMIAN LP | 0.15000000 |
| CIMAREX ENERGY COMPANY | 0.12500000 |
| EOG RESOURCES, INC. | 0.08933828 |
| FR ENERGY, LLC | 0.06250000 |
| DAVID J. SORENSON | 0.01058823 |
| HUTCHINGS OIL COMPANY | 0.00661765 |
| MARCIA JOY VAREL | 0.00661765 |
| COG OPERATING, LLC | 0.00470594 |
| WILLIAMSON ENTERPRISES | 0.00165441 |
| STEPHEN MITCHELL | 0.00105882 |
| MAXINE S. REYNOLDS, KENNETH JAY REYNOLDS, TANZA BRUMFIELD, AND WESTERN OIL PRODUCERS, INC. | 0.00105882 |
| NUEVO SEIS LIMITED PARTNERSHIP | 0.00052941 |
| TIMOTHY R. MACDONALD | 0.00036310 |
| | 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 | EOG RESOURCES, INC. | WI | |
| | CHISHOLM ENERGY OPERATING, LLC | WI | |
| | TIMOTHY R. MACDONALD | WI | |
| | WILLIAMSON ENTERPRISES | WI | |
| | STEPHEN MITCHELL | WI | |
| | COG OPERATING, LLC | WI | |
| | HUTCHINGS OIL COMPANY | WI | |
| | NUEVO SEIS LIMITED PARTNERSHIP | WI | |
| | DAVID J. SORENSON | WI | |
| | MARCIA JOY VAREL | WI | |
| | MCM PERMIAN LP | WI | |
| | LINDA SUE HENRY | ORRI | |
| | BLUE RIDGE ROYALTIES, LLC | ORRI | |
| | ROLLA R. HINKLE III | ORRI | |
| | MADISON M. HINKLE | ORRI | |
| | MORRIS E SCHERTZ | ORRI | |
| | IPERC ROYALTY FUND | ORRI | |
| | TRAINER PARTNERS, LTD. | ORRI | |
| | MARVIN C. GROSS TRUST | ORRI | |
| | MEXCO ENERGY CORPORATION | ORRI | |
| | CAVIN TRUST DATED AUGUST 28, 2013; , SEALY H CAVIN JR. AND SYNDA S. CAVIN AND THEIR SUCCESSORS, TRUSTEES | ORRI | |
| 2 | CHISHOLM ENERGY OPERATING, LLC | WI | |
| | EOG RESOURCES, INC. | WI | |
| | COG OPERATING, LLC | WI | |
| | TIMOTHY R. MACDONALD | WI | |
| | WILLIAMSON ENTERPRISES | WI | |
| | NUEVO SEIS LIMITED PARTNERSHIP | WI | |
| | DAVID J. SORENSON | WI | |
| | MARCIA JOY VAREL | WI | |
| | HUTCHINGS OIL COMPANY | WI | |
| | | MAXINE S. REYNOLDS, KENNETH JAY REYNOLDS, TANZA BRUMFIELD, AND WESTERN OIL PRODUCERS, INC. | WI |
| | | MCM PERMIAN LP | WI |
| | | LINDA SUE HENRY | ORRI |
| | | THOMAS ALDEN RITCH, M.D. | ORRI |
| | | BLUE RIDGE ROYALTIES, LLC | ORRI |
| | | ROLLA R. HINKLE III | ORRI |
| | | MADISON M. HINKLE | ORRI |
| | | MORRIS E SCHERTZ | ORRI |
| | | IPERC ROYALTY FUND | ORRI |
| | | TRAINER PARTNERS, LTD. | ORRI |
| | | MARVIN C. GROSS TRUST | ORRI |
| | MEXCO ENERGY CORPORATION | ORRI | |
| | CAVIN TRUST DATED AUGUST 28, 2013; , SEALY H CAVIN JR. AND SYNDA S. CAVIN AND THEIR SUCCESSORS, TRUSTEES | ORRI | |
| | NEARBURG PRODUCING COMPANY EMPLOYEE FUND | ORRI | |
| | MAP2004-OK | ORRI | |
| 3 | CHISHOLM ENERGY OPERATING, LLC | WI | |
| | TIMOTHY R. MACDONALD | WI | |
| | NEARBURG PRODUCING COMPANY EMPLOYEE FUND | ORRI | |
| | MAP2004-OK | ORRI | |
| 4 | CHISHOLM ENERGY OPERATING, LLC | WI | |
| | FR ENERGY, LLC | WI | |
| | TIMOTHY R. MACDONALD | WI | |
| | NEARBURG PRODUCING COMPANY EMPLOYEE FUND | ORRI | |
| | MAP2004-OK | ORRI | |
| 5 | CHISHOLM ENERGY OPERATING, LLC | WI | |
| | CIMAREX ENERGY COMPANY | WI | |



March 3, 2020

MCM Permian LP
223 W. Wall St Suite 400
Midland, TX 79701

RE: Stetson 13-24 Fed Com 1BS #5H
W2E2 Sections 13 & 24: T19S-R33E
Lea County, New Mexico

Dear Working Interest Owner,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of the Stetson 13-24 Fed Com 1BS #5H in Sections 13 & 24, Township 19 South, Range 33 East, Lea County, New Mexico. The surface location for this well is proposed in Section 13 Unit Letter A with a bottom hole in Unit Letter O of Section 24 (see attached plat for further detail). The well will have a targeted interval in the Bone Spring formation to a Measured Depth of approximately 19,900' with a TVD of 9,205'. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$6,859,397, being the total estimated cost to drill and complete said well.

Chisholm is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement that will follow under separate letterhead. The Operating Agreement will cover the E/2 of Sections 13 & 24, Township 19 South, Range 33 East, limited from the surface to the bottom of the Penn Shale Formation. It has the following general provisions:

- 100/300 Non-consenting penalty
- \$7,000/\$700 Drilling and Production rate
- Chisholm Energy Operating, LLC named as Operator
- Initial Well Stetson 13-24 Fed Com 1BS #6H

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements, to my attention at the letterhead address. You may also email your response to darmour@chisholmenergy.com. Should you have any questions, please do not hesitate to contact myself at 817-953-0480.

Very truly yours,
Chisholm Energy Operating, LLC

Davis Armour
Senior Landman

Company: **MCM Permian LP**

___ I/We hereby elect to participate in the Stetson 13-24 Fed Com 1BS #5H

___ I/We hereby elect NOT to participate in the Stetson 13-24 Fed Com 1BS #5H

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

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

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A3**

**Submitted by: Chisholm Energy Operating, LLC
Hearing Date: September 10, 2020
Case Nos. 21262-21263**



Statement of Estimated Well Cost (100%)

| | |
|------------------|------------------------------|
| Well | Stetson 13-24 Fed Com 1BS 5H |
| Field | 1st Bone Spring |
| County, State: | Lea, NM |
| BHL: | Horizontal |
| Proposed TD: | 19,900 MD 9,205 TVD |
| Normal Pressure? | Yes |

| | |
|---------|--|
| PROP #: | |
| WI #: | |
| NRI #: | |
| AFE #: | |

| | | BCP | ACP | TOTAL |
|---|---|--------------------|-----------|--------------------|
| COSTS TO CASING POINT: TANGIBLES | | | | |
| 8510-400 | Conductor Casing or Drive Pipe | \$20,000 | | \$20,000 |
| 8510-405 | Surface Casing | \$50,645 | | \$50,645 |
| 8510-410 | Intermediate Casing/Drilg Liner | \$118,328 | | \$118,328 |
| 8510-415 | Wellhead Equipment - Surface & MLS | \$40,000 | | \$40,000 |
| 8510-420 | Other Sub-Surface Equipment | \$0 | | \$0 |
| 8510-425 | Cementing Equipment | \$74,000 | | \$74,000 |
| 8510-500 | Production Casing | \$252,531 | | \$252,531 |
| 8510-600 | Nonoperated | \$0 | | \$0 |
| 8510-700 | Impairment | \$0 | | \$0 |
| 8510-999 | Accruals | \$0 | | \$0 |
| | TOTAL COST TO CASING POINT - TANGIBLES | \$555,504 | | \$555,504 |
| COSTS TO CASING POINT: INTANGIBLES | | | | |
| 8500-100 | Roads/Location | \$40,000 | | \$40,000 |
| 8500-105 | Drilling Turnkey | \$0 | | \$0 |
| 8500-110 | Drilling Daywork | \$561,970 | | \$561,970 |
| 8500-115 | Fuel/Power | \$124,000 | | \$124,000 |
| 8500-125 | Equipment Rental | \$171,640 | | \$171,640 |
| 8500-130 | Legal Fees | \$0 | | \$0 |
| 8500-135 | Bonds, Permits and Inspection | \$50,000 | | \$50,000 |
| 8500-155 | Mud and Chemicals | \$250,000 | | \$250,000 |
| 8500-160 | Cementing Services | \$155,000 | | \$155,000 |
| 8500-170 | Supervision/Consulting | \$92,400 | | \$92,400 |
| 8500-175 | Casing and Other Tangible Crew | \$39,000 | | \$39,000 |
| 8500-180 | Damages/Penalties | \$0 | | \$0 |
| 8500-185 | Coring and Analysis | \$0 | | \$0 |
| 8500-190 | Cuttings/Fluids Disposal | \$150,000 | | \$150,000 |
| 8500-195 | Directional Drilling Services | \$638,000 | | \$638,000 |
| 8500-200 | Drill Bits | \$69,000 | | \$69,000 |
| 8500-210 | Surface Damages/ROW | \$0 | | \$0 |
| 8500-215 | Contract Labor and Services | \$40,000 | | \$40,000 |
| 8500-220 | Mud Logging | \$0 | | \$0 |
| 8500-235 | Reclamation | \$0 | | \$0 |
| 8500-240 | Rig Mobilization/Demob | \$145,000 | | \$145,000 |
| 8500-245 | Fishing Tools and Services | \$0 | | \$0 |
| 8500-250 | Testing-Drill Stem/Production | \$0 | | \$0 |
| 8500-260 | Wireline Services | \$0 | | \$0 |
| 8500-265 | Water | \$71,500 | | \$71,500 |
| 8500-270 | Camp Expenses | \$54,150 | | \$54,150 |
| 8500-285 | Contingencies | \$160,358 | | \$160,358 |
| 8500-290 | Environmental | \$0 | | \$0 |
| 8500-300 | Overhead | \$0 | | \$0 |
| 8500-350 | Insurance | \$0 | | \$0 |
| 8500-600 | Nonoperated | \$0 | | \$0 |
| 8500-700 | Impairment | \$0 | | \$0 |
| 8500-999 | Accruals | \$0 | | \$0 |
| | TOTAL COST TO CASING POINT - INTANGIBLES | \$2,812,018 | | \$2,812,018 |
| COMPLETION COSTS: TANGIBLES | | | | |
| 8530-415 | Wellhead | | \$40,000 | \$40,000 |
| 8530-420 | Subsurface Equipment | | \$0 | \$0 |
| 8530-510 | Tubing | | \$38,845 | \$38,845 |
| 8530-515 | Rods | | \$0 | \$0 |
| 8530-525 | Artificial Lift Equipment | | \$75,000 | \$75,000 |
| 8530-530 | Gas Metering Equipment | | \$40,000 | \$40,000 |
| 8530-531 | Electrical | | \$30,000 | \$30,000 |
| 8530-535 | LACT Unit | | \$0 | \$0 |
| 8530-540 | Production Facilities and Flowlines | | \$100,000 | \$100,000 |
| 8530-545 | Pumping Unit | | \$0 | \$0 |
| 8530-550 | Separator, Heater, Treater | | \$85,000 | \$85,000 |
| 8530-555 | Tank Battery | | \$80,000 | \$80,000 |
| 8530-560 | Vapor Recovery Unit | | \$0 | \$0 |

| | | | | |
|----------|--|--|--------------------|--------------------|
| 8530-590 | Other Misc Equipment | | \$0 | |
| 8530-600 | Nonoperated | | \$0 | |
| 8530-700 | Impairment | | \$0 | |
| 8530-999 | Accruals | | \$0 | |
| | TOTAL COMPLETION COST - TANGIBLES | | \$488,845 | \$488,845 |
| | COMPLETION COSTS: INTANGIBLES | | | |
| 8520-100 | Roads/Location | | \$10,000 | \$10,000 |
| 8520-120 | Perforating Services | | \$318,500 | \$318,500 |
| 8520-125 | Equipment Rental | | \$132,000 | \$132,000 |
| 8520-135 | Bonds, Permits and Inspection | | \$0 | |
| 8520-145 | Completion Unit | | \$10,000 | \$10,000 |
| 8520-150 | Frac Plugs | | \$55,000 | \$55,000 |
| 8520-155 | Mud and Chemicals | | \$40,000 | \$40,000 |
| 8520-160 | Cementing Services | | \$0 | |
| 8520-165 | Acidizing and Fracturing | | \$1,470,000 | \$1,470,000 |
| 8520-170 | Supervision/Consulting | | \$39,000 | \$39,000 |
| 8520-175 | Casing and Other Tangible Crew | | \$0 | |
| 8520-190 | Cuttings/Fluids Disposal | | \$60,000 | \$60,000 |
| 8520-200 | Drill Bits | | \$25,000 | \$25,000 |
| 8520-210 | Surface Damages/ROW | | \$0 | |
| 8520-215 | Contract Labor and Services | | \$25,000 | \$25,000 |
| 8520-230 | Pump/Vacuum Trucks | | \$15,000 | \$15,000 |
| 8520-235 | Reclamation | | \$0 | |
| 8520-245 | Fishing Tools and Services | | \$0 | |
| 8520-250 | Well Testing | | \$150,000 | \$150,000 |
| 8520-255 | Trucking and Hauling | | \$0 | |
| 8520-260 | Wireline Services | | \$5,000 | \$5,000 |
| 8520-270 | Camp Expenses | | \$15,000 | \$15,000 |
| 8520-275 | Coiled Tubing Services | | \$105,000 | \$105,000 |
| 8520-280 | Frac Water | | \$362,250 | \$362,250 |
| 8520-285 | Contingencies | | \$166,280 | \$166,280 |
| 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 | | \$3,003,030 | \$3,003,030 |
| | TOTAL WELL COST | | \$3,367,522 | \$6,859,397 |

Approved by: _____ Date: _____

Approved by: _____ Date: _____

Approved by: _____ Date: _____



March 3, 2020

Cimarex Energy Co
600 N. Marienfeld St #600
Midland, TX 79701

RE: Stetson 13-24 Fed Com 1BS #6H
E2E2 Sections 13 & 24: T19S-R33E
Lea County, New Mexico

Dear Working Interest Owner,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of the Stetson 13-24 Fed Com 1BS #6H in Sections 13 & 24, Township 19 South, Range 33 East, Lea County, New Mexico. The surface location for this well is proposed in Section 13 Unit Letter A with a bottom hole in Unit Letter P of Section 24 (see attached plat for further detail). The well will have a targeted interval in the Bone Spring formation to a Measured Depth of approximately 20,200' with a TVD of 9,223'. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$6,863,474, being the total estimated cost to drill and complete said well.

Chisholm is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement that will follow under separate letterhead. The Operating Agreement will cover the E/2 of Sections 13 & 24, Township 19 South, Range 33 East, limited from the surface to the bottom of the Penn Shale Formation. It has the following general provisions:

- 100/300 Non-consenting penalty
- \$7,000/\$700 Drilling and Production rate
- Chisholm Energy Operating, LLC named as Operator
- Initial Well Stetson 13-24 Fed Com 1BS #6H

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements, to my attention at the letterhead address. You may also email your response to darmour@chisholmenergy.com. Should you have any questions, please do not hesitate to contact myself at 817-953-0480.

Very truly yours,
Chisholm Energy Operating, LLC

Davis Armour
Senior Landman

Company: **Cimarex Energy Co**

___ I/We hereby elect to participate in the Stetson 13-24 Fed Com 1BS #6H

___ I/We hereby elect NOT to participate in the Stetson 13-24 Fed Com 1BS #6H

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

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



Statement of Estimated Well Cost (100%)

| | |
|------------------|------------------------------|
| Well | Stetson 13-24 Fed Com 1BS 6H |
| Field | 1st Bone Spring |
| County, State: | Lea, NM |
| BHL: | Horizontal |
| Proposed TD: | 20,200 MD 9,223 TVD |
| Normal Pressure? | Yes |

| | |
|---------|--|
| PROP #: | |
| WI #: | |
| NRI #: | |
| AFE #: | |

| | | BCP | ACP | TOTAL |
|---|---|--------------------|-----------|--------------------|
| COSTS TO CASING POINT: TANGIBLES | | | | |
| 8510-400 | Conductor Casing or Drive Pipe | \$20,000 | | \$20,000 |
| 8510-405 | Surface Casing | \$50,645 | | \$50,645 |
| 8510-410 | Intermediate Casing/Drig Liner | \$118,328 | | \$118,328 |
| 8510-415 | Wellhead Equipment - Surface & MLS | \$40,000 | | \$40,000 |
| 8510-420 | Other Sub-Surface Equipment | \$0 | | |
| 8510-425 | Cementing Equipment | \$74,000 | | \$74,000 |
| 8510-500 | Production Casing | \$256,338 | | \$256,338 |
| 8510-600 | Nonoperated | \$0 | | |
| 8510-700 | Impairment | \$0 | | |
| 8510-999 | Accruals | \$0 | | |
| | TOTAL COST TO CASING POINT - TANGIBLES | \$559,311 | | \$559,311 |
| COSTS TO CASING POINT: INTANGIBLES | | | | |
| 8500-100 | Roads/Location | \$40,000 | | \$40,000 |
| 8500-105 | Drilling Turnkey | \$0 | | |
| 8500-110 | Drilling Daywork | \$561,970 | | \$561,970 |
| 8500-115 | Fuel/Power | \$124,000 | | \$124,000 |
| 8500-125 | Equipment Rental | \$171,640 | | \$171,640 |
| 8500-130 | Legal Fees | \$0 | | |
| 8500-135 | Bonds, Permits and Inspection | \$50,000 | | \$50,000 |
| 8500-155 | Mud and Chemicals | \$250,000 | | \$250,000 |
| 8500-160 | Cementing Services | \$155,000 | | \$155,000 |
| 8500-170 | Supervision/Consulting | \$92,400 | | \$92,400 |
| 8500-175 | Casing and Other Tangible Crew | \$39,000 | | \$39,000 |
| 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 | \$638,000 | | \$638,000 |
| 8500-200 | Drill Bits | \$69,000 | | \$69,000 |
| 8500-210 | Surface Damages/ROW | \$0 | | |
| 8500-215 | Contract Labor and Services | \$40,000 | | \$40,000 |
| 8500-220 | Mud Logging | \$0 | | |
| 8500-235 | Reclamation | \$0 | | |
| 8500-240 | Rig Mobilization/Demob | \$145,000 | | \$145,000 |
| 8500-245 | Fishing Tools and Services | \$0 | | |
| 8500-250 | Testing-Drill Stem/Production | \$0 | | |
| 8500-260 | Wireline Services | \$0 | | |
| 8500-265 | Water | \$71,500 | | \$71,500 |
| 8500-270 | Camp Expenses | \$54,150 | | \$54,150 |
| 8500-285 | Contingencies | \$160,549 | | \$160,549 |
| 8500-290 | Environmental | \$0 | | |
| 8500-300 | Overhead | \$0 | | |
| 8500-350 | Insurance | \$0 | | |
| 8500-600 | Nonoperated | \$0 | | |
| 8500-700 | Impairment | \$0 | | |
| 8500-999 | Accruals | \$0 | | |
| | TOTAL COST TO CASING POINT - INTANGIBLES | \$2,812,209 | | \$2,812,209 |
| COMPLETION COSTS: TANGIBLES | | | | |
| 8530-415 | Wellhead | | \$40,000 | \$40,000 |
| 8530-420 | Subsurface Equipment | | \$0 | |
| 8530-510 | Tubing | | \$38,921 | \$38,921 |
| 8530-515 | Rods | | \$0 | |
| 8530-525 | Artificial Lift Equipment | | \$75,000 | \$75,000 |
| 8530-530 | Gas Metering Equipment | | \$40,000 | \$40,000 |
| 8530-531 | Electrical | | \$30,000 | \$30,000 |
| 8530-535 | LACT Unit | | \$0 | |
| 8530-540 | Production Facilities and Flowlines | | \$100,000 | \$100,000 |
| 8530-545 | Pumping Unit | | \$0 | |
| 8530-550 | Separator, Heater, Treater | | \$85,000 | \$85,000 |
| 8530-555 | Tank Battery | | \$80,000 | \$80,000 |
| 8530-560 | Vapor Recovery Unit | | \$0 | |

| | | | | | |
|----------|--|--|--|-------------|-------------|
| 8530-590 | Other Misc Equipment | | | \$0 | |
| 8530-600 | Nonoperated | | | \$0 | |
| 8530-700 | Impairment | | | \$0 | |
| 8530-999 | Accruals | | | \$0 | |
| | TOTAL COMPLETION COST - TANGIBLES | | | \$488,921 | \$488,921 |
| | COMPLETION COSTS: INTANGIBLES | | | | |
| 8520-100 | Roads/Location | | | \$10,000 | \$10,000 |
| 8520-120 | Perforating Services | | | \$318,500 | \$318,500 |
| 8520-125 | Equipment Rental | | | \$132,000 | \$132,000 |
| 8520-135 | Bonds, Permits and Inspection | | | \$0 | |
| 8520-145 | Completion Unit | | | \$10,000 | \$10,000 |
| 8520-150 | Frac Plugs | | | \$55,000 | \$55,000 |
| 8520-155 | Mud and Chemicals | | | \$40,000 | \$40,000 |
| 8520-160 | Cementing Services | | | \$0 | |
| 8520-165 | Acidizing and Fracturing | | | \$1,470,000 | \$1,470,000 |
| 8520-170 | Supervision/Consulting | | | \$39,000 | \$39,000 |
| 8520-175 | Casing and Other Tangible Crew | | | \$0 | |
| 8520-190 | Cuttings/Fluids Disposal | | | \$60,000 | \$60,000 |
| 8520-200 | Drill Bits | | | \$25,000 | \$25,000 |
| 8520-210 | Surface Damages/ROW | | | \$0 | |
| 8520-215 | Contract Labor and Services | | | \$25,000 | \$25,000 |
| 8520-230 | Pump/Vacuum Trucks | | | \$15,000 | \$15,000 |
| 8520-235 | Reclamation | | | \$0 | |
| 8520-245 | Fishing Tools and Services | | | \$0 | |
| 8520-250 | Well Testing | | | \$150,000 | \$150,000 |
| 8520-255 | Trucking and Hauling | | | \$0 | |
| 8520-260 | Wireline Services | | | \$5,000 | \$5,000 |
| 8520-270 | Camp Expenses | | | \$15,000 | \$15,000 |
| 8520-275 | Coiled Tubing Services | | | \$105,000 | \$105,000 |
| 8520-280 | Frac Water | | | \$362,250 | \$362,250 |
| 8520-285 | Contingencies | | | \$166,284 | \$166,284 |
| 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 | | | \$3,003,034 | \$3,003,034 |
| | TOTAL WELL COST | | | \$3,371,520 | \$3,491,955 |
| | | | | \$6,863,474 | |

Approved by: _____

Date: _____

Approved by: _____

Date: _____

Approved by: _____

Date: _____

Stetson 13-24 Fed Com #5H and #6H Conversation Log

| <u>Date</u> | <u>Notes</u> |
|-----------------------|---|
| 2/10/2020 | Original well proposals mailed to all partners |
| 2/26/2020 | Cimarex reached out for additional information regarding well proposals |
| 2/27/2020 | Chisholm provided the requested information to Riley at Cimarex |
| 2/27/2020 | Morris E. Schertz with Nuevo Seis reached out regarding an offer for their interest |
| 2/27/2020 | Damon Weger at EOG reached out for additional data regarding the well proposals |
| 3/3/2020 | Correction well proposals mailed to all partners |
| 3/23/2020 - 4/16/2020 | Davis Armour conversed via email with Mollie McAuliffe at COG regarding various well data information and provided a proposed form of JOA via USPS |
| 4/16/2020 - 5/27/2020 | Davis Armour and Stuart Dirks at COG had multiple conversations regarding COG interest. Stuart was going to propose a Term Assignment/Farmout offer. Have not received this offer yet. |
| 4/7/2020 | Spoke with Katie McBryde, Landman at EOG, on the phone and re-sent 5H & 6H well proposals (email and USPS) |
| 4/8/2020 | Katie McBryde inquired as to CEH's interest in acquiring EOG's interest. |
| 4/28/2020 | Davis Armour received email from Jay Reynolds notifying Chisholm of the Non-Consent Election for Kenneth Jay Reynolds, Maxine Reynolds, Tanza Brumfield and Western Oil Producers, Inc. |
| 5/5/2020 | Visited with Riley Morris at Cimarex regarding amending existing JOA to remove Cimarex from contractual interest in spacing units |
| 5/6/2020 | Katie McBryde at EOG reached out regarding a continuance of the May hearing. CEH agreed to the continuance. |
| 6/9/2020 | Provided a Term Assignment offer to EOG for their interest in the spacing units. Have received no response from EOG. |
| 6/16/2020 | Visited with Ron Miller, son-in-law of Thomas Alden Ritch, deceased, regarding an offer to acquire their interest. |
| 6/18/2020 | Matt Bruns at Cimarex reached out to inform me that they were filing a Motion for Continuance |
| 6/18/2020 | Left VM for Jay Reynolds, heir of Kenneth D. Reynolds, to discuss their non-consent election. |
| 6/22/2020 - Present | MCM reached out regarding a possible acreage trade. Have had multiple calls and emails regarding various trade scenarios. Meeting in person on 9/3/2020 for further discussions |
| 6/29/2020 | Mailed Term-Assignment Offer Letter to all uncommitted WI owners |
| 7/13/2020 | Traded GIS Shape files with MCM |
| 7/14/2020 - Present | Conversed with Cimarex regarding dissolving existing JOA. Working on a finalizing an agreement |
| 7/24/2020 | Sent proposed JOA form to COG at their request |
| 8/5/2020 | Sent email to attorney for David J. Sorenson regarding development plans |
| 8/6/2020 | Sent updated GIS shape files and tract tracking spreadsheet to MCM |
| 8/19/2020 | Received call from Nuevo Seis regarding T/A offer. Returned call but have not heard back. |
| 9/1/2020 | Spoke with Nuevo Seis and they stated they are reviewing our T/A offer |

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

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

CASE NOS. 21262 & 21263

AFFIDAVIT OF JOSH KUHN
IN SUPPORT OF CASE NOS. 21262 & 21263

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 applications filed by Chisholm in these cases, and I have conducted a geologic study of the lands in the subject areas.

4. In Case Nos. 21262 and 21263, Chisholm is targeting the Bone Spring formation.

5. **Chisholm Exhibit B-1** is a project location map showing the section comprising the standard horizontal spacing units in these cases in relation to the surrounding area.

6. **Chisholm Exhibit B-2** is a subsea structure map that I prepared for the top of the 1st Bone Spring Sandstone. The contour interval is 50 feet. The map also identifies wells used to create this 1st Bone Spring Sandstone subsea structure map. Within Sections 13 and 24, there are gray dashed lines on the map that reflect the paths of the proposed wellbores for the **Stetson 13-24 Fed Com 1BS #5H Well**, and the **Stetson 13-24 Fed Com 1BS #6H Well**. The structure

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. B

Submitted by: Chisholm Energy Operating, LLC
Hearing Date: September 10, 2020
Case Nos. 21262-21263

map shows that the 1st Bone Spring Sandstone is dipping gently to the south/southeast. 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 B-2** also shows the location of the four 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 B-3** is a stratigraphic cross section prepared by me for the four representative wells from A to A'. The exhibit shows the following logs: gamma ray, resistivity, and porosity. The proposed targeted interval for the wells is labeled and depicted with a green shading. The logs in the cross-section demonstrate that the targeted interval within the 1st Bone Spring Sandstone is consistent in thickness, across the entire spacing unit.

9. Based on my geologic study of the areas, 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 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.

12. In my opinion, the granting of Chisholm application 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.



JOSH KUHN

STATE OF TEXAS)
)
COUNTY OF TARRANT)

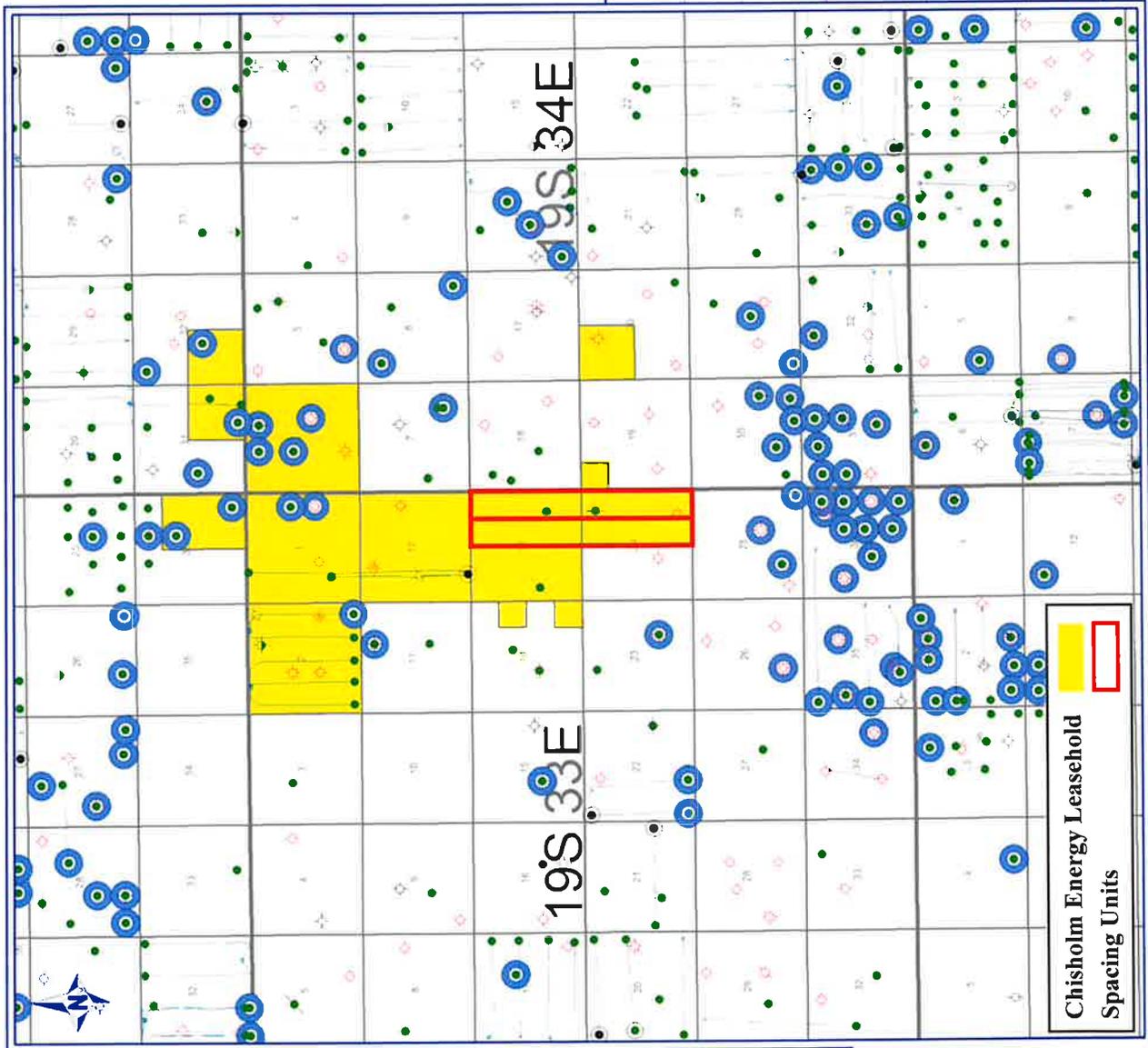
SUBSCRIBED and SWORN to before me this 22nd day of June 2020 by Josh Kuhn.



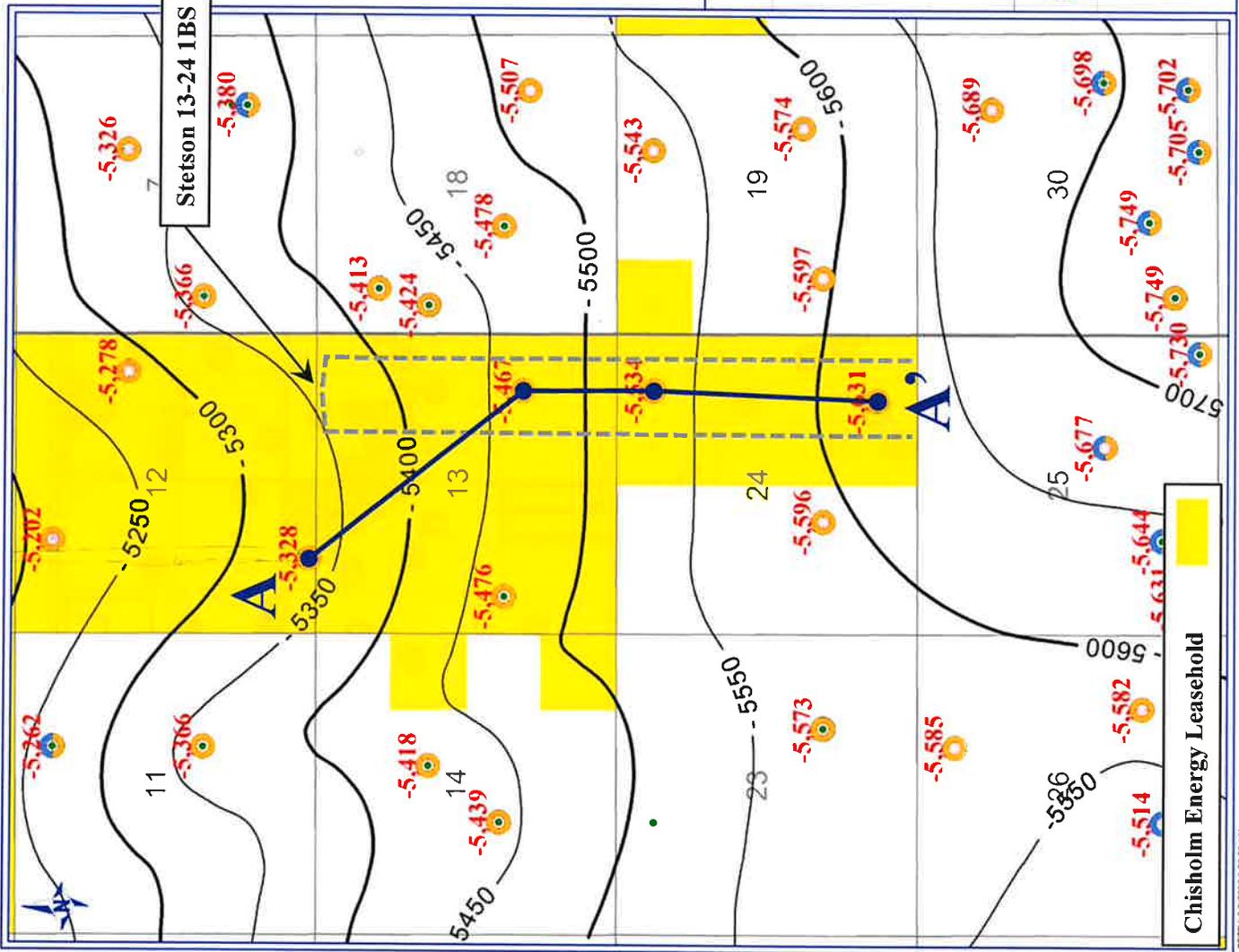


NOTARY PUBLIC

My Commission Expires:
09/12/2020



| |
|---|
| Lea County, NM |
| Stetson Prospect |
| S 13 & 24 / T19S / R33E |
| Project Locator Map |
| |
| |
| |
| |
| ATTRIBUTE MAP 1ST BONE SPRING SANDSTONE PRODUCER |
| REMARKS |
| Wells >8,000 ft |
| By: Joshua Kuhn |



Lea County, NM

Stetson Prospect
S 13 & 24 / T19S / R33E

Top 1st Bone Spring Sandstone
Subsea Structure Map

0 2,500 5,000
FEET

ATTRIBUTE MAP

 1ST BONE SPRING SANDSTONE PRODUCER
 TOP 1ST BONE SPRING SANDSTONE PICK

REMARKS
 Contour Interval: 50 ft
 Wells >8,000 ft

By: Joshua Kuhn

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. B2
 Submitted by: Chisholm Energy Operating, LLC
 Hearing Date: September 10, 2020
 Case Nos. 21262-21263

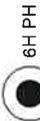
SE

A'

NW

A

CHISHOLM
BUFFALO 12-1 WCC FED COM



45159

CHISHOLM
PANAMA '13 FEDERAL



35192

CHISHOLM
SAGEBRUSH '24' FEDERAL

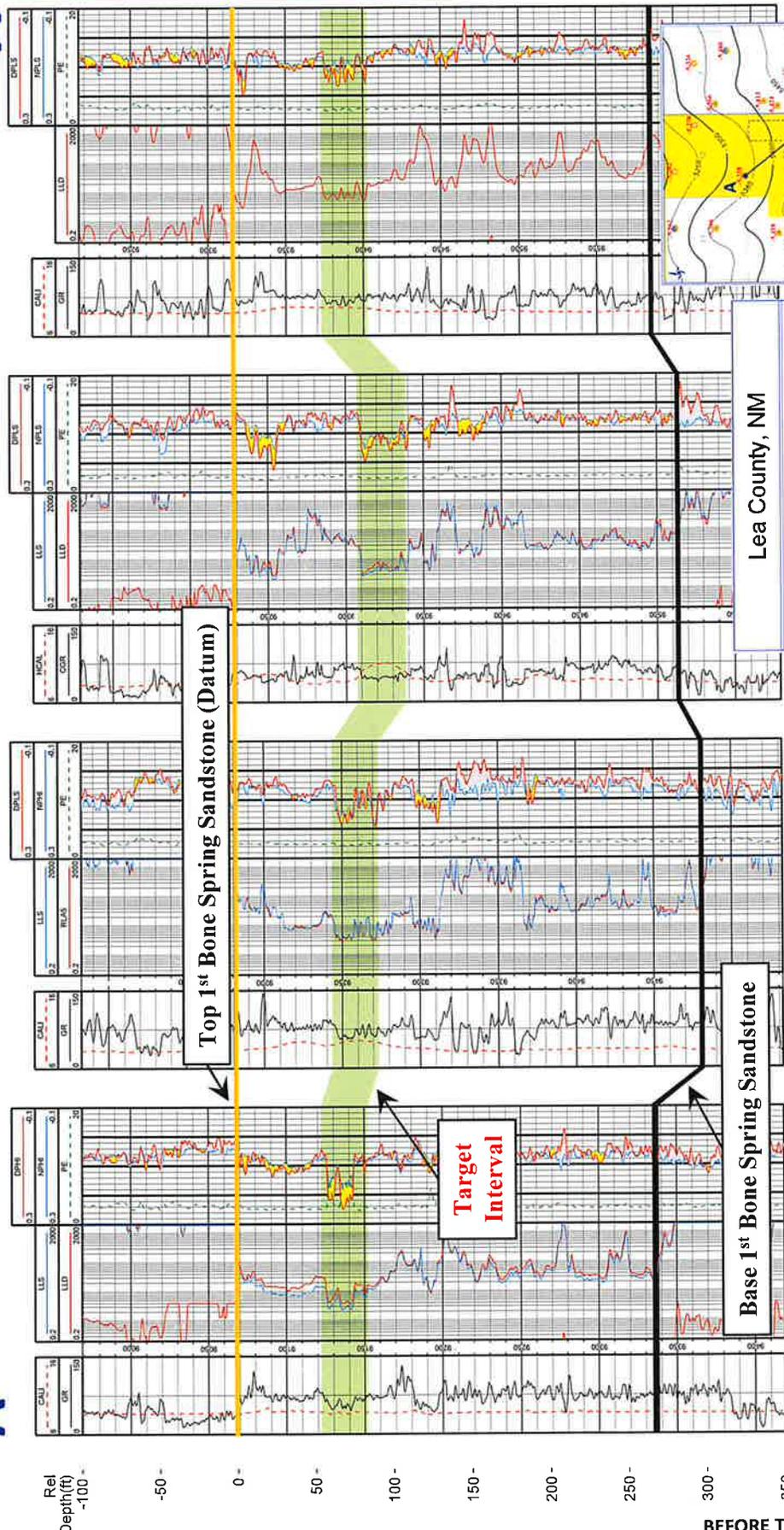


34676

CIMAREX
AFTON 24 FEDERAL COM



38388



| |
|------------------------------------|
| Lea County, NM |
| Stetson Prospect |
| S 13 & 24 / T 19S / R 33E |
| 1st Bone Spring Sandstone |
| Stratigraphic Cross Section (A-A') |
| Operator |
| Well Name |
| Well Number |
| API Series |
| By: Joshua Kuhn |



Michael H. Feldewert
Phone (505) 988-4421
Fax (505) 983-6043
mfeldewert@hollandhart.com

May 8, 2020

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.
Stetson 13-24 Fed Com 1BS #5H 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. A hearing has been requested before a Division Examiner on May 14, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on May 14, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. 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 Davis Armour at (817) 953-0480 or darmour@chisholmenergy.com.

Sincerely,

Michael H. Feldewert

**ATTORNEY FOR CHISHOLM ENERGY OPERATING,
LLC**



Michael H. Feldewert
Phone (505) 988-4421
Fax (505) 983-6043
mfeldewert@hollandhart.com

May 8, 2020

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.
Stetson 13-24 Fed Com 1BS #6H 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. A hearing has been requested before a Division Examiner on May 14, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on May 14, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. 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 Davis Armour at (817) 953-0480 or darmour@chisholmenergy.com.

Sincerely,

 for
Michael H. Feldewert

ATTORNEY FOR CHISHOLM ENERGY OPERATING, LLC

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
April 29, 2020
and ending with the issue dated
April 29, 2020.



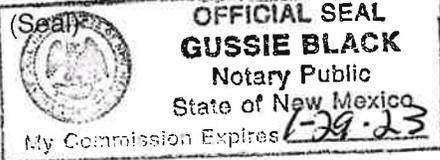
Publisher

Sworn and subscribed to before me this
29th day of April 2020.



Business Manager

My commission expires
January 29, 2023



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE
April 29, 2020

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The remote electronic public hearing will be conducted remotely. The hearing will be conducted on **Thursday, May 14, 2020**, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <http://www.emnrd.state.nm.us/OCD/hearings.html> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <http://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **Monday, May 4, 2020**.

Persons may view and participate in the hearings through the following link and as indicated below:

Meeting number: 968 329 152
Password: YQe6KZBe3n6
<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mb3ddb90721ccc17207709b8c71dc2ac1>

Join by video system
Dial 968329152@nmemnrd.webex.com
You can also dial 173.243.2.68 and enter your meeting number.

Join by phone
+1-408-418-9388 United States Toll
Access code: 968 329 152

**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: Cimarex Energy; EOG Resources, Inc.; MCM Permian LP; FR Energy; David J. Sorenson, his heirs and devisees; Hutchings Oil Company; COG Operating LLC; Williamson Enterprises; Stephen T. Mitchell, his heirs and devisees; Maxine S. Reynolds, her heirs and devisees; Kenneth Jay Reynolds, his heirs and devisees; Western Oil Producers, Inc. c/o Kenneth D. Reynolds; Tanza Brumfield, her heirs and devisees; Thomas Aiden Ritch, M.D., his heirs and devisees; Nuevo Seis Limited Partnership; Timothy R. MacDonald, his heirs and devisees; Marcia Joy Varel, her heirs and devisees; Nearburg Producing Company Employee Fund; MAP2004 OK; Linda Sue Henry, her heirs and devisees; Blue Ridge Royalties, LLC; Rolla R. Hinkle, III, his heirs and devisees; Madison M. Hinkle, her heirs and devisees; Morris E. Schertz, his heirs and devisees; IPERC Royalty Fund; Trainer Partners, Ltd.; Marvin C. Gross Trust; Mexco Energy Corporation; and Cavin Trust dated August 28, 2013, Sealy H Cavin Jr. and Synda S. Cavin and their Successors, Trustees.

Case No. 21262: Application of Chisholm Energy Operating, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 of Sections 13 and 24, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the following initial **Stetson 13-24 Fed Com 1BS #5H Well** to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 24. The completed interval of the proposed well will comply with Statewide setbacks for oil wells. 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 28 miles west of Hobbs, New Mexico.

#35439
HOLLAND & HART LLC
PO BOX 2208
SANTA FE,, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: **Chisholm Energy Operating, LLC**
Hearing Date: September 10, 2020
Case Nos. 21262-21263

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

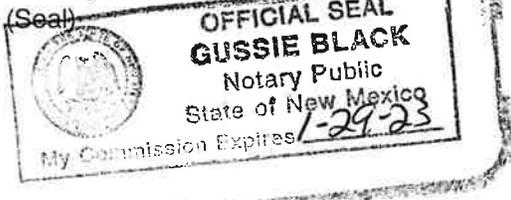
Beginning with the issue dated
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and ending with the issue dated
April 29, 2020.


Publisher

Sworn and subscribed to before me this
29th day of April 2020.


Business Manager

My commission expires
January 29, 2023



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