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	NEW MEXICO C - Geological & 220 South St. Franc	OIL CONSI & Enginee	ERVATION ering Bure	N DIVISION eau -	
	ADMINISTRATIVE IS MANDATORY FOR ALL ADMINISTRATIONS WHICH REQUIRE	MINISTRATIVE A	PPLICATIONS F	OR EXCEPTIONS TO I	DIVISION RULES AND
Applicant: Chisholm   Well Name: <u>Cottonwa</u> Pool: <u>Purple Sage; Wa</u> SUBMIT ACCURATE AN	od 28-33 Fed Com  Ifcamp  ID COMPLETE INFORM	WCA 3H MATION RE	QUIRED TO	API: 30- Pool Co	Number: <u>372137</u> 015-43689 &30-015-43690 ode: <u>98220</u> E TYPE OF APPLICATION
1) TYPE OF APPLICATION  A. Location – Spa		ous Dedic	or (A)		673 —8
□DHC - (II) Injection	ly for (1) or (11) ng - Storage - Measo	□PC ncrease - I	_	□OLM I Oil Recovery □PPR	FOR OCD ONLY
B. Royalty, ove C. Application D. Notification E. Notification F. Surface ow	ators or lease holders erriding royalty owne requires published n and/or concurrent o and/or concurrent oner e above, proof of no	rs, revenue otice approval b approval b	e owners by SLO by BLM	tion is attache	Notice Complete Application Content Complete
understand that <b>no</b>	reby certify that the income is accurate and action will be taken of the Division	complete on this app	to the be	est of my know	rledge. I also
Note: State	ement must be completed b	y an individuo	al with manag	erial and/or super	visory capacity.
Bettie Watson			Do	2/14/2018 ate	
Print or Type Name				817-864-110	04
Settie Water	- Lon		Pr	none Number bwatson@	@chisholmenergy.com

e-mail Address

Signature



February 14, 2018

VIA Certified Mail, Return Receipt

New Mexico Oil Conservation Division 1220 S. St. Francis Dr. Santa Fe, New Mexico 87505

Attn: Mr. Michael McMillan

RE:

Commingle Application of Diverse Ownership Cottonwood 28-33 Fed Com WCA 3H & 4H

API 30-015-43687 & API 30-015-43690

S22, T26S, R26E

Eddy County, New Mexico

Mr. McMillan,

Pursuant to Division Rule 19.15.12.10, Chisholm Energy Operating, LLC respectfully requests administrative approval to Surface Commingle Diverse Interest and store in a common storage facility production from Cottonwood 28-33 Fed Com WCA 3H & 4H wells located in Eddy County, New Mexico. Each well is metered individually. This action will prevent waste, promote conservation, and protect correlative rights. Due to topographic issues the battery is in Sec 21.

A Communitization Agreement proposal has been submitted by Chisholm Energy Operating, LLC for the East half of sections 28 & 33. At this time, it has not been approved. To provide for production from these wells the Commingle Application of Diverse Ownership is attached.

The Cottonwood 28-33 Fed Com WCA 3H & 4H are operated by Chisholm Energy Operating, LLC. These wells are on the same leases. The interest owners have diverse interest percentages. Pursuant Division Rule 19.15.12.10 the Interest owners that are to be notified are listed on Exhibit A and are being sent a copy of this application by certified mail, return receipt.

Also, attached:

- 1) Topographic map which shows all the lease boundaries, facility, wellheads with API #'s, and path of production.
- 2) Facility Diagram
- 3) Copy of the notice letter to interest owners and copy of certified mail, return receipt request.
- 4) Plats for each well Form C-102 and associated plats

For future addition of wells, leases, and pools to this commingling operation, notice shall only be given to those interest owners in the wells, leases or pools to be added, in accordance with the Division Rule 19.15.12.10 C (4)(g) NMAC.

If you should have any questions, please call me at (972)979-0132 or Jennifer Elrod at (817) 953-3728.

Sincerely,

Regulatory Consultant



EXHIBIT "A"

Application of Chisholm Energy Operating, LLC for approval of Lease Surface Commingle WELLS: Cottonwood 28-33 Fed Com WCA 3H & 4H Section 21, T26S, R26E - Eddy County, New Mexico

# Owners to be Served Notice of this Filing

Nearburg Producing Company F/B/O
The Nearburg Producing Company Employee Fund
Attn: Kathie Craft
P. O. Box 823085
Dallas, Texas 75382

Nearburg Producing Company Attn: Kathie Craft P.O. Box 823085 Dallas, Texas 75382

> Oxy Y-1 Company 2095 East Bender Blvd. Hobbs, NM 88240

EOG A Resources, Inc. 105 S. 4th Street Artesia, NM 88210

EOG M Resources, Inc. 105 S. 4th Street Artesia, NM 88210

EOG Y Resources, Inc. 105 S. 4th Street Artesia, NM 88210 District I 1625 N. French Drive, Hobbs, NM 88240 District II 811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410

<u>District IV</u> 1220 S. St Francis Dr, Santa Fe, NM 87505 State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B Revised August 1, 2011

## OIL CONSERVATION DIVISION

1220 S. St Francis Drive Santa Fe, New Mexico 87505 Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

	FOR SURFACE	COMMINGLING	(DIVERSE	OWNERSHIP)			
OPERATOR NAME: Chisholm Energy Operating, LLC							
OPERATOR ADDRESS: 800 Ch							
APPLICATION TYPE:							
☐ Pool Commingling ☐ Lease Commingling	ig ☐Pool and Lease Co	mmingling	Storage and Measu	rement (Only if not Surface	Commingled)		
LEASE TYPE:  Fee	State X Fede	ral					
Is this an Amendment to existing Order							
Have the Bureau of Land Management	(BLM) and State Land	d office (SLO) been not	tified in writing	of the proposed comm	ingling		
X Yes □No							
		OL COMMINGLINGS with the following in					
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes		
		1					
(2) Are any wells producing at top allowa	bles? TYes TNo						
(2) Are any wells producing at top allowa (3) Has all interest owners been notified b (4) Measurement type:   [Metering [ (5) Will commingling decrease the value of the committee of the comm	y certified mail of the pro Other (Specify)		☐Yes ☐No.	ing should be approved			
	Please attach sheet	SE COMMINGLINGS with the following in					
(1) Pool Name and Code. Purple Sage; (2) Is all production from same source of (3) Has all interest owners been notified by (4) Measurement type:   Metering	supply? XYes \(\sime\) \(\sime\) certified mail of the prop	o	⊠Yes □N	o			
		LEASE COMMIN					
Please attach sheets with the following information  (1) Complete Sections A and E.							
I)		ORAGE and MEA					
		ets with the following	information				
<ul><li>(1) Is all production from same source of</li><li>(2) Include proof of notice to all interest of</li></ul>		0					
(2) Include proof of notice to an interest of	whers.						
(E) Al		RMATION (for all		ypes)			
(1) A schematic diagram of facility, inclu-							
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.							
(3) Lease Names, Lease and Well Number	rs, and API Numbers.						
I hereby certify that the information above is	s true and complete to the	best of my knowledge an	d belief.				
I hereby certify that the information above is true and complete to the best of my knowledge and belief.							
SIGNATURE: Dattie Walson TITLE: Regulatory Consultant DATE: 2/14/2018							
TYPE OR PRINT NAME Bettie Watson			TEL	EPHONE NO.: <u>972-979</u>	1-0132		
E-MAIL ADDRESS: bwatson@chisholme	energy.com						



#### SUMMARY DETAIL

# APPLICATION FOR COMMINGLE PERMIT AT A CENTRAL TANK BATTERY, LEASE COMMINGLE & STORAGE Commingle Proposal for Cottonwood 28-33 Fed Com WCA 3H & 4H

API#

Pool

Chisholm Energy Operating, LLC is requesting approval for a Central Tank Battery, Lease Commingle & Storage of the following wells:

Well Names Location - Eddy Co.

BLM Leases: Tract 1 BLM NMNM113944

Cottonwood 28-33 Fed Com WCA 3H SESE, 21, T26S, R26E 30-015-43687 Purple Sage; Wolfcamp/98220

BLM Leases: Tract 1 BLM NMNM113944 & Tract 2 BLM NMNM121472

Cottonwood 28-33 Fed Com WCA 4H SESE, 21, T26S, R26E 30-015-43690 Purple Sage; Wolfcamp/98220

Each tract has diverse ownership. The BLM's interest in both leases is a flat royalty rate of 12.5%.

## Economic Justification Worksheet<sup>1</sup>

Individual Wells	Current BOPD-est	Oil Gravity	Value/ BBL	Current MCFPD-est	DRY BTU	Value/ MCF
Cottonwood 28-33 Fed Com WCA 3H	600	48.0	\$58.00	2,200		\$3.00
Cottonwood 28-33 Fed Com WCA 4H	400	48.0	\$58.00	1,800		\$3.00
Economic combined production	BOPD	Oil Gravity	Value/ BBL	MCFPD	DRY BTU	Value/ MCF
	1000	48.0	\$58.00	4,000		\$3.00

<sup>&</sup>lt;sup>1</sup>This form is used to indicate that no production and commodity value will be lost by the commingling.

The commingling of production is in the interest of conservation and waste and will result in the most effective, economic means of producing the reserves in place from the affected wells and will not result in reduced royalty or improper measurement of production.

A Communitization Agreement proposal has been submitted but has not been approved for the East half of sections 28 & 33 at this time.

A copy of this application will be submitted to the NMOCD and interest owners by certified mail.

Attached: Topographic map which shows all the lease boundaries, facility, wellheads with API #'s, and path of production.

NMOCD Form C-102 Well Plats

A Facility Diagram

A copy of the notice letter to interest owners and copy of certified mail, return receipt request.

### Process and Flow Description:

The flow of produced fluids is shown on the enclosed facility diagram. The surface location of the wells and battery are in Lot P of Sec 21, T26S, R26E. The wells are producing from the East half of Sections 28 & 33 in T26S, R26E. Each well will be metered individually. The fluid/gas enters the production unit where it is separated into the three components, gas, water and oil. The gas flows through a check meter on the production skid and then to the pipeline sales meter. The oil exits the vessel and flows through a turbine meter and then to the oil production tank. The water exits the vessel and flows through a turbine meter and then to the water production tank.

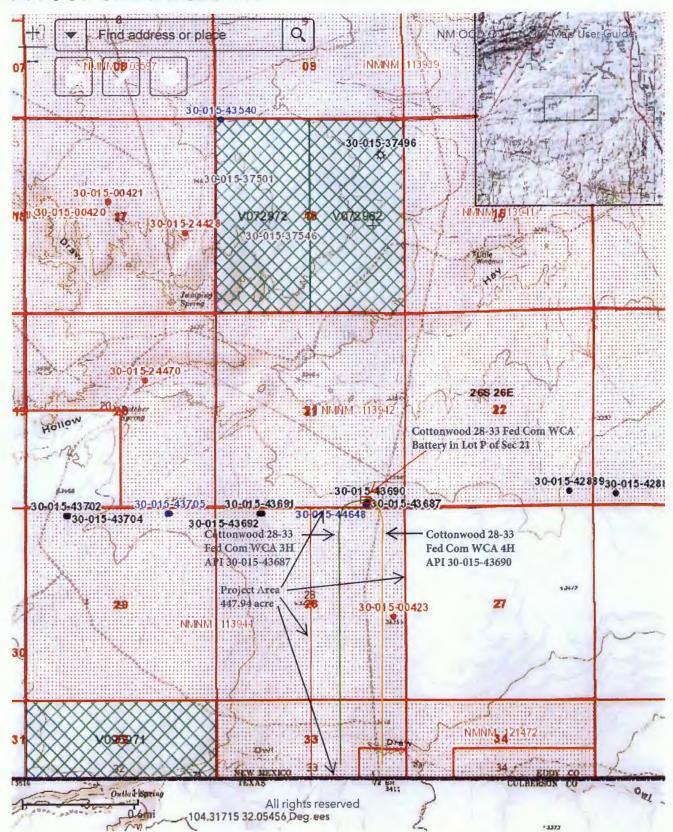
Sign & date

S:\Chisholm Wellfiles\Operated\Cottonwood 28-33 Fed Com WCA 3H\Regulatory\COMMINGLE>Cottonwood 28-33 Fed Com WCA 3H, 4H Eco and measurement detail.docx

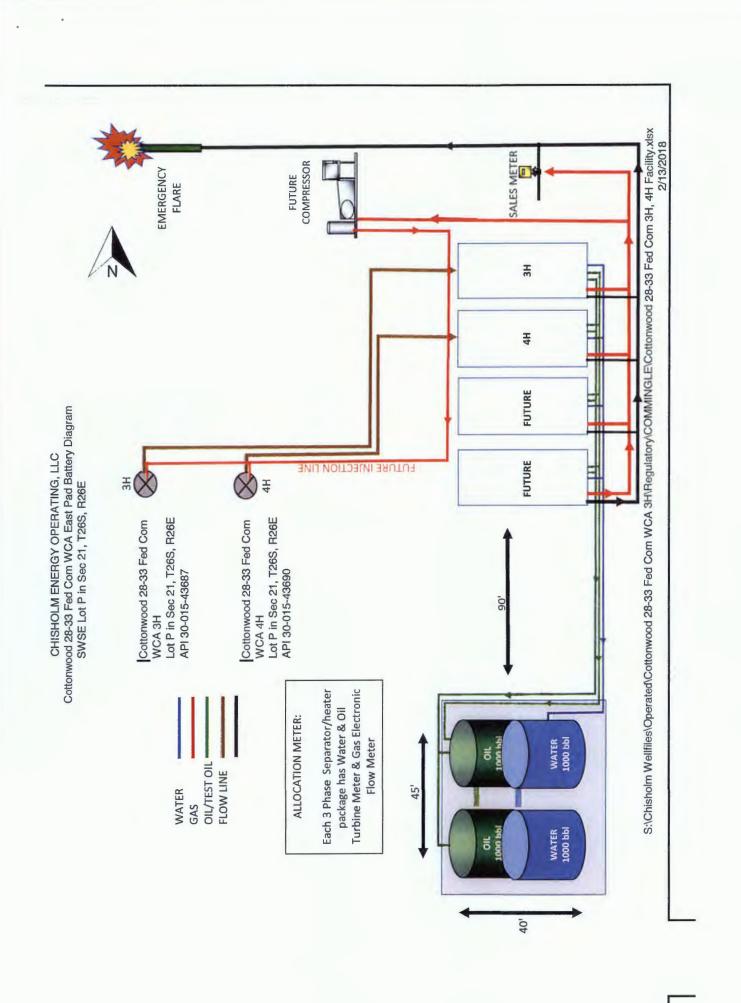
801 Cherry Street, Suite 1200-Unit 20 | Fort Worth, Texas 76102 | Phone: 817-953-6063 | Fax: 817-601-7551

# CHISHOLM ENERGY OPERATING, LLC

# Cottonwood 28-33 Fed Com WCA Battery in Lot P of Sec 21 T26S R26E NM OCD OIL AND GAS MAP New Mindico Oil Conscivation Division TOPO



(S:) Chisholm Wellfiles>Operated>Cottonwood 28-33 Fed Com WCA 3H> Commingle>Cottonwood 28-33 Fed Com WCA 3H, 4H NMOCD Oil and Gas Map Topo.pdf



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

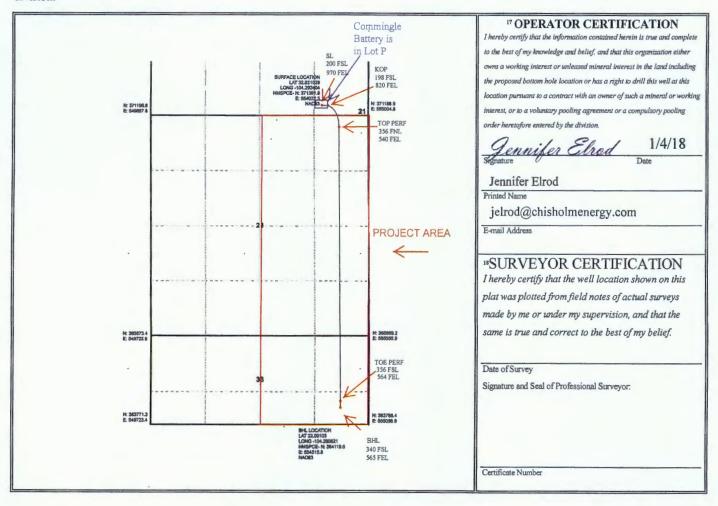
X AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

30-015-43690	98220 PURPLE SAGE;W			perty Name FCAMP
<sup>4</sup> Property Code	5 Property Name COTTONWOOD 28-33 FED COM WCA		***	<sup>6</sup> Well Number 4H
<sup>7</sup> OGRID No. 372137	8 Operator Name CHISHOLM ENERGY OPERATING, LLC			<sup>9</sup> Elevation 3384
	<sup>10</sup> Surfa	ce Location		•
r lot no Section	Township Pange Lot Idn Feet from	the North/South line	Fact from the	Foot/West line

26S 21 26E 200 **FSL** 970 FEL **EDDY** <sup>11</sup> Bottom Hole Location If Different From Surface EDDY UL or lot no. Range Lot Idn Feet from the Township North/South line Feet from the Section East/West line **26S** 26E 340 LOT 1 **FSL** FEL 565 12 Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No. 447.94

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.



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
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1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
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# 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

X AMENDED REPORT

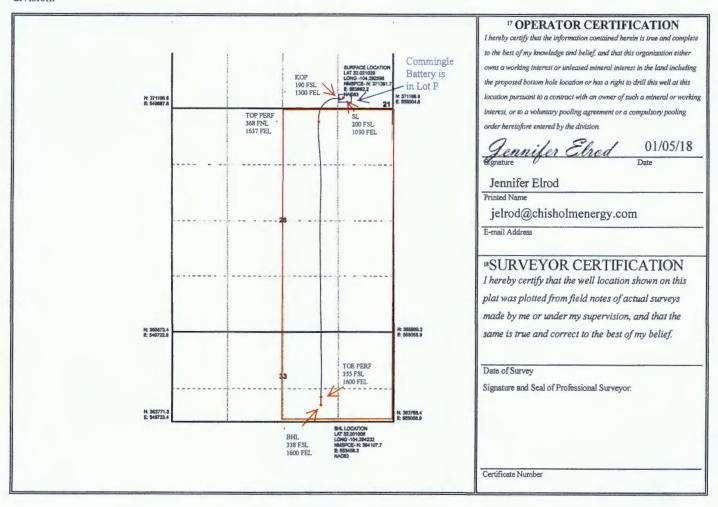
### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-43687	08220		Froperty Name GE; WOLFCAMP	
<sup>4</sup> Property Code	5 Property Name COTTONWOOD 28-33 FED COM WCA		<sup>6</sup> Well Number 3H	
<sup>7</sup> OGRID No. 372137	Operator CHISHOLM ENERGY OPERATING,	<sup>9</sup> Elevation 3382		

10 Surface Location

UL or lot no.		Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	21	26S	26E		200	FSL	1030	FEL	EDDY
			" Bott	tom Hole	e Location If	Different From	Surface		
UL or lot no.		Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 2	33	26S	26E		338	FSL	1600	FEL	EDDY
12 Dedicated Acres	13 Joint or	Infill 14 C	onsolidation C	ode 15 Ord	ler No.				
447.94									

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.





# CHISHOLM ENERGY PRODUCING, LLC

### CERTIFIED MAIL RETURN RECEIPT REQUESTED

February 14, 2018

TO: See Exhibit "A"

RE: Request for Lease Surface Commingle of Diverse Ownership

Cottonwood 28-33 Fed Com WCA 3H & 4H API 30-015-43689 & API 30-015-43690

Purple Sage; Wolfcamp/98220 Eddy County, New Mexico

#### Gentlemen:

This is to advise you that Chisholm Energy Operating, LLC, is filing an application with the Bureau of Land Management (BLM) and New Mexico Oil Conservation Division (NMOCD) seeking approval for Surface Commingle permit at a central Tank Battery for the above-mentioned wells. Our application as submitted to the BLM and NMOCD is attached. Each well is individually metered. Due to topographic issues the battery is in Sec 21.

In accordance with Paragraph (4)(c) of Subsection C of 19.15.12.10 NMAC prescribes that the applicant shall notify the interest owners. The Applicant shall submit a statement attesting that the applicant, on or before the date the applicant submitted the application to the division, notified each of the interest owners by sending them a copy of the application and the attachments to the application by certified mail, return receipt requested, and advising them that they must file an objection in writing with the division's Santa Fe office within 20 days from the date the division received the application. The division may approve the application administratively, without hearing, upon receipt of written waiver from the interest owner, or if no interest owner has filed an objection within the 20-day period. If the division receives an objection, it shall set the application for hearing. The division shall notify the applicant, who shall give formal notice of hearing to each party who has filed an objection and to such other persons as the division directs.

For future addition of wells, leases, and pools to this commingling operation, notice shall only be given to those interest owners in the wells, leases or pools to be added, in accordance with the Division Rule 19.15.12.10 C (4)(g) NMAC.

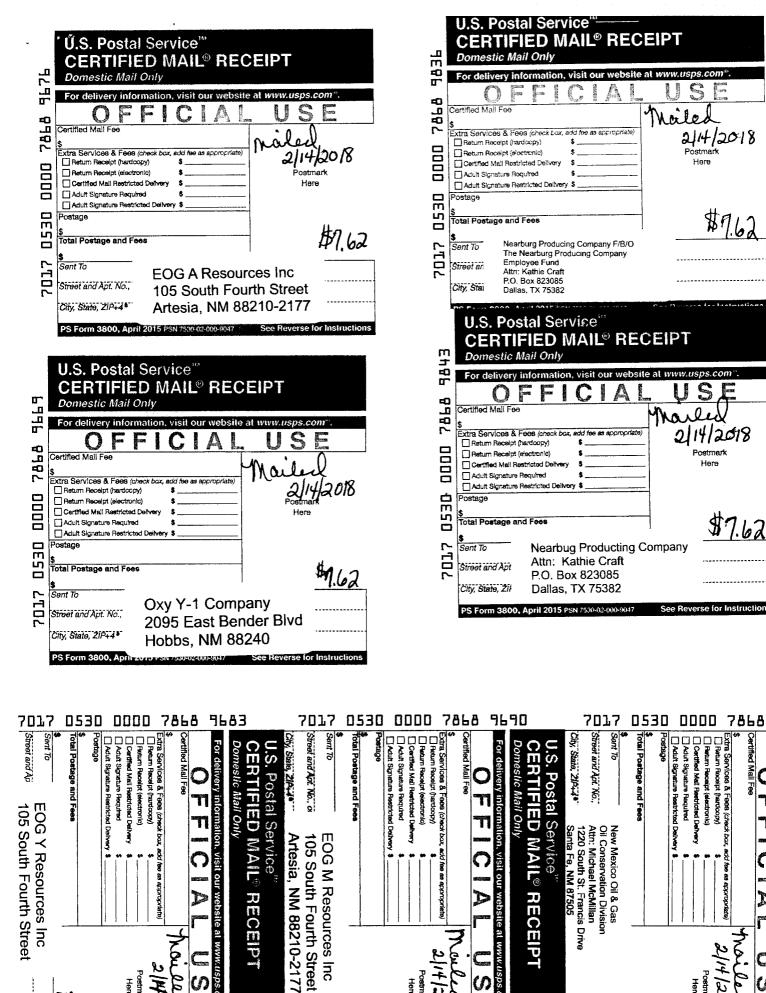
To expedite the approval process, I have provided a waiver statement below for your convenience. Please sign and return to my e-mail <a href="mailto:bwatson@chisholmenergy.com">bwatson@chisholmenergy.com</a>. Also, for your convenience, is a self-addressed stamped return envelope. If you have any questions, please call me at 974.979.0132.

Sincerely,

Bettie Watson, Regulatory Consultant

I have received a copy of the referenced commingle filing. I agree to waive the 20-day protest period required by the regulations as stated above for the referenced commingle filing.

Print Name:		Date:		
Signature:	Title:		:	
Company Name:		Date:		



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For delivery

visit