

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

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

CASE NO. _____

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 325.3-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 6 and 7, Township 19 South, Range 34 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 **Mescalero 7-6 Fed 2BS Com #4H well** to be horizontally drilled from a surface location in the SW/4 SW/4 (Lot 4) of Section 7 to a bottom hole location in the NE/4 NW/4 (Lot 3) of Section 6.
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 September 9, 2021, 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



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