

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING OCTOBER 07, 2021**

**CASE NOS. 22173-22174**

*BEL-AIR 5-8 FED 2BS COM #5H WELL  
BEL-AIR 5-8 FED 2BS COM #6H WELL*

**LEA COUNTY, NEW MEXICO**



**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 NOS. 22173-22174**

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**AMENDED COMPULSORY POOLING APPLICATION CHECKLIST****ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

<b>Case: 22173</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: October 7, 2021</b>	
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:	N/A
Well Family	Bel-Air 5-8 Fed 2BS Com #5H well
<b>Formation/Pool</b>	
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:	Corbin; Bone Spring, South Pool (Pool code 13160)
Well Location Setback Rules:	Standard
Spacing Unit Size:	280-acres, more or less
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	280-acres, more or less
Building Blocks:	quarter-quarter sections
Orientation:	North-South
Description: TRS/County	SW/4 NW/4 and the W/2 SW/4 of Section 5 and the W/2 W/2 of Section 8, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
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 C-2
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	<p style="text-align: center;"><b>BEFORE THE OIL CONSERVATION DIVISION</b> Santa Fe, New Mexico Exhibit No. A</p> <p style="text-align: center;"><b>Submitted by: Chisholm Energy Operating, LLC</b> Hearing Date: October 07, 2021 Case Nos. 22173-22174</p>

Well #1	Bel-Air 5-8 Fed 2BS Com #5H well, API No. 30-025-pending SHL:125' FNL & 1470' FWL (Lot 3) of Sec. 5, T19S, R33E BHL:100' FSL & 400' FWL (Unit M) of Sec. 8, T19S, R33E Completion Target: Bone Spring formation Well Orientation:North to South Completion Location expected to be:Standard
Horizontal Well First and Last Take Points	See Exhibit C-1
Completion Target (Formation, TVD and MD)	See Exhibit C-3, D-3
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
Pooled Parties (including ownership type)	Exhibit C-2
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit C-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-4
Overhead Rates In Proposal Letter	Exhibit C-3
Cost Estimate to Drill and Complete	Exhibit C-3
Cost Estimate to Equip Well	Exhibit C-3
Cost Estimate for Production Facilities	Exhibit C-3
<b>Geology</b>	
Summary (including special considerations)	Exhibit D




Spacing Unit Schematic	Exhibit D-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-1, D-2
Well Orientation (with rationale)	Exhibit D, D-1
Target Formation	Exhibit D
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-2
Cross Section (including Landing Zone)	Exhibit D-3
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Kaitlyn A. Luck
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	5-Oct-21

**AMENDED COMPULSORY POOLING APPLICATION CHECKLIST****ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

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<b>Date: October 7, 2021</b>	
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Applicant's Counsel:	Holland & Hart LLP
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Entries of Appearance/Intervenors:	N/A
Well Family	Bel-Air 5-8 Fed 2BS Com #6H well
<b>Formation/Pool</b>	
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:	Corbin; Bone Spring, South Pool (Pool code 13160)
Well Location Setback Rules:	Standard
Spacing Unit Size:	321.07-acres, more or less
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	321.07-acres, more or less
Building Blocks:	quarter-quarter sections
Orientation:	North-South
Description: TRS/County	E/2 W/2 of Sections 5 and 8, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
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Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

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<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Kaitlyn A. Luck
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	5-Oct-21

**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. 22173

**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 280-acre, more or less, horizontal spacing unit comprised of the SW/4 NW/4 and the W/2 SW/4 of Section 5 and the W/2 W/2 of Section 8, 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 **Bel-Air 5-8 Fed 2BS Com #5H well** to be horizontally drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 5 to a bottom hole location in the SW/4 SW/4 (Lot M) of Section 8.
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.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. B  
Submitted by: Chisholm Energy Operating, LLC  
Hearing Date: October 07, 2021  
Case Nos. 22173-22174

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 October 7, 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



By: \_\_\_\_\_

Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Kaitlyn A. Luck  
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kaluck@hollandhart.com

**ATTORNEYS FOR CHISHOLM ENERGY OPERATING, LLC**

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

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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 **Bel-Air 5-8 Fed 2BS Com #6H well** to be horizontally drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 5 to a bottom hole location in the SE/4 SW/4 (Lot N) of Section 8.
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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Respectfully submitted,

HOLLAND & HART LLP



By: \_\_\_\_\_

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**ATTORNEYS FOR CHISHOLM ENERGY OPERATING, LLC**

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

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

CASE NOS. 22173-22174

AFFIDAVIT OF LUKE SHELTON, LANDMAN

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

1. My name is Luke Shelton, 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. I do not 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 (Corbin; Bone Spring, South Pool (Pool code 13160)) underlying the following two standard horizontal spacing units in Lea County, New Mexico:
  - In **Case No. 22173**, Chisholm seeks to form the standard 280-acre, more or less, horizontal spacing unit comprised of the SW/4 NW/4 and the W/2 SW/4 of Section 5 and the W/2 W/2 of Section 8, Township 19 South, Range 33 East, NMPM,, and initially dedicate the unit to the **Bel-Air 5-8 Fed 2BS Com #5H well** to be horizontally

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C  
Submitted by: Chisholm Energy Operating, LLC  
Hearing Date: October 07, 2021  
Case Nos. 22173-22174

drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 5 to a bottom hole location in the SW/4 SW/4 (Lot M) of Section 8.

- In **Case No. 21850**, Chisholm seeks to form the standard 321.07-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 5 and 8, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and initially dedicate the unit to the **Bel-Air 5-8 Fed 2BS Com #6H well** to be horizontally drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 5 to a bottom hole location in the SE/4 SW/4 (Lot N) of Section 8.

6. This acreage contains federal lands and no ownership depth severances exist in the Bone Spring formation underlying the subject acreage. There are no unleased mineral interest owners.

7. **Chisholm Exhibit C-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 C-2** identifies the tracts of lands comprising each of the proposed spacing units, the working interests in each tract, and their respective percentage interest in each of the horizontal spacing units in Case Nos. 22173 and 22174. 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 in these cases.

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 C-3** contains a sample of the well proposal letters and AFE's Chisholm sent to the working interest owners for each case. 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 C-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. 14. 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.

13. Chisholm seeks approval of overhead and administrative rates of \$7,500/month while drilling and \$750/month while producing. These rates are consistent with what Chisholm and other operators are charging in this area for these types of wells.

14. 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.

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

FURTHER AFFIANT SAYETH NOT.

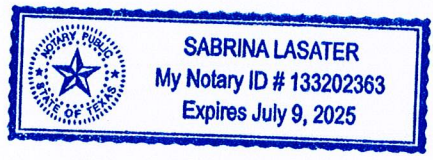
*Luke Shelton*  
LUKE SHELTON

STATE OF TEXAS                    )  
  )  
COUNTY OF TARRANT            )

SUBSCRIBED and SWORN to before me this 30<sup>th</sup> day of September 2021 by  
Luke Shelton.

*Sabrina Lasater*  
NOTARY PUBLIC

My Commission Expires:  
July 9<sup>th</sup>, 2025



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

<sup>1</sup> API Number		<sup>2</sup> Pool Code 13160		<sup>3</sup> Pool Name CORBIN; BONE SPRING, SOUTH	
<sup>4</sup> Property Code		<sup>5</sup> Property Name BEL-AIR 5-8 FED 2BS COM			<sup>6</sup> Well Number 5H
<sup>7</sup> OGRID No. 372137		<sup>8</sup> Operator Name CHISHOLM ENERGY OPERATING, LLC			<sup>9</sup> Elevation 3716.9

<sup>10</sup> Surface Location

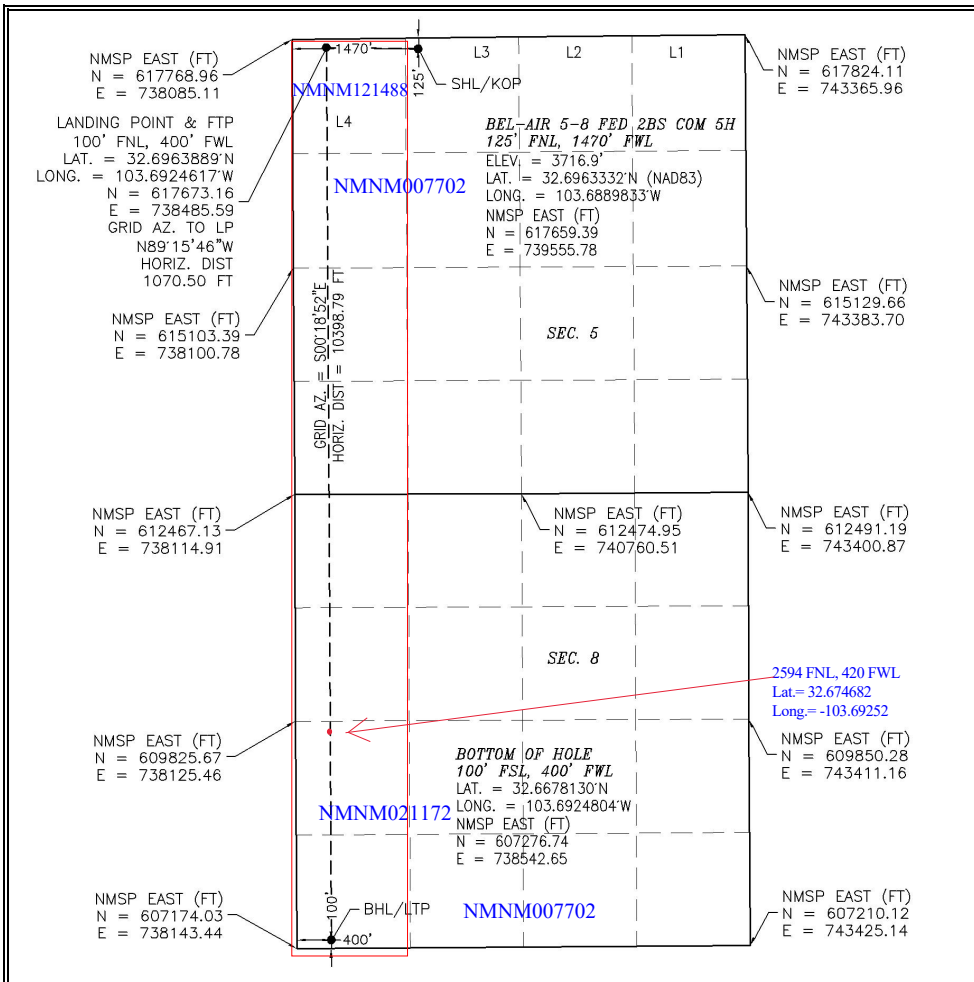
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	5	19 S	33 E		125	NORTH	1470	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	8	19 S	33 E		100	SOUTH	400	WEST	LEA

<sup>12</sup> Dedicated Acres 320.86	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.



**<sup>17</sup> OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Jennifer Elrod* 03/26/2021  
Signature Date

JENNIFER ELROD  
Printed Name

JELROD@CHISHOLM ENERGY.COM  
E-mail Address

**<sup>18</sup> 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.

OCTOBER 16, 2020  
Date of Survey

*[Signature]*  
Signature and Seal of Professional Surveyor: [Seal]

Certificate Number: 12797  
Surveyor No. 8558

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C1  
Submitted by: Chisholm Energy Operating, LLC  
Hearing Date: October 07, 2021  
Case Nos. 22173-22174

Intent  As Drilled

API #

Operator Name: <b>CHISHOLM ENERGY OPERATING, LLC</b>	Property Name: <b>BEL-AIR 5-8 FED 2BS COM</b>	Well Number <b>5H</b>
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Kick Off Point (KOP)

UL	Section <b>5</b>	Township <b>19S</b>	Range <b>33E</b>	Lot <b>3</b>	Feet <b>125</b>	From N/S <b>NORTH</b>	Feet <b>1470</b>	From E/W <b>WEST</b>	County <b>LEA</b>	
Latitude <b>32.6963332</b>					Longitude <b>103.6889833</b>			NAD <b>83</b>		

First Take Point (FTP)

UL	Section <b>5</b>	Township <b>19S</b>	Range <b>33E</b>	Lot <b>4</b>	Feet <b>100</b>	From N/S <b>NORTH</b>	Feet <b>400</b>	From E/W <b>WEST</b>	County <b>LEA</b>	
Latitude <b>32.6963889</b>					Longitude <b>103.6924617</b>			NAD <b>83</b>		

Last Take Point (LTP)

UL <b>M</b>	Section <b>8</b>	Township <b>19S</b>	Range <b>33E</b>	Lot	Feet <b>100</b>	From N/S <b>SOUTH</b>	Feet <b>400</b>	From E/W <b>WEST</b>	County <b>LEA</b>	
Latitude <b>32.6678130</b>					Longitude <b>103.6924804</b>			NAD <b>83</b>		

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

Is this well an infill well?  NO

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

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

<sup>1</sup> API Number		<sup>2</sup> Pool Code 13160		<sup>3</sup> Pool Name CORBIN; BONE SPRING, SOUTH	
<sup>4</sup> Property Code		<sup>5</sup> Property Name BEL-AIR 5-8 FED 2BS COM			<sup>6</sup> Well Number 6H
<sup>7</sup> OGRID No. 372137		<sup>8</sup> Operator Name CHISHOLM ENERGY OPERATING, LLC			<sup>9</sup> Elevation 3717.9

<sup>10</sup> Surface Location

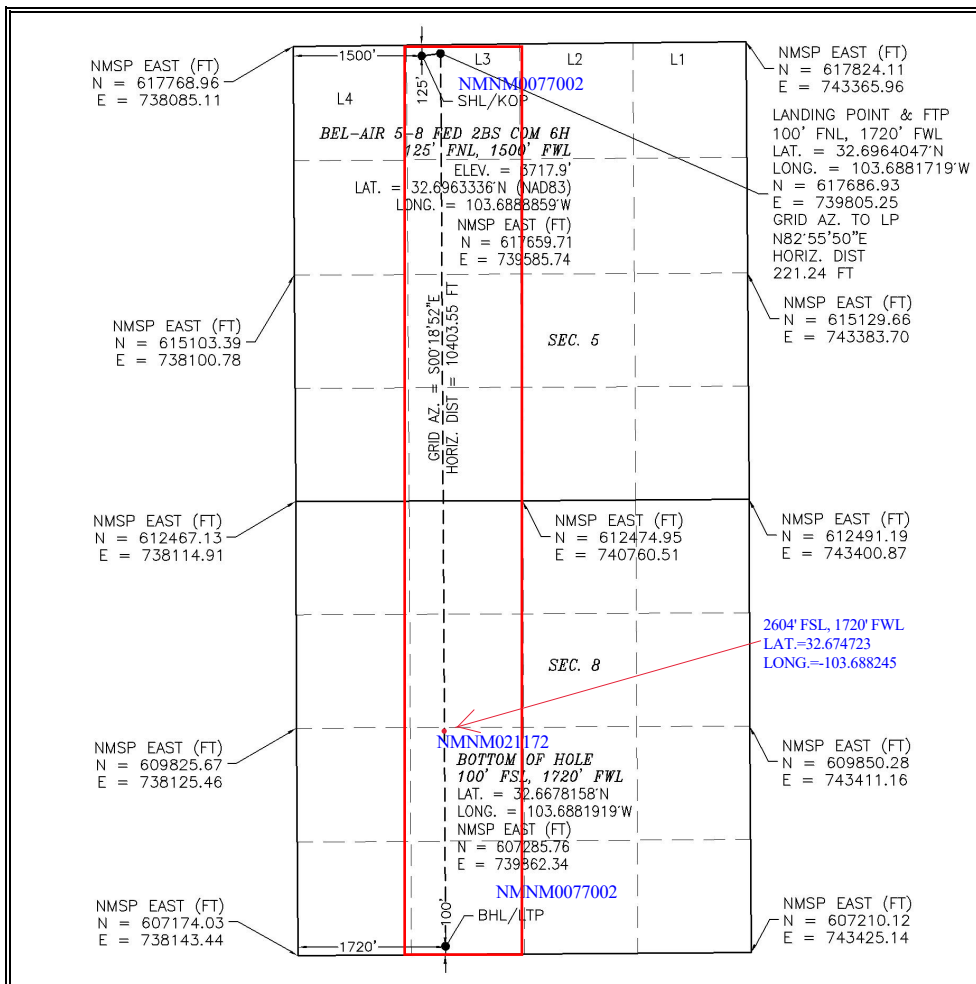
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	5	19 S	33 E		125	NORTH	1500	WEST	LEA

<sup>11</sup> 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
N	8	19 S	33 E		100	SOUTH	1720	WEST	LEA

<sup>12</sup> Dedicated Acres 321.07	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.



**<sup>17</sup> OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Jennifer Elrod* 03/26/2021  
Signature Date

JENNIFER ELROD  
Printed Name

JELROD@CHISHOLMENERGY.COM  
E-mail Address

**<sup>18</sup> 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.

OCTOBER 16, 2020  
Date of Survey

*[Signature]*  
Signature and Seal of Professional Surveyor: [Seal: JAMES F. JARAMILA, NEW MEXICO, 12797]

Certificate Number: 12797  
Surveyor No. 8559

Intent  As Drilled

API #		
Operator Name: <b>CHISHOLM ENERGY OPERATING, LLC</b>	Property Name: <b>BEL-AIR 5-8 FED 2BS COM</b>	Well Number <b>6H</b>

Kick Off Point (KOP)

UL	Section <b>5</b>	Township <b>19S</b>	Range <b>33E</b>	Lot <b>3</b>	Feet <b>125</b>	From N/S <b>NORTH</b>	Feet <b>1500</b>	From E/W <b>WEST</b>	County <b>LEA</b>
Latitude <b>32.6963336</b>					Longitude <b>103.6888859</b>			NAD <b>83</b>	

First Take Point (FTP)

UL	Section <b>5</b>	Township <b>19S</b>	Range <b>33E</b>	Lot <b>3</b>	Feet <b>100</b>	From N/S <b>NORTH</b>	Feet <b>1720</b>	From E/W <b>WEST</b>	County <b>LEA</b>
Latitude <b>32.6964047</b>					Longitude <b>103.6881719</b>			NAD <b>83</b>	

Last Take Point (LTP)

UL <b>N</b>	Section <b>8</b>	Township <b>19S</b>	Range <b>33E</b>	Lot	Feet <b>100</b>	From N/S <b>SOUTH</b>	Feet <b>1720</b>	From E/W <b>WEST</b>	County <b>LEA</b>
Latitude <b>32.6678158</b>					Longitude <b>103.6881919</b>			NAD <b>83</b>	

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

Is this well an infill well?  NO

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

SURFACE LOCATION  
125' FNL, 1500' FWL

18S 33E

32

6

1470'

5

4

LANDING POINT  
100' FNL, 1720' FWL

Lea

BEL-AIR 5-8 FED 2BS COM-5H

BEL-AIR 5-8 FED 2BS COM-6H

SECOND BONESPRING

7







8

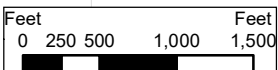
9

19S 33E

1720'

BOTTOM of HOLE  
100' FSL, 1720' FWL

-  WELL PATH
-  OFFET WELL
-  UNIT
-  ALIQUOT
-  SECTION
-  TOWNSHIP



18

17

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C2

Submitted by: Chisholm Energy Operating, LLC

Hearing Date: October 07, 2021

Case Nos. 22173-22174

16

**Bel-Air 5-8 Fed Com 2BS #5H**

SW/4 NW/4, W/2 SW/4, Section 5, and W/2 W/2 Section 8, T19S-R33E  
Lea County, NM

SEC 5



SEC 8

**Tract 1: SW/4 NW/4, W/2 SW/4, Sec. 5, 120.0 AC**

<b>OCCIDENTAL PERMIAN LIMITED PARTNERSHIP</b>	<b>1.00000000</b>
<b>Total:</b>	<b>1.00000000</b>

**Tract 2: W/2 NW/4, Sec. 8, 80.0 AC**

<b>OCCIDENTAL PERMIAN LIMITED PARTNERSHIP</b>	<b>0.50000000</b>
<b><i>LEGACY RESERVES OPERATING LP</i></b>	<b><i>0.50000000</i></b>
<b>Total:</b>	<b>1.00000000</b>

**Tract 3: W/2 SW/4, Sec. 8, 80.0 AC**

<b>OXY USA INC.</b>	<b>0.32311504</b>
<b>OXY Y-1 COMPANY</b>	<b>0.66179258</b>
<b>OXY USA WTP LIMITED PARTNERSHIP</b>	<b>0.01509238</b>
<b>Total:</b>	<b>1.00000000</b>

**UNIT RECAPITULATION****Bel-Air 5-8 Fed Com 2BS #5H**

SW/4 NW/4, W/2 SW/4, Section 5, and W/2 W/2 Section 8, T19S-R33E  
Lea County, NM, 280.0 acres

<b>OCCIDENTAL PERMIAN LIMITED PARTNERSHIP</b>	<b>0.57142857</b>
<b><i>LEGACY RESERVES OPERATING LP</i></b>	<b><i>0.14285714</i></b>
<b>OXY Y-1 COMPANY</b>	<b>0.18908359</b>
<b>OXY USA INC.</b>	<b>0.09231858</b>
<b>OXY USA WTP LIMITED PARTNERSHIP</b>	<b>0.00431211</b>
<b>Total:</b>	<b>1.00000000</b>

***INTERESTS SEEKING TO COMPULSORY POOL***

LANDING POINT  
100' FNL, 400' FWL

18S 33E

32

6

1470'

5

4

SURFACE LOCATION  
125' FNL, 1470' FWL

Lea

BEL-AIR 5-8 FED 2BS COM-5H

BEL-AIR 5-8 FED 2BS COM-6H

7

8







9

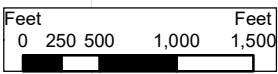
SECOND BONESPRING

19S 33E

400'

BOTTOM of HOLE  
100' FSL, 400' FWL

-  WELL PATH
-  OFFET WELL
-  UNIT
-  ALIQUOT
-  SECTION
-  TOWNSHIP

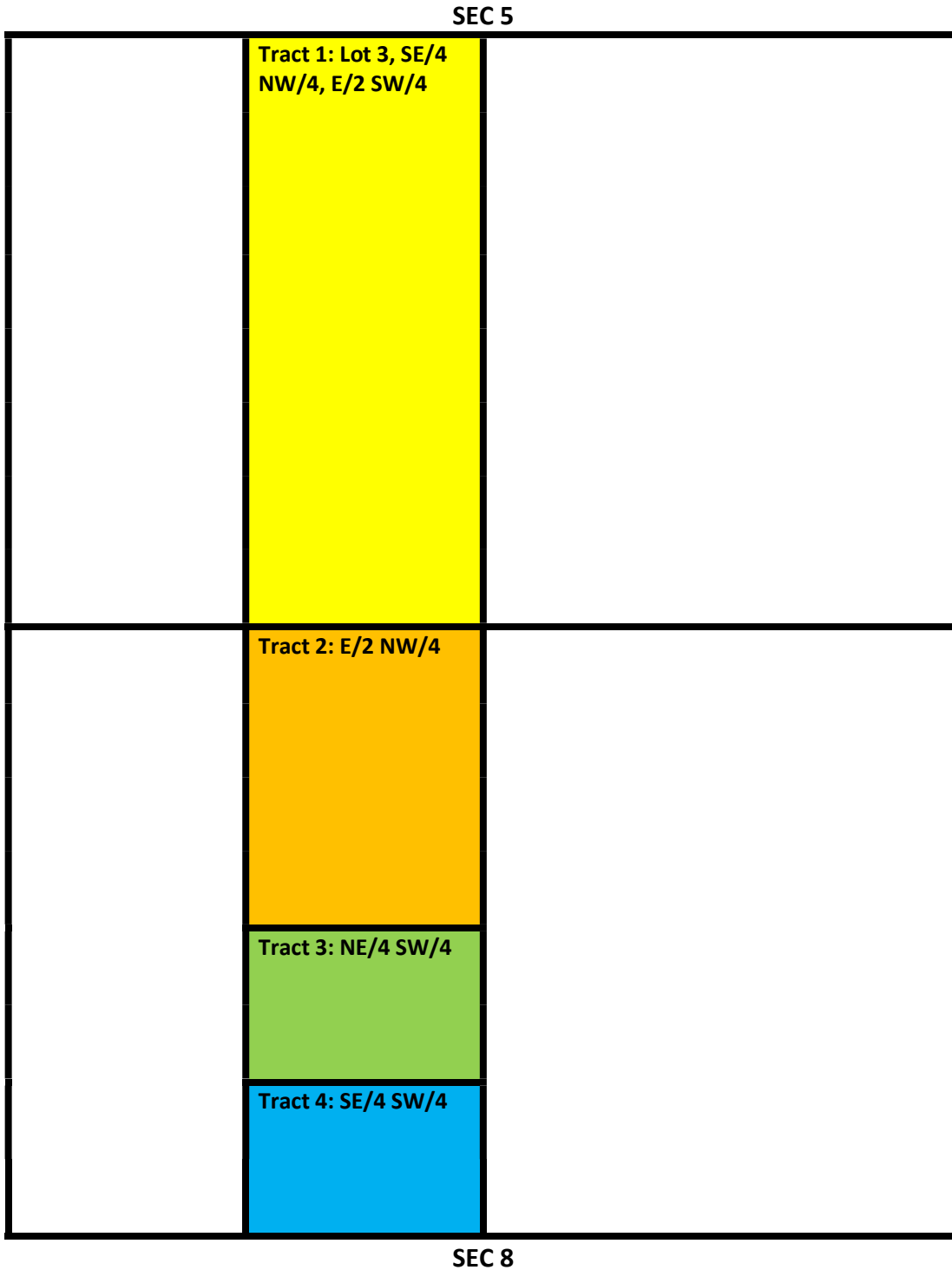


18

17

16

**Bel-Air 5-8 Fed Com 2BS #6H**  
E/2 W/2, Sections 5 and 8, T19S-R33E  
Lea County, NM





**Tract 1: Lot 3, SE/4 NW/4, E/2 SW/4, Sec. 5, 161.07 AC**

<b>OCCIDENTAL PERMIAN LIMITED PARTNERSHIP</b>	<b>1.00000000</b>
<b>Total:</b>	<b>1.00000000</b>

**Tract 2: E/2 NW/4, Sec. 8, 80.0 AC**

<b>OCCIDENTAL PERMIAN LIMITED PARTNERSHIP</b>	<b>0.50000000</b>
<b><i>LEGACY RESERVES OPERATING LP</i></b>	<b><i>0.50000000</i></b>
<b>Total:</b>	<b>1.00000000</b>

**Tract 3: NE/4 SW/4, Sec. 8, 40.0 AC**

<b>OXY USA INC.</b>	<b>0.32311504</b>
<b>OXY Y-1 COMPANY</b>	<b>0.66179258</b>
<b>OXY USA WTP LIMITED PARTNERSHIP</b>	<b>0.01509238</b>
<b>Total:</b>	<b>1.00000000</b>

**Tract 4: SE/4 SW/4, Sec. 8, 40.0 AC**

<b>OCCIDENTAL PERMIAN LIMITED PARTNERSHIP</b>	<b>0.50000000</b>
<b><i>CONOCO PHILLIPS COMPANY</i></b>	<b><i>0.50000000</i></b>
<b>Total:</b>	<b>1.00000000</b>

**UNIT RECAPITULATION**

**Bel-Air 5-8 Fed Com 2BS #6H**  
E/2 W/2, Sections 5 and 8, T19S-R33E  
Lea County, NM

<b>OCCIDENTAL PERMIAN LIMITED PARTNERSHIP</b>	<b>0.68854144</b>
<b><i>LEGACY RESERVES OPERATING LP</i></b>	<b><i>0.12458342</i></b>
<b>OXY Y-1 COMPANY</b>	<b>0.08244839</b>
<b>OXY USA INC.</b>	<b>0.04025478</b>
<b><i>CONOCO PHILLIPS COMPANY</i></b>	<b><i>0.06229171</i></b>
<b>OXY USA WTP LIMITED PARTNERSHIP</b>	<b>0.00188026</b>
<b>TOTAL:</b>	<b>1.00000000</b>

***INTERESTS SEEKING TO COMPULSORY POOL***



July 26, 2021

**VIA CERTIFIED MAIL:**

LEGACY RESERVES OPERATING, LP  
1775 Sherman Street, Suite 1400  
Denver, CO 80203

RE: Bel-Air 5-8 Fed 2BS Com 5H  
SW/4 NW/4; W/2 SW/4 Sec. 5, W/2 W/2 Sec. 8, 19S-34E  
Lea County, New Mexico

To whom it may concern,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of the Bel-Air 5-8 Fed 2BS Com 5H well to TVD of approximately 9,954' and a MD of approximately 20,500'. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$6,470,588.00, being the total estimated cost to drill and complete said well.

**Approximate surface hole location:**

125' FNL, 1470' FWL, Section 5, Township 19 South, Range 33 East, Unit C

**Approximate bottom hole location:**

100' FSL, 400' FWL, Section 8, Township 19 South, Range 33 East, Unit M

Chisholm is proposing to drill this well under the terms of a modified 1989 AAPL form Operating Agreement covering the SW/4 NW/4; SW/4; E/2 NW/4 of Section 5 and W/2 of Section 8, Township 19 South, Range 33 East, Lea 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 is our Authority for Expenditures ("AFE").

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  
lshelton@chisholmenergy.com  
817-953-0359

Enclosures

\_\_\_\_\_ Elect to participate in the drilling of the Bel-Air 5-8 Fed 2BS Com 5H.

\_\_\_\_\_ Elect to farmout/assign our interest in the Bel-Air 5-8 Fed 2BS Com 5H.

**LEGACY RESERVES OPERATING, LP**

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

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
Exhibit No. C3  
Submitted by: Chisholm Energy Operating, LLC  
Hearing Date: October 07, 2021  
Case Nos. 22173-22174

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



July 26, 2021

**VIA CERTIFIED MAIL:**

LEGACY RESERVES OPERATING, LP  
1775 Sherman Street, Suite 1400  
Denver, CO 80203

RE: Bel-Air 5-8 Fed 2BS Com 6H  
E/2 W/2 Sec. 5, E/2 W/2 Sec. 8, 19S-34E  
Lea County, New Mexico

To whom it may concern,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of the Bel-Air 5-8 Fed 2BS Com 5H well to TVD of approximately 10,061' and a MD of approximately 20,050'. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$6,542,676.00, being the total estimated cost to drill and complete said well.

**Approximate surface hole location:**

125' FNL, 1500' FWL, Section 5, Township 19 South, Range 33 East, Unit C

**Approximate bottom hole location:**

100' FSL, 1720' FWL, Section 8, Township 19 South, Range 33 East, Unit M

Chisholm is proposing to drill this well under the terms of a modified 1989 AAPL form Operating Agreement covering the SW/4 NW/4; SW/4; E/2 NW/4 of Section 5 and W/2 of Section 8, Township 19 South, Range 33 East, Lea Co. Said Operating Agreement will be made available for your review upon request and contains the following general provision.

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- \$7,500/\$750 Drilling and Production Rate
- Chisholm Energy Operating, LLC named as Operator

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**Chisholm Energy Operating, LLC**

Luke Shelton  
Senior Landman  
lshelton@chisholmenergy.com  
817-953-0359

Enclosures

\_\_\_\_\_ Elect to participate in the drilling of the Bel-Air 5-8 Fed 2BS Com 6H.

\_\_\_\_\_ Elect to farmout/assign our interest in the Bel-Air 5-8 Fed 2BS Com 6H.

**LEGACY RESERVES OPERATING, LP**

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

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



July 26, 2021

**VIA CERTIFIED MAIL:**

ConocoPhillips Company  
P.O. Box 2197  
Houston, TX 77252

RE: Bel-Air 5-8 Fed 2BS Com 6H  
E/2 W/2 Sec. 5, E/2 W/2 Sec. 8, 19S-34E  
Lea County, New Mexico

To whom it may concern,

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**Chisholm Energy Operating, LLC**

Luke Shelton  
Senior Landman  
lshelton@chisholmenergy.com  
817-953-0359

Enclosures

\_\_\_\_\_ Elect to participate in the drilling of the Bel-Air 5-8 Fed 2BS Com 6H.

\_\_\_\_\_ Elect to farmout/assign our interest in the Bel-Air 5-8 Fed 2BS Com 6H.

**ConocoPhillips Company**

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

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



July 26, 2021

**VIA CERTIFIED MAIL:**

LEGACY RESERVES OPERATING, LP  
1775 Sherman Street, Suite 1400  
Denver, CO 80203

RE: Bel-Air 5-8 Fed 2BS Com 6H  
E/2 W/2 Sec. 5, E/2 W/2 Sec. 8, 19S-34E  
Lea County, New Mexico

To whom it may concern,

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\_\_\_\_\_ Elect to farmout/assign our interest in the Bel-Air 5-8 Fed 2BS Com 6H.

**LEGACY RESERVES OPERATING, LP**

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%)**

<b>Well</b>	Bel-Air 5-8 Fed 2BS Com 5H
<b>Field</b>	2nd Bone Springs
<b>County, State:</b>	Lea, NM
<b>BHL:</b>	Horizontal
<b>Proposed TD:</b>	20,500 MD      9,954 TVD
<b>Normal Pressure?</b>	Yes

<b>PROP #:</b>	
<b>WI #:</b>	
<b>NRI #:</b>	
<b>AFE #:</b>	

		BCP	ACP	TOTAL
<b>COSTS TO CASING POINT: TANGIBLES</b>				
8510-400	Conductor Casing or Drive Pipe	\$18,000		\$18,000
8510-405	Surface Casing	\$78,384		\$78,384
8510-410	Intermediate Casing/Drlg Liner	\$161,968		\$161,968
8510-415	Wellhead Equipment - Surface & MLS	\$40,000		\$40,000
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$61,000		\$61,000
8510-500	Production Casing	\$399,135		\$399,135
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - TANGIBLES</b>	<b>\$758,487</b>		<b>\$758,487</b>
<b>COSTS TO CASING POINT: INTANGIBLES</b>				
8500-100	Roads/Location	\$100,000		\$100,000
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$517,240		\$517,240
8500-115	Fuel/Power	\$93,000		\$93,000
8500-125	Equipment Rental	\$176,640		\$176,640
8500-130	Legal Fees	\$0		
8500-135	Bonds, Permits and Inspection	\$30,000		\$30,000
8500-155	Mud and Chemicals	\$250,000		\$250,000
8500-160	Cementing Services	\$124,000		\$124,000
8500-170	Supervision/Consulting	\$159,100		\$159,100
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	\$125,000		\$125,000
8500-195	Directional Drilling Services	\$389,300		\$389,300
8500-200	Drill Bits	\$104,000		\$104,000
8500-210	Surface Damages/ROW	\$0		
8500-215	Contract Labor and Services	\$20,000		\$20,000
8500-220	Mud Logging	\$0		
8500-235	Reclamation	\$0		
8500-240	Rig Mobilization/Demob	\$132,500		\$132,500
8500-245	Fishing Tools and Services	\$0		
8500-250	Testing-Drill Stem/Production	\$0		
8500-260	Wireline Services	\$0		
8500-265	Water	\$37,750		\$37,750
8500-270	Camp Expenses	\$52,325		\$52,325
8500-285	Contingencies	\$0		
8500-290	Environmental	\$0		
8500-300	Overhead	\$0		
8500-350	Insurance	\$0		
8500-600	Nonoperated	\$0		
8500-700	Impairment	\$0		
8500-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - INTANGIBLES</b>	<b>\$2,349,855</b>		<b>\$2,349,855</b>
<b>COMPLETION COSTS: TANGIBLES</b>				
8530-415	Wellhead		\$25,000	\$25,000
8530-420	Subsurface Equipment		\$0	

8530-510	Tubing			\$44,096	\$44,096
8530-515	Rods			\$0	
8530-525	Artificial Lift Equipment			\$60,000	\$60,000
8530-530	Gas Metering Equipment			\$30,000	\$30,000
8530-531	Electrical			\$30,000	\$30,000
8530-535	LACT Unit			\$0	
8530-540	Production Facilities and Flowlines			\$115,000	\$115,000
8530-545	Pumping Unit			\$0	
8530-550	Separator, Heater, Treater			\$80,000	\$80,000
8530-555	Tank Battery			\$75,000	\$75,000
8530-560	Vapor Recovery Unit			\$0	
8530-590	Other Misc Equipment			\$0	
8530-600	Nonoperated			\$0	
8530-700	Impairment			\$0	
8530-999	Accruals			\$0	
	<b>TOTAL COMPLETION COST - TANGIBLES</b>			<b>\$459,096</b>	<b>\$459,096</b>
	<b>COMPLETION COSTS: INTANGIBLES</b>				
8520-100	Roads/Location			\$5,000	\$5,000
8520-120	Perforating Services			\$153,150	\$153,150
8520-125	Equipment Rental			\$120,000	\$120,000
8520-135	Bonds, Permits and Inspection			\$0	
8520-145	Completion Unit			\$200,000	\$200,000
8520-150	Frac Plugs			\$49,500	\$49,500
8520-155	Mud and Chemicals			\$20,000	\$20,000
8520-160	Cementing Services			\$0	
8520-165	Acidizing and Fracturing			\$1,620,000	\$1,620,000
8520-170	Supervision/Consulting			\$63,000	\$63,000
8520-175	Casing and Other Tangible Crew			\$0	
8520-190	Cuttings/Fluids Disposal			\$15,000	\$15,000
8520-200	Drill Bits			\$30,000	\$30,000
8520-210	Surface Damages/ROW			\$0	
8520-215	Contract Labor and Services			\$10,000	\$10,000
8520-230	Pump/Vacuum Trucks			\$10,000	\$10,000
8520-235	Reclamation			\$0	
8520-245	Fishing Tools and Services			\$0	
8520-250	Well Testing			\$112,000	\$112,000
8520-255	Trucking and Hauling			\$0	
8520-260	Wireline Services			\$5,500	\$5,500
8520-270	Camp Expenses			\$10,000	\$10,000
8520-275	Coiled Tubing Services			\$0	
8520-280	Frac Water			\$480,000	\$480,000
8520-285	Contingencies			\$0	
8520-290	Environmental			\$0	
8520-300	Overhead			\$0	
8520-350	Insurance			\$0	
8520-600	Nonoperated			\$0	
8520-700	Impairment			\$0	
8520-999	Accruals			\$0	
	<b>TOTAL COMPLETION COST - INTANGIBLES</b>			<b>\$2,903,150</b>	<b>\$2,903,150</b>
	<b>TOTAL WELL COST</b>			<b>\$3,108,342</b>	<b>\$3,362,246</b>
				<b>\$6,470,588</b>	

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

Date: \_\_\_\_\_

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

Date: \_\_\_\_\_

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

Date: \_\_\_\_\_





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

<b>Well</b>	Bel-Air 5-8 Fed 2BS Com 6H
<b>Field</b>	2nd Bone Springs
<b>County, State:</b>	Lea, NM
<b>BHL:</b>	Horizontal
<b>Proposed TD:</b>	20,050 MD    10,061 TVD
<b>Normal Pressure?</b>	Yes

<b>PROP #:</b>	
<b>WI #:</b>	
<b>NRI #:</b>	
<b>AFE #:</b>	

		BCP	ACP	TOTAL
<b>COSTS TO CASING POINT: TANGIBLES</b>				
8510-400	Conductor Casing or Drive Pipe	\$18,000		\$18,000
8510-405	Surface Casing	\$78,384		\$78,384
8510-410	Intermediate Casing/Drlg Liner	\$161,968		\$161,968
8510-415	Wellhead Equipment - Surface & MLS	\$40,000		\$40,000
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$61,000		\$61,000
8510-500	Production Casing	\$390,374		\$390,374
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - TANGIBLES</b>	<b>\$749,726</b>		<b>\$749,726</b>
<b>COSTS TO CASING POINT: INTANGIBLES</b>				
8500-100	Roads/Location	\$100,000		\$100,000
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$517,240		\$517,240
8500-115	Fuel/Power	\$93,000		\$93,000
8500-125	Equipment Rental	\$176,640		\$176,640
8500-130	Legal Fees	\$0		
8500-135	Bonds, Permits and Inspection	\$30,000		\$30,000
8500-155	Mud and Chemicals	\$250,000		\$250,000
8500-160	Cementing Services	\$124,000		\$124,000
8500-170	Supervision/Consulting	\$159,100		\$159,100
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	\$125,000		\$125,000
8500-195	Directional Drilling Services	\$389,300		\$389,300
8500-200	Drill Bits	\$104,000		\$104,000
8500-210	Surface Damages/ROW	\$0		
8500-215	Contract Labor and Services	\$20,000		\$20,000
8500-220	Mud Logging	\$0		
8500-235	Reclamation	\$0		
8500-240	Rig Mobilization/Demob	\$132,500		\$132,500
8500-245	Fishing Tools and Services	\$0		
8500-250	Testing-Drill Stem/Production	\$0		
8500-260	Wireline Services	\$0		
8500-265	Water	\$37,750		\$37,750
8500-270	Camp Expenses	\$52,325		\$52,325
8500-285	Contingencies	\$0		
8500-290	Environmental	\$0		
8500-300	Overhead	\$0		
8500-350	Insurance	\$0		
8500-600	Nonoperated	\$0		
8500-700	Impairment	\$0		
8500-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - INTANGIBLES</b>	<b>\$2,349,855</b>		<b>\$2,349,855</b>
<b>COMPLETION COSTS: TANGIBLES</b>				
8530-415	Wellhead		\$25,000	\$25,000
8530-420	Subsurface Equipment		\$0	

8530-510	Tubing			\$44,570	\$44,570
8530-515	Rods			\$0	
8530-525	Artificial Lift Equipment			\$60,000	\$60,000
8530-530	Gas Metering Equipment			\$30,000	\$30,000
8530-531	Electrical			\$30,000	\$30,000
8530-535	LACT Unit			\$0	
8530-540	Production Facilities and Flowlines			\$115,000	\$115,000
8530-545	Pumping Unit			\$0	
8530-550	Separator, Heater, Treater			\$80,000	\$80,000
8530-555	Tank Battery			\$75,000	\$75,000
8530-560	Vapor Recovery Unit			\$0	
8530-590	Other Misc Equipment			\$0	
8530-600	Nonoperated			\$0	
8530-700	Impairment			\$0	
8530-999	Accruals			\$0	
	<b>TOTAL COMPLETION COST - TANGIBLES</b>			<b>\$459,570</b>	<b>\$459,570</b>
	<b>COMPLETION COSTS: INTANGIBLES</b>				
8520-100	Roads/Location			\$5,000	\$5,000
8520-120	Perforating Services			\$159,725	\$159,725
8520-125	Equipment Rental			\$120,000	\$120,000
8520-135	Bonds, Permits and Inspection			\$0	
8520-145	Completion Unit			\$200,000	\$200,000
8520-150	Frac Plugs			\$51,300	\$51,300
8520-155	Mud and Chemicals			\$20,000	\$20,000
8520-160	Cementing Services			\$0	
8520-165	Acidizing and Fracturing			\$1,680,000	\$1,680,000
8520-170	Supervision/Consulting			\$63,000	\$63,000
8520-175	Casing and Other Tangible Crew			\$0	
8520-190	Cuttings/Fluids Disposal			\$15,000	\$15,000
8520-200	Drill Bits			\$30,000	\$30,000
8520-210	Surface Damages/ROW			\$0	
8520-215	Contract Labor and Services			\$10,000	\$10,000
8520-230	Pump/Vacuum Trucks			\$10,000	\$10,000
8520-235	Reclamation			\$0	
8520-245	Fishing Tools and Services			\$0	
8520-250	Well Testing			\$112,000	\$112,000
8520-255	Trucking and Hauling			\$0	
8520-260	Wireline Services			\$5,500	\$5,500
8520-270	Camp Expenses			\$10,000	\$10,000
8520-275	Coiled Tubing Services			\$0	
8520-280	Frac Water			\$492,000	\$492,000
8520-285	Contingencies			\$0	
8520-290	Environmental			\$0	
8520-300	Overhead			\$0	
8520-350	Insurance			\$0	
8520-600	Nonoperated			\$0	
8520-700	Impairment			\$0	
8520-999	Accruals			\$0	
	<b>TOTAL COMPLETION COST - INTANGIBLES</b>			<b>\$2,983,525</b>	<b>\$2,983,525</b>
	<b>TOTAL WELL COST</b>			<b>\$3,099,581</b>	<b>\$3,443,095</b>
				<b>\$6,542,676</b>	

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

Date: \_\_\_\_\_

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

Date: \_\_\_\_\_

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

Date: \_\_\_\_\_

<b>LEGACY RESERVES OPERATING, LP</b>	1775 Sherman Street, Suite 1400 Denver, CO 80203	Taylor Thoreson	817-269-1411	<a href="http://tthoresonlegacyreseverves.com">tthoresonlegacyreseverves.com</a>	Have discussed mutiple trade options, including a 3rd party,
<b>ConocoPhillips Company</b>	P.O. Box 2197 Houston, TX 77252	Baylor Mitchell	432-253-9745	<a href="mailto:baylor.mitchell@conocophillips.com">baylor.mitchell@conocophillips.com</a>	We have agreed to use the same JOA, that CEH/COP have used on other joint wells

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C4  
Submitted by: Chisholm Energy Operating, LLC  
Hearing Date: October 07, 2021  
Case Nos. 22173-22174

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. 22173

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

CASE NO. 22174

AFFIDAVIT OF JOSH KUHN, GEOLOGIST

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 area.
4. In these cases, Chisholm is targeting the Bone Spring formation.
5. **Chisholm Exhibit D-1** is a project location map showing the area comprising the standard horizontal spacing units in these cases in relation to the surrounding area.
6. **Chisholm Exhibit D-2** is a subsea structure map that I prepared off the base of the 2<sup>nd</sup> Bone Spring Sandstone. Within Sections 5 and 8, there are dashed lines on the map that reflect the paths of the proposed wellbores for the **Bel-Air 5-8 Fed 2BS Com #5H well** and the **Bel-Air**

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

Submitted by: Chisholm Energy Operating, LLC  
Hearing Date: October 07, 2021  
Case Nos. 22173-22174

**5-8 Fed 2BS Com #6H well.** The contour interval is 50 feet. The structure map shows that the targeted interval is dipping gently to the southeast. The structure appears consistent in these sections. I do not observe any faulting, pinchouts, or other geologic hazards to developing horizontal wells.

7. **Chisholm Exhibit D-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 D-3** is a stratigraphic cross section prepared by me for the four representative wells from A to A'. The exhibit shows logs for gamma ray, resistivity, and porosity for the wells. 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 Bone Spring formation 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 units will be productive and contribute more-or-less equally to production from the wellbores.

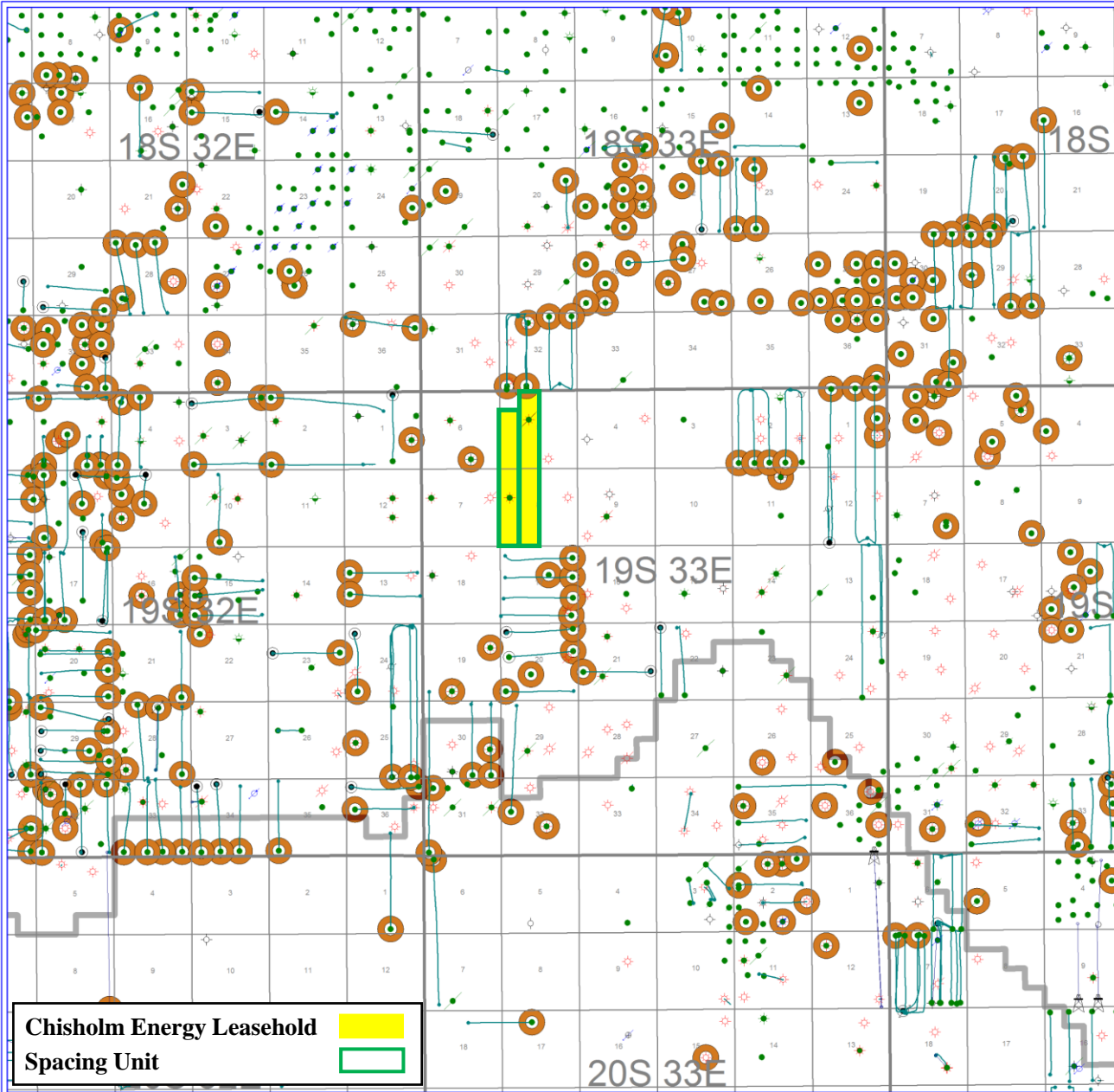
11. In my opinion, the stand-up orientation of the proposed wells is the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.

12. In my opinion, the granting of Chisholm application in these cases is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

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

FURTHER AFFIANT SAYETH NOT.





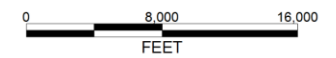
**BEFORE THE OIL CONSERVATION DIVISION**  
**Santa Fe, New Mexico**  
**Exhibit No. D1**  
**Submitted by: Chisholm Energy Operating, LLC**  
**Hearing Date: October 07, 2021**  
**Case Nos. 22173-22174**

**Lea County, NM**

**Bel-Air Prospect**

**S5 & 8 / T19S / R33E**

**Project Locator Map**



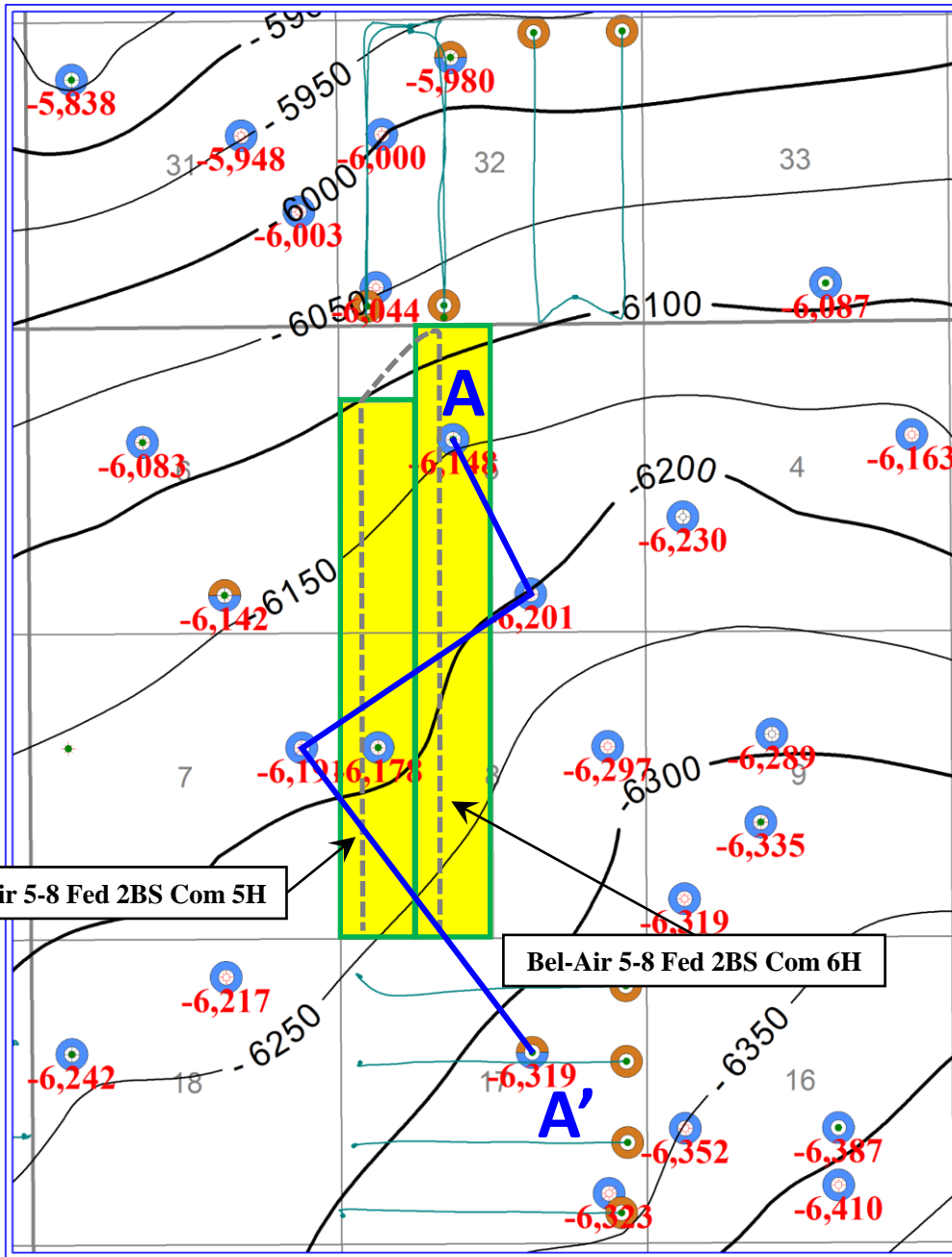
ATTRIBUTE MAP	
	2ND BONE SPRING SS PRODUCER
REMARKS	
Wells > 8000 ft	
By: Joshua Kuhn	

**Chisholm Energy Leasehold**

**Spacing Unit**

DETA 0/07/2021 15:44:57 DM





**BEFORE THE OIL CONSERVATION DIVISION**  
 Santa Fe, New Mexico  
 Exhibit No. D2  
 Submitted by: Chisholm Energy Operating, LLC  
 Hearing Date: October 07, 2021  
 Case Nos. 22173-22174

<b>Lea County, NM</b>	
<b>Bel-Air Prospect</b>	
<b>S5 &amp; 8 / T19S / R33E</b>	
<b>Base 2nd Bone Spring Sandstone</b>	
<b>Subsea Structure Map</b>	
ATTRIBUTE MAP	
	2ND BONE SPRING SS PRODUCER
	BASE 2ND BONE SPRING SS PICK
REMARKS	
Contour Interval: 50 ft	
Wells > 8000 ft	
By: Joshua Kuhn	

N

S

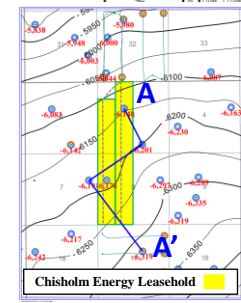
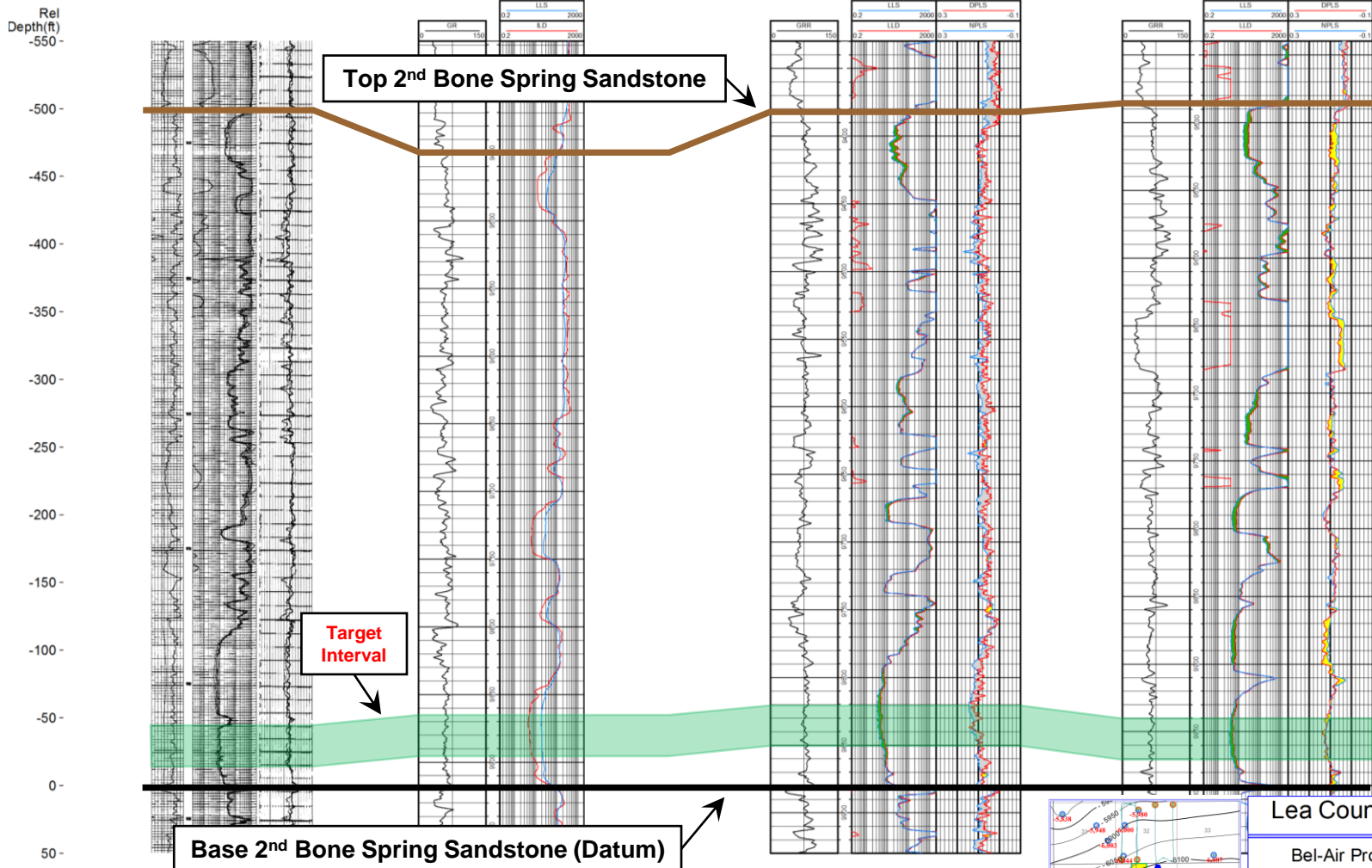
**BP**  
NELLIS B FED GAS C  
A 1  
26008

**EXTEX**  
MARY NELLIS-FEDERAL  
1  
01663

**EOG**  
FEDERAL  
1  
25470

**YATES**  
HUDSON FEDERAL  
1  
30546

A'



Lea County, NM	
Bel-Air Prospect	
S5 & 8 / T19S / R33E	
2nd Bone Spring Sandstone	
Stratigraphic Cross Section (A-A')	
Operator	
Well Name	
● Well Number	
API Series	
By: Joshua Kuhn	

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. D3  
Submitted by: Chisholm Energy Operating, LLC  
Hearing Date: October 07, 2021  
Case Nos. 22173-22174





**Kaitlyn A. Luck**  
Phone (505) 988-4421  
kaluck@hollandhart.com

September 17, 2021

**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.**  
**Bel-Air 5-8 Fed 2BS Com #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.

**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 October 7, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.**

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](mailto:lshelton@chisholmenergy.com).

Sincerely,

**Kaitlyn A. Luck**  
**ATTORNEY FOR CHISHOLM ENERGY OPERATING, LLC**

T 505.988.4421 F 505.983.6043  
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849  
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208  
[www.hollandhart.com](http://www.hollandhart.com)

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming



**Kaitlyn A. Luck**  
Phone (505) 988-4421  
kaluck@hollandhart.com

September 17, 2021

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**CERTIFIED RECEIPT REQUESTED**

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Sincerely,

**Kaitlyn A. Luck**  
**ATTORNEY FOR CHISHOLM ENERGY OPERATING, LLC**

T 505.988.4421 F 505.983.6043  
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849  
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208  
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

Chisholm - Bel Air 5H, 6H  
Case Nos. 22173-22174 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765854918598	ConocoPhillips Company	PO Box 2197	Houston	TX	77252-2197	Your item was picked up at a postal facility at 7:39 am on September 22, 2021 in HOUSTON, TX 77002.
9414811898765854918505	LEGACY RESERVES OPERATING, LP	1775 N Sherman St Ste 1400	Denver	CO	80203-4319	Your item was delivered to the front desk, reception area, or mail room at 1:23 pm on September 20, 2021 in DENVER, CO 80203.



# 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  
September 22, 2021  
and ending with the issue dated  
September 22, 2021.

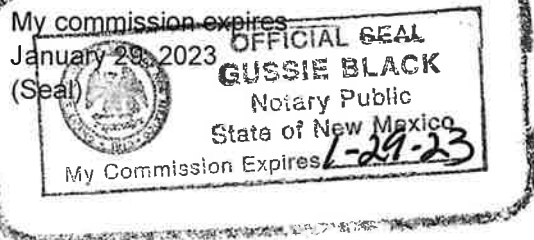


Publisher

Sworn and subscribed to before me this  
22nd day of September 2021.



Business Manager



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**  
September 22, 2021  
**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 public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on **Thursday, October 7, 2021, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at [Marlene.Salvidrez@state.nm.us](mailto: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](mailto:Marlene.Salvidrez@state.nm.us), or the New Mexico Relay Network at 1-800-659-1779, no later than **September 27, 2021**.

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

Persons may view and participate in the hearings through the following link:  
<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e31a346dbbf01a09cd6beca60085a1ffe>  
Event number: 2497 424 5971  
Event password: GxJqZW5M3H3

Join by video: 24974245971@nmemnrd.webex.com  
Numeric Password: 935619  
You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free  
Access code: 2497 424 5971

**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: Legacy Reserves Operating, LP and ConocoPhillips Company.**

**Case No. 22173: 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 280-acre, more or less, horizontal spacing unit comprised of the SW/4 NW/4 and the W/2 SW/4 of Section 5 and the W/2 W/2 of Section 8, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial **Bel-Air 5-8 Fed 2BS Com #5H** well to be horizontally drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 5 to a bottom hole location in the SW/4 SW/4 (Lot M) of Section 8. 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 well, 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 the well. Said area is located approximately 30 miles west of Hobbs, New Mexico.  
**#36873**

67100754

00258707

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

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

Submitted by: Chisholm Energy Operating, LLC  
Hearing Date: **October 07, 2021**  
Case Nos. 22173-22174



# 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  
September 22, 2021  
and ending with the issue dated  
September 22, 2021.

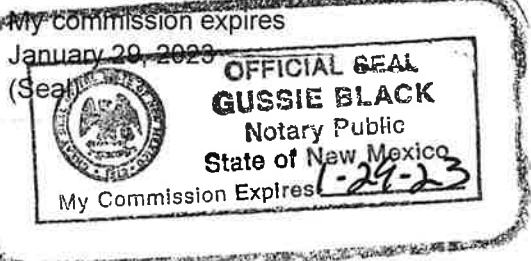


Publisher

Sworn and subscribed to before me this  
22nd day of September 2021.



Business Manager



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**  
September 22, 2021

**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 public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on **Thursday, October 7, 2021, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at [Marlene.Salvidrez@state.nm.us](mailto: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](mailto:Marlene.Salvidrez@state.nm.us), or the New Mexico Relay Network at 1-800-659-1779, no later than **September 27, 2021**.

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

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<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e31a346dbb01a09cd6beca60085a1ffe>  
Event number: 2497 424 5971  
Event password: GxJqZW5M3H3

Join by video: 24974245971@nmemnrd.webex.com  
Numeric Password: 935619  
You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free  
Access code: 2497 424 5971

**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: Legacy Reserves Operating, LP and ConocoPhillips Company.**

**Case No. 22174: 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 321.07-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 5 and 8, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial **Bel-Air 5-8 Fed 2BS Com #6H** well to be horizontally drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 5 to a bottom hole location in the SE/4 SW/4 (Lot N) of Section 8. 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 well, 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 the well. Said area is located approximately 30 miles west of Hobbs, New Mexico.  
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HOLLAND & HART LLC  
PO BOX 2208  
SANTA FE, NM 87504-2208