

**BEFORE THE OIL CONSERVATION
COMMISSION
AUGUST 20, 2018**

CASE No. 16027

BLACK RIVER 3-10 FED COM WCA No. 4H WELL

EDDY COUNTY, NEW MEXICO



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 98220 | ³ Pool Name PURPLE SAGE; WOLFCAMP |
| ⁴ Property Code | ⁵ Property Name BLACK RIVER 3-10 FED COM WCA | ⁶ Well Number 4H |
| ⁷ OGRID No. 372137 | ⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC | ⁹ Elevation 3325.4 |

¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 3 | 3 | 24 S | 26 E | | 150 | NORTH | 2440 | WEST | EDDY |

¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 10 | 24 S | 26 E | | 330 | SOUTH | 2200 | WEST | EDDY |

| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 638.16 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|---|-------------------------------|----------------------------------|-------------------------|

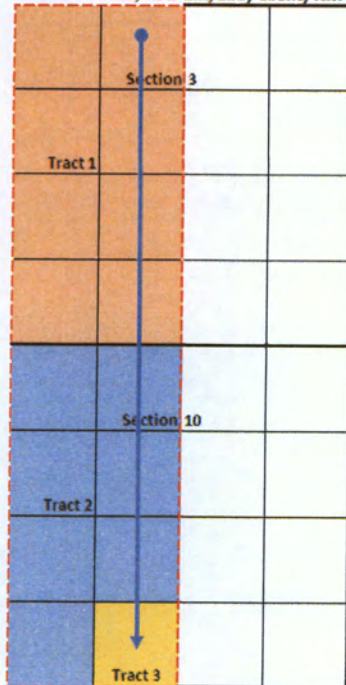
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

| | |
|---|--|
| <p>NWSP EAST (FT) N = 455843.52 E = 554868.54</p> <p>BLACK RIVER 3-10 FED WCA 4H ELEV. = 3325.4' LAT. = 32.2530969°N (NAD83) LONG. = 104.2816732°W NWSP EAST (FT) N = 455813.78 E = 557307.38</p> <p>LOT 4 38.53 AC. SW</p> <p>LOT 3</p> <p>LOT 2</p> <p>LOT 1</p> <p>LANDING POINT 330' FNL, 2200' FWL LAT. = 32.2526795°N LONG. = 104.2824524°W NWSP EAST (FT) N = 455881.81 E = 557066.57 GRID AZ. TO LP S57°44'42"W HORIZ. DIST. 284.74 FT</p> <p>SEC. 3</p> <p>GRID AZ. = S00°09'03"E HORIZ. DIST. = 9742.40 FT</p> <p>NWSP EAST (FT) N = 450885.86 E = 554843.73</p> <p>NWSP EAST (FT) N = 450842.25 E = 557489.74</p> <p>NWSP EAST (FT) N = 450818.66 E = 560190.04</p> <p>NWSP EAST (FT) N = 450818.66 E = 560142.12</p> <p>SEC. 10</p> <p>BOTTOM OF HOLE 330' FSL, 2200' FWL LAT. = 32.2259055°N LONG. = 104.2823841°W NWSP EAST (FT) N = 445921.92 E = 557092.30</p> <p>NWSP EAST (FT) N = 445579.02 E = 554895.38</p> <p>BHL</p> <p>NWSP EAST (FT) N = 445594.45 E = 557928.55</p> <p>NWSP EAST (FT) N = 445585.02 E = 560211.36</p> | <p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jennifer Elrod</i> 09/26/17 Signature Date</p> <p>JENNIFER ELROD Printed Name</p> <p>jelrod@chisholmenergy.com E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>AUGUST 24, 2017 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>Certificate Number: FILMON F. JARAMILLO, PLS 12797 SURVEY NO. 5299B</p> |
|---|--|

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Exhibit No. 1

Submitted by: Chisholm Energy Operating LLC
Hearing Date: August 20, 2018

Sections 3 & 10, T24S-26E, Eddy County NM



| Ownership in the proposed unit: W2 of Sections 3 & 10, T24S-R26E, Eddy County NM | |
|--|----------|
| Chisholm | 67.5336% |
| Cimarex Energy | 21.5463% |
| Marathon Permian LLC | 4.2807% |
| Fasken Acquisitions | 2.7423% |
| Finley Production Co. | 1.3364% |
| Warwick - Ares | 1.1146% |
| McCully Chapman | 0.5876% |
| Kansas City Royalty | 0.2938% |
| WillisChild Oil | 0.1567% |
| AGS Resources | 0.1175% |
| Richard Scott Briggs | 0.0784% |
| BDT Oil | 0.0650% |
| AGS Oil & Gas | 0.0588% |
| Grasslands Energy | 0.0437% |
| Metcalfe Oil | 0.0437% |
| | 100.00% |

| Tract 1: 318.6 Acres, Section 3 W2 | WI |
|------------------------------------|---------|
| Chisholm Energy | 96.25% |
| Warwick-Ares LLC | 0.77% |
| Marathon Oil Permian LLC | 2.98% |
| | 100.00% |

| Tract 2: 280 Acres, Sec 10 W2 less SESW | WI |
|---|----------|
| Chisholm Energy | 43.750% |
| Cimarex Energy | 42.969% |
| Fasken Acquisitions | 6.250% |
| Marathon Oil Permian LLC | 5.579% |
| Warwick - Ares LLC | 1.453% |
| | 100.000% |

| Tract 3: 40 Acres, Sec 10: SESW | WI |
|---------------------------------|------------|
| Cimarex Energy | 42.96875% |
| Finley Production Co. | 21.32038% |
| McCully Chapman | 9.37500% |
| Chisholm Energy | 5.62500% |
| Marathon Oil Permian LLC | 5.57866% |
| Kansas City Royalty | 4.68750% |
| WillisChild Oil | 2.50000% |
| AGS Resources | 1.87500% |
| Warwick-Ares LLC | 1.45259% |
| Richard Scott Briggs | 1.25000% |
| BDT Oil | 1.03669% |
| AGS Oil & Gas | 0.93750% |
| Grasslands Energy | 0.69647% |
| Metcalfe Oil | 0.69647% |
| | 100.00000% |

BEFORE THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Exhibit No. 2

Submitted by: Chisholm Energy Operating LLC

Hearing Date: August 20, 2018

Case No. 16027

| MrorMs | Owner Type | FName | LName | CompanyName | StreetAddress | City | State |
|--------|-----------------|---------|--------|--|----------------------------------|-------------------|---------------|
| Mrs. | WI | Linda | Hicks | Fasken Acquisitions 95-I | 6101 Holiday Hill Rd | Midland | TX |
| Mrs. | WI | Caitlin | Pierce | Cimarex Energy Co | 600 N. Marienfeld St., Ste 600 | Midland | TX |
| Mr. | WI | Matt | Tate | Marathon Oil Permian, LLC | 5555 San Felipe St. | Houston | TX |
| | WI | | | Warwick - Ares LLC | 900 W Wilshire Blvd | Oklahoma City | OK |
| | WI | | | Finley Production Co. LP | 1308 Lake St. #200 | Fort Worth | TX |
| Mr. | WI | Richard | Briggs | Richard Scott Briggs | 12 Hunters Ridge Lane | Trophy Club | TX |
| | WI | | | Kansas City Royalty Co., LLC | 6520 N. Western Ave., Ste 300 | Oklahoma City | OK |
| | WI | | | AGS Resources 2004, LLLP | 10 Inverness Drive East, Ste 155 | Englewood | CO |
| | WI | | | AGS Oil & Gas Holdings, Inc. | 10 Inverness Drive East, Ste 155 | Englewood | CO |
| | WI | | | WillisChild Oil & Gas Corp. | 621 E St. | Snyder | OK |
| | WI | | | BDT Oil & Gas, LP | 1308 Lake St | Fort Worth | TX |
| | WI | | | Grasslands Energy, LP | 1308 Lake St | Fort Worth | TX |
| | WI | | | Metcalfe Oil, LP | 1308 Lake St | Fort Worth | TX |
| | ORRI | | | Donald Horton and Mary Horton | 1501 Alta Dr. | Fort Worth | TX |
| | ORRI | | | Wilma Faye Whitehead Nitschke | 4308 Hurson Lane | Wichita Falls | TX |
| | ORRI | | | Lurline Thompson | 119 W. Fannin Street | Uvalde | TX |
| | ORRI | | | O'Neill Properties, Ltd. | 410 W. Ohio Ave | Midland | TX |
| | ORRI | | | Harold F. Marshall | 7120 Twin Tree Lane | Dallas | TX |
| | ORRI | | | Doris Jean Barnes | 2515 Neely | Midland | TX |
| | ORRI | | | Wallace H Scott Unified Credit Tru: 10205 River Plantation Dr. | | Austin | TX |
| | ORRI | | | Conley Resources, LLC | 9742 Hilltop Road | Parker | CO |
| | ORRI | | | Jerry B. Elger | PO Box 2623 | Midland | TX |
| | ORRI | | | Nearburg Employee Trust | PO Box 823085 | Dallas | TX |



CHISHOLM
ENERGY

January 12, 2018

VIA CERTIFIED MAIL

Cimarex Energy Co
Attn: Cody Elliot
600 N. Marlenfeld St., Ste 600
Midland, TX 79701

RE: Black River 3-10 Federal WCA 4H
W2 Sections 3 & 10: T24S-R26E
Eddy County, New Mexico

Mr. Elliot,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of the Black River 3-10 Federal WCA 4H in Sections 3 & 10, Township 24 South, Range 26 East, Eddy County, New Mexico. The surface location for this well is proposed at a legal location in Section 3 Lot 3 with a bottom hole at a legal location in Section 10 Unit N (see attached plat for further detail). The well will have a targeted interval in the Wolfcamp formation to a Measured Depth of approximately 18,000'. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$6,936,543, 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 which is enclosed for your review and approval. The Operating Agreement covers W/2 of Sections 3 & 10, Township 24 South, Range 26 East, limited from the surface to the bottom of the Wolfcamp 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 Black River 3-10 Federal WCA 2H

Cimarex Energy Co will own an approximate 21.5463% working interest in the well, subject to title verification. 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.

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

_____/We hereby elect to participate in the Black River 3-10 Federal WCA 4H.

_____/We hereby elect NOT to participate in the Black River 3-10 Federal WCA 4H.

Company: **Cimarex Energy Co**

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

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

FOR THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Exhibit No. 3

Submitted by: Chisholm Energy Operating LLC

Hearing Date: August 20, 2018

Case No. 16027



**CHISHOLM
ENERGY**

Statement of Estimated Well Cost (100%)

Well Black River 3-10 Federal WCA 4H
Field Wolfcamp
County, State: Lea, NM
BHL: Horizontal
Proposed TD: 18,000 MD 8,650 TVD AFE#
Normal Pressure? Yes

| | | BCP | ACP | TOTAL |
|---|---|-------------|----------|-------------|
| COSTS TO CASING POINT: TANGIBLES | | | | |
| 8510-400 | Conductor Casing or Drive Pipe | \$15,000 | | \$15,000 |
| 8510-405 | Surface Casing | \$10,647 | | \$10,647 |
| 8510-410 | Intermediate Casing/Drig Liner | \$30,368 | | \$30,368 |
| 8510-415 | Wellhead Equipment - Surface & MLS | \$10,500 | | \$10,500 |
| 8510-420 | Other Sub-Surface Equipment | \$0 | | |
| 8510-425 | Cementing Equipment | \$8,000 | | \$8,000 |
| 8510-600 | Nonoperated | \$0 | | |
| 8510-700 | Impairment | \$0 | | |
| 8510-999 | Accruals | \$0 | | |
| | TOTAL COST TO CASING POINT - TANGIBLES | \$74,515 | | \$74,515 |
| COSTS TO CASING POINT: INTANGIBLES | | | | |
| 8500-100 | Roads/Location | \$67,000 | | \$67,000 |
| 8500-105 | Drilling Turnkey | \$0 | | |
| 8500-110 | Drilling Daywork | \$495,000 | | \$495,000 |
| 8500-115 | Fuel/Power | \$120,000 | | \$120,000 |
| 8500-125 | Equipment Rental | \$165,000 | | \$165,000 |
| 8500-130 | Legal Fees | \$0 | | |
| 8500-135 | Bonds, Permits and Inspection | \$50,000 | | \$50,000 |
| 8500-155 | Mud and Chemicals | \$150,000 | | \$150,000 |
| 8500-160 | Cementing Services | \$29,000 | | \$29,000 |
| 8500-170 | Supervision/Consulting | \$60,800 | | \$60,800 |
| 8500-175 | Casing and Other Tangible Crew | \$24,000 | | \$24,000 |
| 8500-180 | Damages/Penalties | \$0 | | |
| 8500-185 | Coring and Analysis | \$0 | | |
| 8500-190 | Cuttings/Fluids Disposal | \$125,000 | | \$125,000 |
| 8500-195 | Directional Drilling Services | \$338,500 | | \$338,500 |
| 8500-200 | Drill Bits | \$60,000 | | \$60,000 |
| 8500-210 | Surface Damages/ROW | \$0 | | |
| 8500-215 | Contract Labor and Services | \$2,500 | | \$2,500 |
| 8500-220 | Mud Logging | \$0 | | |
| 8500-235 | Reclamation | \$0 | | |
| 8500-240 | Rig Mobilization/Demob | \$83,000 | | \$83,000 |
| 8500-245 | Fishing Tools and Services | \$0 | | |
| 8500-250 | Testing-Drill Stem/Production | \$0 | | |
| 8500-260 | Wireline Services | \$0 | | |
| 8500-265 | Water | \$18,250 | | \$18,250 |
| 8500-270 | Camp Expenses | \$52,600 | | \$52,600 |
| 8500-285 | Contingencies | \$0 | | |
| 8500-290 | Environmental | \$0 | | |
| 8500-300 | Overhead | \$6,000 | | \$6,000 |
| 8500-350 | Insurance | \$0 | | |
| 8500-600 | Nonoperated | \$0 | | |
| 8500-700 | Impairment | \$0 | | |
| 8500-999 | Accruals | \$0 | | |
| | TOTAL COST TO CASING POINT - INTANGIBLES | \$1,846,650 | | \$1,846,650 |
| COMPLETION COSTS: TANGIBLES | | | | |
| 8530-415 | Wellhead | | \$21,900 | \$21,900 |
| 8530-420 | Subsurface Equipment | | \$15,000 | \$15,000 |

| | | | | | |
|----------|--|--|--|--------------------|--------------------|
| 8530-500 | Production Casing | | | \$215,460 | \$215,460 |
| 8530-510 | Tubing | | | \$42,518 | \$42,518 |
| 8530-515 | Rods | | | \$0 | \$0 |
| 8530-525 | Artificial Lift Equipment | | | \$25,000 | \$25,000 |
| 8530-530 | Gas Metering Equipment | | | \$48,000 | \$48,000 |
| 8530-535 | LACT Unit | | | \$0 | \$0 |
| 8530-540 | Production Facilities and Flowlines | | | \$120,000 | \$120,000 |
| 8530-545 | Pumping Unit | | | \$100,000 | \$100,000 |
| 8530-550 | Separator, Heater, Treater | | | \$75,000 | \$75,000 |
| 8530-555 | Tank Battery | | | \$118,000 | \$118,000 |
| 8530-560 | Vapor Recovery Unit | | | \$0 | \$0 |
| 8530-590 | Other Misc Equipment | | | \$15,000 | \$15,000 |
| 8530-600 | Nonoperated | | | \$0 | \$0 |
| 8530-700 | Impairment | | | \$0 | \$0 |
| 8530-999 | Accruals | | | \$0 | \$0 |
| | TOTAL COMPLETION COST - TANGIBLES | | | \$796,178 | \$796,178 |
| | COMPLETION COSTS: INTANGIBLES | | | | |
| 8520-100 | Roads/Location | | | \$20,000 | \$20,000 |
| 8520-120 | Perforating Services | | | \$157,500 | \$157,500 |
| 8520-125 | Equipment Rental | | | \$193,000 | \$193,000 |
| 8520-135 | Bonds, Permits and Inspection | | | \$0 | \$0 |
| 8520-145 | Completion Unit | | | \$48,000 | \$48,000 |
| 8520-150 | Frac Plugs | | | \$67,500 | \$67,500 |
| 8520-155 | Mud and Chemicals | | | \$128,000 | \$128,000 |
| 8520-160 | Cementing Services | | | \$60,000 | \$60,000 |
| 8520-165 | Acidizing and Fracturing | | | \$2,610,000 | \$2,610,000 |
| 8520-170 | Supervision/Consulting | | | \$42,000 | \$42,000 |
| 8520-175 | Casing and Other Tangible Crew | | | \$15,000 | \$15,000 |
| 8520-190 | Cuttings/Fluids Disposal | | | \$120,000 | \$120,000 |
| 8520-200 | Drill Bits | | | \$6,000 | \$6,000 |
| 8520-210 | Surface Damages/ROW | | | \$0 | \$0 |
| 8520-215 | Contract Labor and Services | | | \$5,000 | \$5,000 |
| 8520-230 | Pump/Vacuum Trucks | | | \$40,000 | \$40,000 |
| 8520-235 | Reclamation | | | \$0 | \$0 |
| 8520-245 | Fishing Tools and Services | | | \$0 | \$0 |
| 8520-250 | Well Testing | | | \$84,000 | \$84,000 |
| 8520-255 | Trucking and Hauling | | | \$0 | \$0 |
| 8520-260 | Wireline Services | | | \$5,000 | \$5,000 |
| 8520-270 | Camp Expenses | | | \$25,200 | \$25,200 |
| 8520-275 | Coiled Tubing Services | | | \$0 | \$0 |
| 8520-280 | Frac Water | | | \$593,000 | \$593,000 |
| 8520-285 | Contingencies | | | \$0 | \$0 |
| 8520-290 | Environmental | | | \$0 | \$0 |
| 8520-300 | Overhead | | | \$0 | \$0 |
| 8520-350 | Insurance | | | \$0 | \$0 |
| 8520-600 | Nonoperated | | | \$0 | \$0 |
| 8520-700 | Impairment | | | \$0 | \$0 |
| 8520-999 | Accruals | | | \$0 | \$0 |
| | TOTAL COMPLETION COST - INTANGIBLES | | | \$4,219,200 | \$4,219,200 |
| | TOTAL WELL COST | | | \$1,921,165 | \$5,015,378 |
| | | | | | \$6,936,543 |

Approved by: *John Kennedy* *John Kennedy* Date: *2-15-18*
Vice President
McCally-Chapman Exploration, Inc

Approved by: _____ Date: _____

Approved by: _____ Date: _____

Black River Wells Timeline

- Jan 12th, 2018: Black River 3-10 Fed Com WCA 2H, 3H, and 4H wells proposals mailed
- Jan 16th: Emailed AFE's and C-102s to Cimarex Landman
- February 5th: Emailed Cimarex to set up technical meeting
- February 14th: Emailed offering to exchange maps for potential swaps
- February 23rd: Sent map of Chisholm's acreage position
- February 25th: Cimarex informed us they were not interested in doing any acreage swaps with us
- Feb 26th: Requested Cimarex form of Term Assignment
- February 27th : Offered Term Assignment
 - \$2,500 an acre
 - 3-year term
 - Cimarex to deliver NRI of 78%
- March 2nd: Was told \$2,500 was not enough money
- March 5th: Phone call with Cimarex, offered \$6,000 an acre for Term Assignment
- March 7th: Discussed possible trade with Cimarex
- March 12th: Frac plan for the Black River wells was requested by Cimarex
- March 13th: Chisholm sent our frac design for the McCord Enterprises 23 #2H (this is a Wolfcamp A horizontal well 2 miles north of the Black River that we will frac in the next few weeks). To date, Cimarex has raised no questions regarding our design.
- March 13th: Sent Cimarex snips from our title opinion for their Working Interest and Net Revenue Interest to confirm their interest.
- March 15th: Emailed Cimarex asking if we should do a Letter Agreement for the trade, Cimarex landman's response via telephone was that a Letter Agreement was unnecessary and that we could effectuate acreage exchange through cross conveyance.
- March 19th: Offered \$7,000 an acre for Term Assignment, Cimarex agreed to the \$ per acre, but the deal is contingent upon mutually agreeable form of Term Assignment – phone conversation. Cimarex mentioned they wanted a 1-year term and 100 ft below deepest perf – my response was that I needed a proposed form of Term Assignment.
- March 21st: Emailed original lease information to Cimarex so that they could finalize the Term Assignment form.
- March 22nd: Pooling hearing continued from March 22 continued to the April 5 docket.
- April 3rd: I was informed by Cimarex that the interest we are attempting to acquire may be subject to Preferential Right to Purchase, and that contractually they may owe an assignment to Fuel products, no quantum of interest owed was discussed.
- April 3rd: Sent our form of assignment to Cimarex for acreage trade
- April 4th: I Requested Preferential Right to Purchase information- to date I do not have this information
- April 5th: Oil Conservation Division hearing: I testified that an agreement in principal had been reached; and that we were working together to enter into written agreement forms. To me the agreement in principal that had been reached is that we would get a Term Assignment on their entire interest for \$7,000 an acre on a mutually acceptable form.

BEFORE THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Exhibit No. 4

Submitted by: Chisholm Energy Operating LLC

Hearing Date: August 20, 2018

Case No. 16027

- April 16th: Requested Cimarex form of Term Assignment again, offered to meet in Midland while I was there. Cimarex declined to meet.
- April 27th: Cimarex informed me that they may own an assignment of 9.375% interest to Fuel Products – to date this has not been confirmed.
- May 7th: Requested updates on the Pref Right Language and if they had determined if they owed an Assignment to Fuel Products, and if they intended to convey an interest to Fuel Products .
- May 29th: Received Cimarex's form of Term Assignment– 3 months after initially asked for their Term Assignment form. Begin working through agreement.
- June 8th: Compulsory Pooling Order was issued.
- June 12th: Finalized review of the TA on, informed Cimarex that we had numerous issues with their form of assignment:
 - We are asked to indemnify Magnum Hunter and hold them harmless with respect to its actions and elections under and Operating Agreement Chisholm has never been provided with
 - The form included language that asks us to be subject to assignments whether recorded or not.
 - The form did not address what Cimarex intended to do about the potentially owed assignment to Fuel Products
 - Earning language stated we would hold 100 ft below deepest producing perforation, we'd like to earn the formation when we drill and complete a well in a given formation.
- June 12th: Provided our form of Term Assignment to Cimarex
- June 18th: Received confirmation that they were looking at our proposed form of Term Assignment until
- June 19th: Proposed the Black River 3-10 Federal WCA 4H under the pooling order
- June 22nd: I was told by Cimarex I'd have their comments on our form, then told it would be done by July 3rd, I received the first comments on our form July 23rd (after the election window had ended)
- June 22nd: Well proposal (under pooling order) was received by Cimarex on per green card receipt
- July 20th: Called and left a voicemail for Cimarex Landman before election period ran informing them that the well had been drilled, and that we were asking them to make an election before time ran out on July 22nd – No response until after election window was closed.
- Election period ended July 22nd
- July 23rd: Sent email confirming that Cimarex intended to go non-consent. Received a response that indicated Cimarex believed we were still negotiating a Term Assignment. Emailed back requesting changes to our form and for clarification on the following issues
 - Is the interest subject to preferential right to purchase? If so, can Cimarex provide that language to Chisholm so that we can be aware of the time before the assignment is effective?
 - Does Cimarex owe Fuel products an assignment? Does Cimarex plan on executing the assignment before we finalize Term Assignment and acreage exchange?

- Does Cimarex still intend to trade 32 net acres with Chisholm? If so can you send your form of Assignment? (I sent our form of Assignment 4/3, never received comments)
- Received an email stating that our Term Assignment form contained provisions that Cimarex did not want to agree to on July 23rd it incorrectly stated that the offer was \$10,000 an acre, and that we had agreed to a one-year term and language that earned only 100' below deepest perf.
- Emailed Caitlin July 24 to correct her, our max offer was for \$7,000 an acre and a mutually agreeable form – we agreed to nothing else
- Phone call with Cimarex on July 26th, indicated they would still be interested in Term Assigning and the acreage exchange. Caitlin stated that she believed management would agree to the Terms of our June 12 form. We informed them again that the clock to make an election had run July 22nd.
- On July 30th, offered similar terms as Feb 27th (Exhibit B of the motion to stay)
 - \$2,500 an acre
 - 2 year term (less time than original offer)
- July 31st: Cimarex motion to stay filed
- August 3rd: Offer to term assign expired, no response from Cimarex.
- August 8th: Motion to stay hearing. Chisholm understands that Cimarex is willing to agree to return to agreement in principle
- August 9th: Chisholm Form of Term Assignment sent to Holland & Hart, sent to Cimarex counsel
- August 13th: Redlines of Term Assignment sent to Chisholm from Cimarex



June 19, 2018

VIA CERTIFIED MAIL

Cimarex Energy Co
Attn: Caitlin Pierce
600 N. Marienfeld St., Ste 600
Midland, TX 79701

RE: Black River 3-10 Federal WCA 4H
W2 Sections 3 & 10: T24S-R26E
Eddy County, New Mexico

Mrs. Pierce,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of the Black River 3-10 Federal WCA 4H in Sections 3 & 10, Township 24 South, Range 26 East, Eddy County, New Mexico. The surface location for this well is proposed at a legal location in Section 3 Lot 3 with a bottom hole at a legal location in Section 10 Unit N. The well will have a targeted interval in the Wolfcamp formation to a Measured Depth of approximately 18,000'. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$6,936,543, being the total estimated cost to drill and complete said well.


Chisholm is proposing to drill this well under the terms of New Mexico Oil and Gas Conservation Division Order R-14719 Case No 16027. You should have received a copy of this order. If you have not, and would like to receive a copy please let me know.

Cimarex Energy Co will own an approximate 21.5463% working interest in the well, subject to title verification. Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE to my attention at the letterhead address. If you decide to participate please also include a check in the amount of \$1,494,569.80, Cimarex's estimated cost to drill and complete said well.

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

_____ I/We hereby elect to participate in the Black River 3-10 Federal WCA 4H.

_____ I/We hereby elect NOT to participate in the Black River 3-10 Federal WCA 4H.

Company: **Cimarex Energy Co**

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

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

BEFORE THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Exhibit No. 5

Submitted by: **Chisholm Energy Operating LLC**

Hearing Date: August 20, 2018

Case No. 16027



**CHISHOLM
ENERGY**

Statement of Estimated Well Cost (100%)

Well: Black River 3-10 Federal WCA 4H
Field: Wolfcamp
County, State: Lea, NM
BHL: Horizontal
Proposed TD: 18,000 MD 8,650 TVD AFE#
Normal Pressure? Yes

| | | BCP | ACP | TOTAL |
|---|---|--------------------|-----------|--------------------|
| COSTS TO CASING POINT: TANGIBLES | | | | |
| 8510-400 | Conductor Casing or Drive Pipe | \$15,000 | | \$15,000 |
| 8510-405 | Surface Casing | \$10,647 | | \$10,647 |
| 8510-410 | Intermediate Casing/Drilg Liner | \$30,368 | | \$30,368 |
| 8510-415 | Wellhead Equipment - Surface & MLS | \$10,500 | | \$10,500 |
| 8510-420 | Other Sub-Surface Equipment | \$0 | | |
| 8510-425 | Cementing Equipment | \$8,000 | | \$8,000 |
| 8510-600 | Nonoperated | \$0 | | |
| 8510-700 | Impairment | \$0 | | |
| 8510-999 | Accruals | \$0 | | |
| | TOTAL COST TO CASING POINT - TANGIBLES | \$74,515 | | \$74,515 |
| COSTS TO CASING POINT: INTANGIBLES | | | | |
| 8500-100 | Roads/Location | \$200,000 | | \$200,000 |
| 8500-105 | Drilling Turnkey | \$0 | | |
| 8500-110 | Drilling Daywork | \$495,000 | | \$495,000 |
| 8500-115 | Fuel/Power | \$120,000 | | \$120,000 |
| 8500-125 | Equipment Rental | \$165,000 | | \$165,000 |
| 8500-130 | Legal Fees | \$0 | | |
| 8500-135 | Bonds, Permits and Inspection | \$50,000 | | \$50,000 |
| 8500-155 | Mud and Chemicals | \$150,000 | | \$150,000 |
| 8500-160 | Cementing Services | \$29,000 | | \$29,000 |
| 8500-170 | Supervision/Consulting | \$60,800 | | \$60,800 |
| 8500-175 | Casing and Other Tangible Crew | \$24,000 | | \$24,000 |
| 8500-180 | Damages/Peualties | \$0 | | |
| 8500-185 | Coring and Analysis | \$0 | | |
| 8500-190 | Cuttings/Fluids Disposal | \$125,000 | | \$125,000 |
| 8500-195 | Directional Drilling Services | \$338,500 | | \$338,500 |
| 8500-200 | Drill Bits | \$60,000 | | \$60,000 |
| 8500-210 | Surface Damages/ROW | \$0 | | |
| 8500-215 | Contract Labor and Services | \$2,500 | | \$2,500 |
| 8500-220 | Mud Logging | \$0 | | |
| 8500-235 | Reclamation | \$0 | | |
| 8500-240 | Rig Mobilization/Demob | \$250,000 | | \$250,000 |
| 8500-245 | Fishing Tools and Services | \$0 | | |
| 8500-250 | Testing-Drill Stem/Production | \$0 | | |
| 8500-260 | Wireline Services | \$0 | | |
| 8500-265 | Water | \$18,250 | | \$18,250 |
| 8500-270 | Camp Expenses | \$52,600 | | \$52,600 |
| 8500-285 | Contingencies | \$0 | | |
| 8500-290 | Environmental | \$0 | | |
| 8500-300 | Overhead | \$6,000 | | \$6,000 |
| 8500-350 | Insurance | \$0 | | |
| 8500-600 | Nonoperated | \$0 | | |
| 8500-700 | Impairment | \$0 | | |
| 8500-999 | Accruals | \$0 | | |
| | TOTAL COST TO CASING POINT - INTANGIBLES | \$2,146,650 | | \$2,146,650 |
| COMPLETION COSTS: TANGIBLES | | | | |
| 8530-415 | Wellhead | | \$21,900 | \$21,900 |
| 8530-420 | Subsurface Equipment | | \$15,000 | \$15,000 |
| 8530-500 | Production Casing | | \$215,460 | \$215,460 |
| 8530-510 | Tubing | | \$42,818 | \$42,818 |
| 8530-515 | Rods | | \$0 | |
| 8530-525 | Artificial Lift Equipment | | \$25,000 | \$25,000 |
| 8530-530 | Gas Metering Equipment | | \$48,000 | \$48,000 |
| 8530-535 | LACT Unit | | \$0 | |
| 8530-540 | Production Facilities and Flowlines | | \$150,000 | \$150,000 |
| 8530-545 | Pumping Unit | | \$100,000 | \$100,000 |
| 8530-550 | Separator, Heater, Treater | | \$75,000 | \$75,000 |
| 8530-555 | Tank Battery | | \$140,000 | \$140,000 |
| 8530-560 | Vapor Recovery Unit | | \$0 | |
| 8530-590 | Other Misc Equipment | | \$15,000 | \$15,000 |
| 8530-600 | Nonoperated | | \$0 | |
| 8530-700 | Impairment | | \$0 | |

| | | | | | |
|----------|-------------------------------------|--|--|-------------|-------------|
| 8530-999 | Accruals | | | \$0 | |
| | TOTAL COMPLETION COST - TANGIBLES | | | \$848,178 | \$848,178 |
| | COMPLETION COSTS: INTANGIBLES | | | | |
| 8520-100 | Roads/Location | | | \$20,000 | \$20,000 |
| 8520-120 | Perforating Services | | | \$157,500 | \$157,500 |
| 8520-125 | Equipment Rental | | | \$193,000 | \$193,000 |
| 8520-135 | Bonds, Permits and Inspection | | | \$0 | |
| 8520-145 | Completion Unit | | | \$48,000 | \$48,000 |
| 8520-150 | Frac Plugs | | | \$67,500 | \$67,500 |
| 8520-155 | Mud and Chemicals | | | \$128,000 | \$128,000 |
| 8520-160 | Cementing Services | | | \$60,000 | \$60,000 |
| 8520-165 | Acidizing and Fracturing | | | \$2,610,000 | \$2,610,000 |
| 8520-170 | Supervision/Consulting | | | \$42,000 | \$42,000 |
| 8520-175 | Casing and Other Tangible Crew | | | \$15,000 | \$15,000 |
| 8520-190 | Cuttings/Fluids Disposal | | | \$120,000 | \$120,000 |
| 8520-200 | Drill Bits | | | \$6,000 | \$6,000 |
| 8520-210 | Surface Damages/ROW | | | \$0 | |
| 8520-215 | Contract Labor and Services | | | \$5,000 | \$5,000 |
| 8520-230 | Pump/Vacuum Trucks | | | \$40,000 | \$40,000 |
| 8520-235 | Reclamation | | | \$0 | |
| 8520-245 | Fishing Tools and Services | | | \$0 | |
| 8520-250 | Well Testing | | | \$84,000 | \$84,000 |
| 8520-255 | Trucking and Hauling | | | \$0 | |
| 8520-260 | Wireline Services | | | \$5,000 | \$5,000 |
| 8520-270 | Camp Expenses | | | \$25,200 | \$25,200 |
| 8520-275 | Coiled Tubing Services | | | \$0 | |
| 8520-280 | Frac Water | | | \$593,000 | \$593,000 |
| 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 | |
| | TOTAL COMPLETION COST - INTANGIBLES | | | \$4,219,200 | \$4,219,200 |
| | TOTAL WELL COST | | | \$2,221,165 | \$5,067,378 |
| | | | | | \$7,288,543 |

Approved by: _____

Date: _____

Approved by: _____

Date: _____

Approved by: _____

Date: _____

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

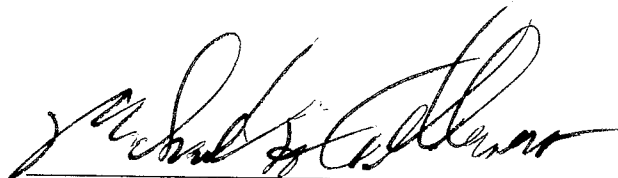
**APPLICATION OF CHISHOLM ENERGY OPERATING, LLC
FOR NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 16027

AFFIDAVIT

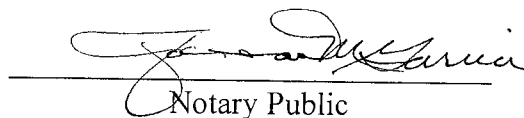
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

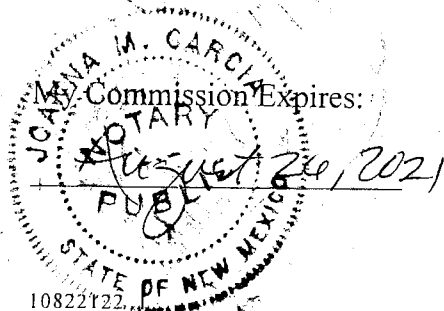
Michael Feldewert, attorney in fact and authorized representative of Chisholm Energy Operating, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.



Michael Feldewert

SUBSCRIBED AND SWORN to before me this 4th day of April, 2018 by Michael Feldewert.


Notary Public



HOLLAND & HART



Adam G. Rankin

Associate

Phone (505) 988-4421

Fax (505) 983-6043

agrarkin@hollandhart.com

February 28, 2018

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of Chisholm Energy Operating, LLC for a non-standard spacing
and proration unit and compulsory pooling, Eddy County, New Mexico.**
Black River 3-10 Fed Com WCA No. 2H Well
Black River 3-10 Fed Com WCA No. 3H Well
Black River 3-10 Fed Com WCA No. 4H 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. This application will be set for hearing before a Division Examiner at 8:15 a.m. on March 22, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices, located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Davis Armour at (412) 980-4183 or DArmour@chisholmenergy.com.

Sincerely,

Adam G. Rankin

**ATTORNEY FOR CHISHOLM ENERGY OPERATING,
LLC**



Shipment Confirmation Acceptance Notice

A. Mailer Action

Chisholm
Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Black River 3-10 Fed Com WCA No. 2H Well
Pooled Parties List Case No. 16027

Shipment Date: 02/23/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

| Type of Mail | Volume |
|------------------------------|--------|
| Priority Mail Express®* | |
| Priority Mail® | 0 |
| First-Class Package Service® | |
| Returns | |
| International* | |
| Other | 23 |
| Total | 23 |

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

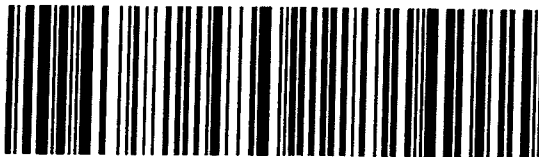
B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0007 3192 58



Firm Mailing Book For Accountable Mail

| | | | | | |
|---|--|--|--|--|--|
| Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501 | | Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail | | Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery | |
| USPS Tracking/Article Number | | Addressee (Name, Street, City, State, & ZIP Code™) | | Postage | |
| 1. 9214 8901 9403 8304 5291 62 | | Linda Hicks Fasten Acquisitions 95-1 S 101 Holiday Hill Rd Midland TX 79707 | | 0.47 | |
| 2. 9214 8901 9403 8304 5291 79 | | Caitlin Pierce Cimarex Energy Co 600 N Marfield St Ste 600 Midland TX 79701 | | 0.47 | |
| 3. 9214 8901 9403 8304 5291 86 | | Matt Tate Marathon Oil Permian LLC 5555 San Felipe St Houston TX 77058 | | 0.47 | |
| 4. 9214 8901 9403 8304 5291 93 | | Warwick - Ares LLC 900 W Wilshire Blvd Oklahoma City OK 73116 | | 0.47 | |
| 5. 9214 8901 9403 8304 5292 09 | | Finley Production Co LP 1308 Lake St #200 Fort Worth TX 76102 | | 0.47 | |
| 6. 9214 8901 9403 8304 5292 16 | | Richard Scott Briggs 12 Hunters Ridge Lane Trophy Club TX 76262 | | 0.47 | |
| 7. 9214 8901 9403 8304 5292 23 | | Kansas City Royalty Co LLC 6520 N Western Ave Ste 300 Oklahoma City OK 73172 | | 0.47 | |
| 8. 9214 8901 9403 8304 5292 30 | | AGS Resources 2004 LLLP 10 Inverness Drive East Ste 155 Englewood CO 80110 | | 0.47 | |
| Total Number of Pieces Listed by Sender 23 | | Total Number of Pieces Received at Post Office | | Postmaster, Per (Name of receiving employee) | |

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certificate of mailing or for
additional copies of this receipt).
Postmark with Date of Receipt.

| Postage | (Extra Service) Fee | Handling Charge | Actual Value if Registered | Insured Value | Due Sender if COD | ASR Fee | ASRD Fee | RD Fee | RR Fee | SC Fee | SCRD Fee | SH Fee |
|---------|---------------------|--|----------------------------|---------------|-------------------|--------------------------|-------------------------------------|---------------------|----------------|------------------------|--|------------------|
| 0.47 | 3.45 | Handling Charge - If Registered and over \$50,000 in value | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | Adult Signature Required | Adult Signature Restricted Delivery | Restricted Delivery | Return Receipt | Signature Confirmation | Signature Confirmation Restricted Delivery | Special Handling |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |



Name and Address of Sender

Holland & Hart LLP
110 N Guadalupe St # 1
Santa Fe NM 87501

Check type of mail or service

- ☐ Adult Signature Required
☐ Adult Signature Restricted Delivery
☒ Certified Mail
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery (COD)
☐ Insured Mail
☐ Priority Mail
- ☐ Priority Mail Express
☐ Registered Mail
☐ Return Receipt for Merchandise
☐ Signature Confirmation
☐ Signature Confirmation Restricted Delivery

USPS Tracking/Article Number

Addressee (Name, Street, City, State, & ZIP Code™)

9. 9214 8901 9403 8304 5292 47

AGS Oil & Gas Holdings, Inc 10 Inverness Drive East Ste 155
Englewood CO 80110

10. 9214 8901 9403 8304 5292 54

WillisChild Oil & Gas Corp 621 E St Snyder OK 73566

11. 9214 8901 9403 8304 5292 61

BOT Oil & Gas LP 1308 Lake St Fort Worth TX 76102

12. 9214 8901 9403 8304 5292 78

Grasslands Energy LP 1308 Lake St Fort Worth TX 76102

13. 9214 8901 9403 8304 5292 85

Metcalfe Oil LP 1308 Lake St Fort Worth TX 76102

14. 9214 8901 9403 8304 5292 92

Donald Horton and Mary Horton 1501 Alta Dr Fort Worth TX 76107

15. 9214 8901 9403 8304 5293 08

Wilma Faye Whitehead Nitschke 4308 Hinson Lane Wichita Falls TX 76302

16. 9214 8901 9403 8304 5293 15

Lurline Thompson 119 W Fannin Street Uvalde TX 78801

Total Number of Pieces Listed by Sender
23

Total Number of Pieces Received at Post Office

Postmaster, Per (Name of receiving employee)

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| Postage | (Extra Service) Fee | Handling Charge | Actual Value if Registered | Insured Value | Due Sender if COD | ASR Fee | ASRD Fee | RD Fee | RR Fee | SC Fee | SCRD Fee | SH Fee |
|---------|---------------------|--|----------------------------|---------------|-------------------|--------------------------|-------------------------------------|---------------------|----------------|------------------------|--|------------------|
| 0.47 | 3.45 | Handling Charge - if Registered and over \$50,000 in value | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | Adult Signature Required | Adult Signature Restricted Delivery | Restricted Delivery | Return Receipt | Signature Confirmation | Signature Confirmation Restricted Delivery | Special Handling |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |
| 0.47 | 3.45 | | | | | | | | 1.50 | | | |



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certificate of mailing or for
additional copies of this receipt).*
Postmark with Date of Receipt.

Check type of mail or service

☐ Adult Signature Required

☐ Adult Signature Restricted Delivery

☒ Certified Mail

☐ Certified Mail Restricted Delivery

☐ Collect on Delivery (COD)

☐ Insured Mail

☐ Priority Mail

☐ Priority Mail Express

☐ Registered Mail

☐ Return Receipt for Merchandise

☐ Signature Confirmation

☐ Signature Confirmation Restricted Delivery

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Holland & Hart LLP

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Mail Pieces

Filter:

< No Filter >

| Barcode | Recipient | Status | DL | Custom |
|-----------------------------|--|------------------------------------|----|--------|
| 9214 8901 9403 8304 5293 84 | Nearburg Employee Trust PO BOX 823085 Dallas TX 75382 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5293 77 | Jerry B Elger PO BOX 2623 Midland TX 79702 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5293 60 | Conley Resources LLC 9712 Hilltop Road Parker CO 80134 | In-Transit | No | |
| 9214 8901 9403 8304 5293 53 | Wallace H Scott Unified Credit Trust (Dorothy Cecile Scott Trustee) 10205 River Plantation Dr Austin TX 78747 | In-Transit | No | |
| 9214 8901 9403 8304 5293 46 | Doris Jean Barnes 2515 Neely Midland TX 79705 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5293 39 | Harold F Marshall 7120 Twin Tree Lane Dallas TX 75214 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5293 22 | O'Neill Properties Ltd 410 W Ohio Ave Midland TX 79701 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5293 15 | Lurline Thompson 119 W Fannin Street Uvalde TX 78801 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5293 08 | Wilma Faye Whitehead Nitschke 4308 Hurson Lane Wichita Falls TX 76302 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5292 92 | Donald Horton and Mary Horton 1501 Alta Dr Fort Worth TX 76107 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5292 85 | Metcalfe Oil LP 1308 Lake St Fort Worth TX 76102 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5292 76 | Grasslands Energy LP 1308 Lake St Fort Worth TX 76102 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5292 61 | BDT Oil & Gas LP 1308 Lake St Fort Worth TX 76102 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5292 54 | WillisChild Oil & Gas Corp 621 E St Snyder OK 73566 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5292 47 | AGS Oil & Gas Holdings Inc 10 Inverness Drive East Ste 155 Englewood CO 80110 | Delivered Signature Received | No | |

4/4/2018

ConnectSuite e-Certify

| Barcode | Recipient | Status | DL | Custom |
|-----------------------------|---|------------------------------------|----|--------|
| 9214 8901 9403 8304 5292 30 | AGS Resources 2004 LLLP 10 Inverness Drive East Ste 155 Englewood CO 80110 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5292 23 | Kansas City Royalty Co LLC 6520 N Western Ave Ste 300 Oklahoma City OK 73172 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5292 16 | Richard Scott Briggs 12 Hunters Ridge Lane Trophy Club TX 76262 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5292 09 | Finley Production Co LP 1308 Lake St #200 Fort Worth TX 76102 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5291 93 | Warwick - Ares LLC 900 W Wilshire Blvd Oklahoma City OK 73116 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5291 86 | Matt Tate Marathon Oil Permian LLC 5555 San Felipe St Houston TX 77056 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5291 79 | Caitlin Pierce Cimarex Energy Co 600 N Marienfeld St Ste 600 Midland TX 79701 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5291 62 | Linda Hicks Fasken Acquisitions 95-I 6101 Holiday Hill Rd Midland TX 79707 | Delivered Signature Received | No | |



100 items per page

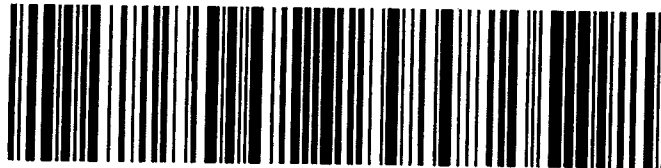
CONFIDENTIAL - INTERNAL USE ONLY
 E-Verify
 1/1/2018

**Return address:**

HOLLAND & HART LLP
110 N GUADALUPE ST # 1
SANTA FE, NM 87501

Recipient address:

CONLEY RESOURCES LLC
9712 HILLTOP ROAD
PARKER CO 80134

USPS CERTIFIED MAIL

9214 8901 9403 8304 5293 60

USPS Tracking Label Number: 9214 8901 9403 8304 5293 60

| USPS Tracking History | Postal Facility | ZIP | Date | Time |
|---|----------------------|-----|------------|-------|
| PRE-SHIPMENT INFO SENT USPS AWAITS ITEM | SANTA FE,NM 87501 | | 02/23/2018 | 15:14 |
| SHIPMENT ACCEPTANCE | SANTA FE,NM 87501 | | 03/02/2018 | 16:40 |
| ORIGIN ACCEPTANCE | SANTA FE,NM 87501 | | 03/02/2018 | 19:43 |
| PROCESSED THROUGH USPS FACILITY | ALBUQUERQUE,NM 87101 | | 03/02/2018 | 20:58 |
| DEPART USPS FACILITY | ALBUQUERQUE,NM 87101 | | 03/03/2018 | 00:33 |
| PROCESSED THROUGH USPS FACILITY | DENVER,CO 80266 | | 03/03/2018 | 14:15 |
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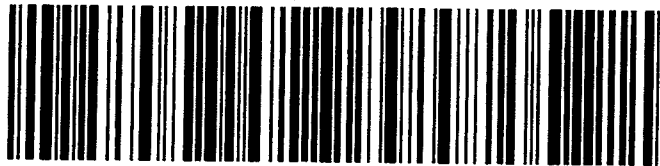
CASE #:

**Return address:**

HOLLAND & HART LLP
110 N GUADALUPE ST # 1
SANTA FE, NM 87501

Recipient address:

WALLACE H SCOTT UNIFIED CREDIT TRUST (DOR)
10205 RIVER PLANTATION DR
AUSTIN TX 78747

USPS CERTIFIED MAIL

9214 8901 9403 8304 5293 53

USPS Tracking Label Number: 9214 8901 9403 8304 5293 53

USPS Tracking History

| | Postal Facility | ZIP | Date | Time |
|---|----------------------|-----|------------|-------|
| PRE-SHIPMENT INFO SENT USPS AWAITS ITEM | SANTA FE,NM 87501 | | 02/23/2018 | 15:14 |
| SHIPMENT ACCEPTANCE | SANTA FE,NM 87501 | | 03/02/2018 | 16:40 |
| ORIGIN ACCEPTANCE | SANTA FE,NM 87501 | | 03/02/2018 | 19:43 |
| PROCESSED THROUGH USPS FACILITY | ALBUQUERQUE,NM 87101 | | 03/02/2018 | 20:58 |
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| ARRIVAL AT UNIT | AUSTIN,TX 78745 | | 03/05/2018 | 07:32 |
| SORTING/PROCESSING COMPLETE | AUSTIN,TX 78747 | | 03/05/2018 | 08:01 |
| OUT FOR DELIVERY | AUSTIN,TX 78747 | | 03/05/2018 | 08:11 |
| DELIVERY STATUS NOT UPDATED | AUSTIN,TX 78747 | | 03/05/2018 | 22:11 |
| REFUSED | AUSTIN,TX 78747 | | 03/06/2018 | 14:19 |
| PROCESSED THROUGH USPS FACILITY | AUSTIN,TX 78710 | | 03/09/2018 | 12:27 |
| DEPART USPS FACILITY | AUSTIN,TX 78710 | | 03/09/2018 | 20:28 |
| PROCESSED THROUGH USPS FACILITY | ALBUQUERQUE,NM 87101 | | 03/11/2018 | 12:52 |
| ARRIVAL AT UNIT | SANTA FE,NM 87501 | | 03/17/2018 | 04:25 |
| AVAILABLE FOR PICKUP | SANTA FE,NM 87501 | | 03/17/2018 | 05:13 |
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| REMINDER TO SCHEDULE REDELIVERY | AUSTIN,TX 78747 | | 03/22/2018 | 03:14 |
| PACKAGE RETURN NOTICE GENERATED | AUSTIN,TX 78747 | | 04/01/2018 | 03:44 |

CASE #:



Adam G. Rankin
Associate
Phone (505) 988-4421
Fax (505) 983-6043
agrarkin@hollandhart.com

February 28, 2018

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSETTING LESSEES AND OPERATORS

Re: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.
Black River 3-10 Fed Com WCA No. 2H Well
Black River 3-10 Fed Com WCA No. 3H Well
Black River 3-10 Fed Com WCA No. 4H Well

This letter is to advise you that Chisholm Energy Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. *Your interests are not being pooled under this application*, but as a lessee or operator in an offsetting tract, you are entitled to notice of this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on March 22, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four business days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must 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 (412) 980-4183 or DArmour@chisholmenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam G. Rankin".

Adam G. Rankin
ATTORNEY FOR CHISHOLM ENERGY OPERATING, LLC



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Shipment Date: 02/23/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Chisholm
Black River 3-10 Fed Com WCA No. 2H Well,
the proposed Black River 3-10 Fed Com WCA
No. 3H Well - OFFSET LIST - Case No. 16027

| Type of Mail | Volume |
|------------------------------|--------|
| Priority Mail Express® | |
| Priority Mail® | 0 |
| First-Class Package Service® | |
| Returns | |
| International* | |
| Other | 4 |
| Total | 4 |

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

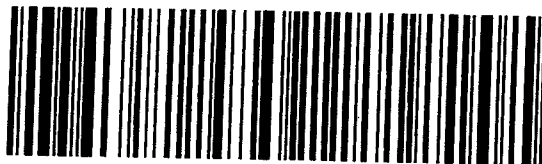
B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0007 3207 28



Holland & Hart LLP
110 N Guadalupe St # 1
Santa Fe NM 87501

Affix Stamp Here
*(if issued as an international
certificate of mailing or for
additional copies of this receipt).*
Postmark with Date of Receipt.

[illegible]

Form **3877**, April 2015 (Page 1 of 1) Complete in Ink
17530-02-000-9098



⚠ You are using an old version of e-Certify. [Click here](#) to update to the new version.

Welcome Joanna Garcia, (Not [Joanna Garcia?](#))
Company:
Holland & Hart LLP

[Home](#) [My Queue](#) [Piece Search](#) [Support](#) [Logout](#)

< [History](#) > [Mail Jobs](#) > [Mail Job Details](#)



My Tools

[Mail Jobs](#)

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Mail Pieces

Filter:

< No Filter >

| Barcode | Recipient | Status | DL | Custom |
|-----------------------------|--|------------------------------------|----|--------|
| 9214 8901 9403 8304 5332 82 | MEWBOURNE OIL CO 500 W ILLINOIS AVE STE 1020 MIDLAND TX 79701-4234 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5332 75 | READ & STEVENS PO Box 1518 ROSWELL NM 88202-1518 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5332 68 | MARATHON OIL PERMIAN LLC 5555 SAN FELIPE ST HOUSTON TX 77056-2701 | Delivered Signature Received | No | |
| 9214 8901 9403 8304 5332 51 | CIMAREX ENERGY CO 600 N MARIENFELD ST #600 MIDLAND TX 79701-4405 | Delivered Signature Received | No | |

CARLSBAD CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

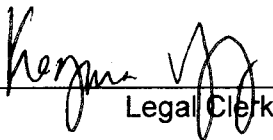
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HOLLAND & HART
PO BOX 2208

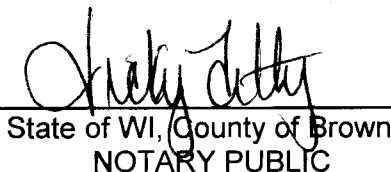
SANTA FE NM 87504

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

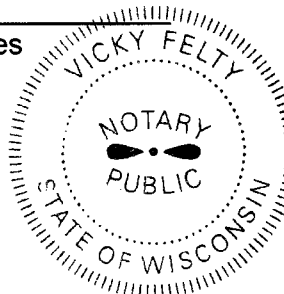
04/13/18


Legal Clerk

Subscribed and sworn before me this
13th of April 2018.


State of WI, County of Brown
NOTARY PUBLIC

9-19-21
My Commission Expires



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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **May 3, 2018**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **April 23, 2018**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

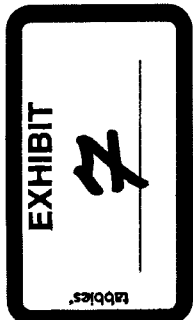
**STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.**

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

To: All offset owners and pooled parties, including: Fasken Acquisitions 95-I; Cimarex Energy Co; Marathon Oil Permian, LLC; Warwick - Ares LLC; Finley Production Co. LP; Richard Scott Briggs, his heirs and devisees; Kansas City Royalty Co., LLC; AGS Resources 2004, LLLP; AGS Oil & Gas Holdings, Inc.; Willis Child Oil & Gas Corp.; BDT Oil & Gas, LP; Grasslands Energy, LP; Metcalfe Oil, LP; Donald Horton and Mary Horton, their heirs and devisees; Wilma Faye Whitehead Nitschke, her heirs and devisees; Lurline Thompson, her heirs and devisees; O'Neill Properties, Ltd.; Harold F. Marshall, his heirs and devisees; Doris Jean Barnes, her heirs and devisees; Wallace H. Scott Unified Credit Trust (Dorothy Cecile Scott, Trustee); Conley Resources, LLC; Jerry B. Elger, his heirs and devisees; Nearburg Employee Trust; Read & Stevens; Mewbourne Oil Co.

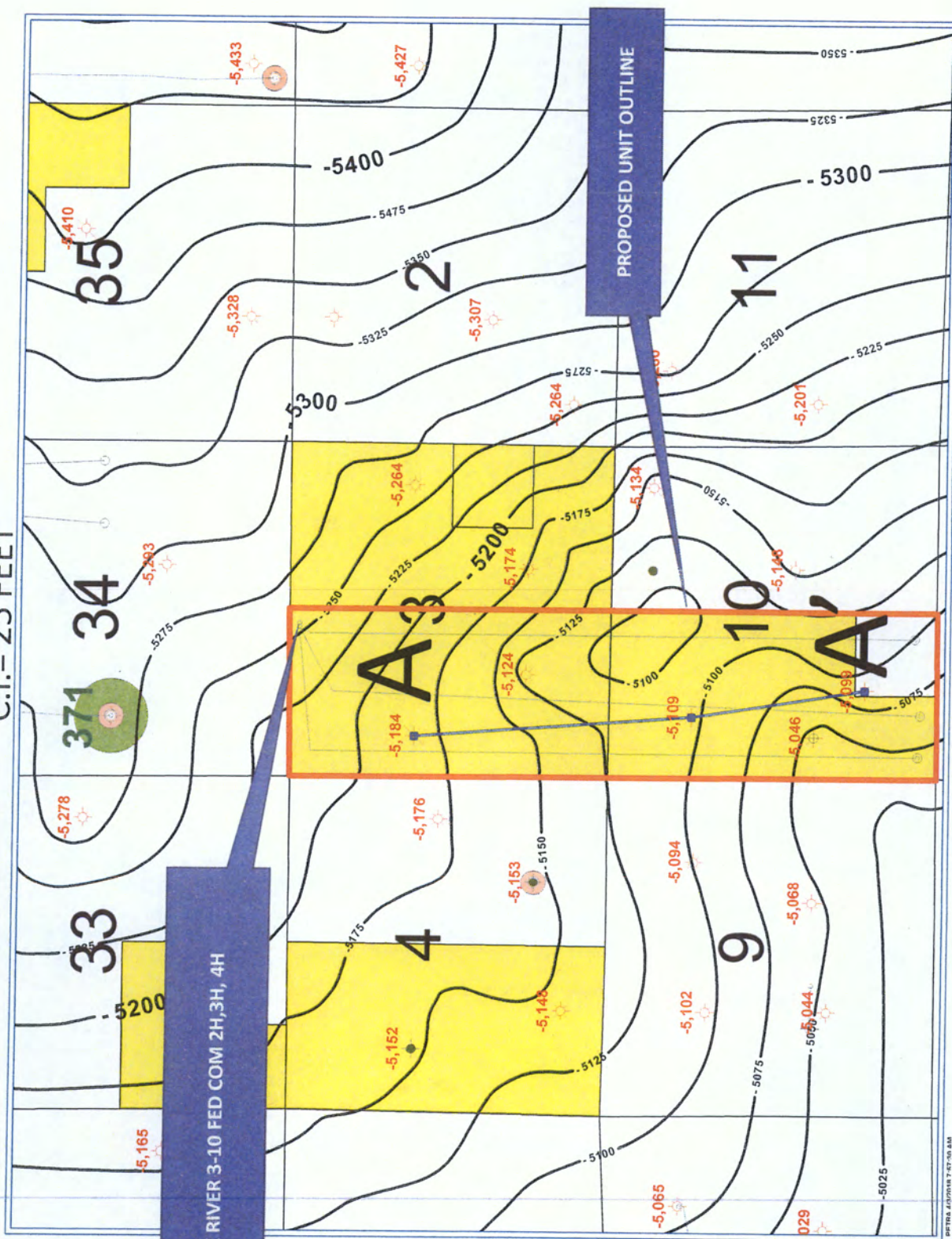
Case No. 16027: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 638.16-acre, more or less, spacing and proration unit comprised of the W/2 of

Ad#: 0001242942
P O : Black River 3-10 Fed Com
of Affidavits : 0.00



Section 3 and the W/2 of Section 10, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be a project area for three proposed initial wells, to be drilled and completed simultaneously: the proposed **Black River 3-10 Fed Com WCA No. 2H Well**, the proposed **Black River 3-10 Fed Com WCA No. 3H Well**, and the proposed **Black River 3-10 Fed Com WCA No. 4H Well**. These wells will be horizontally drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 3 to bottom hole locations in the SW/4 SW/4 (Unit M) and the SE/4 SW/4 (Unit N) of Section 10. The completed intervals for these wells will remain within the 330-foot offset as required by the special rules for the Purple Sage-Wolfcamp Gas Pool adopted under Division Order R-14262. Also to be considered will be the timing of the drilling and completion of said wells, the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chisholm Energy Operating, LLC as operator of the wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 12 miles southwest of Carlsbad, New Mexico.

C.I.= 25 FEET

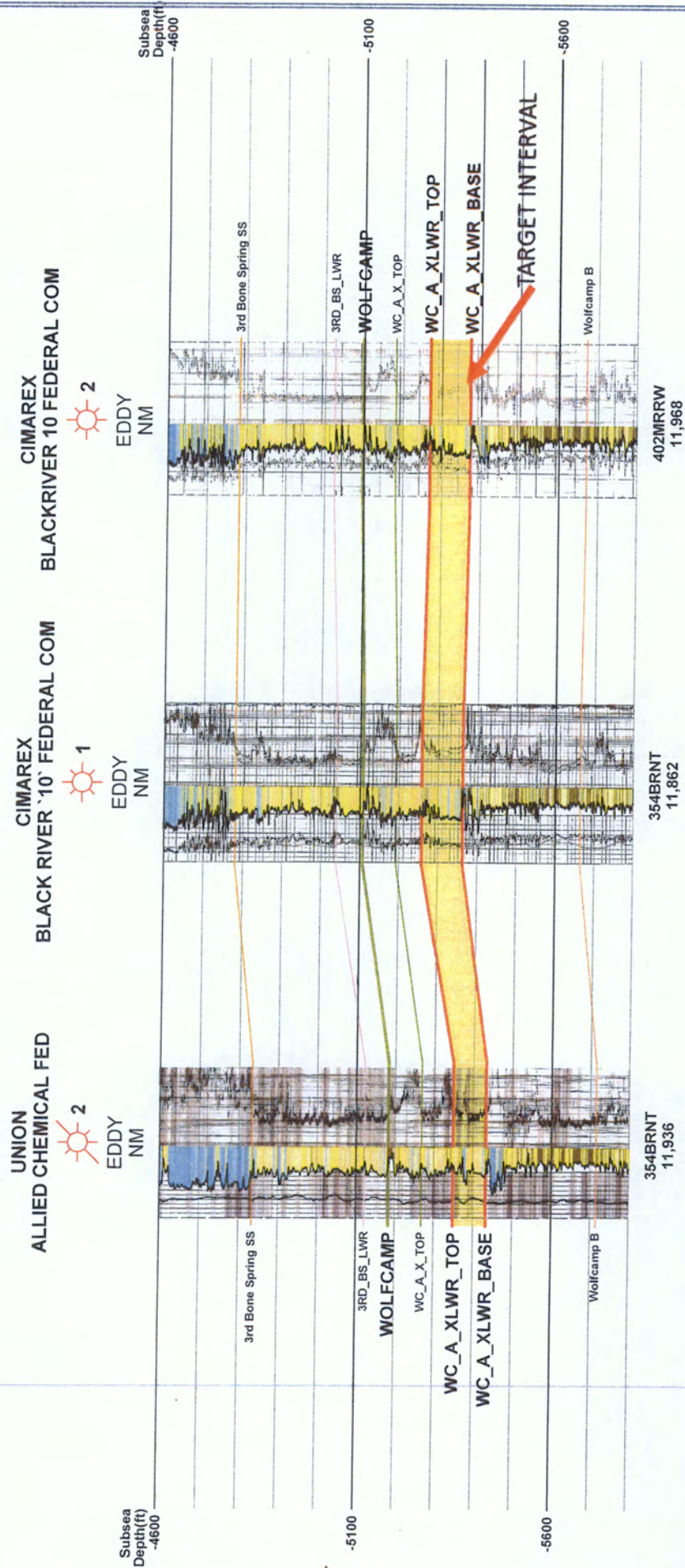


CHISHOLM ENERGY
HOLDINGS, LLC
LEASEHOLD

A

STRUCTURAL CROSS-SECTION A-A' WC A TARGET INTERVAL

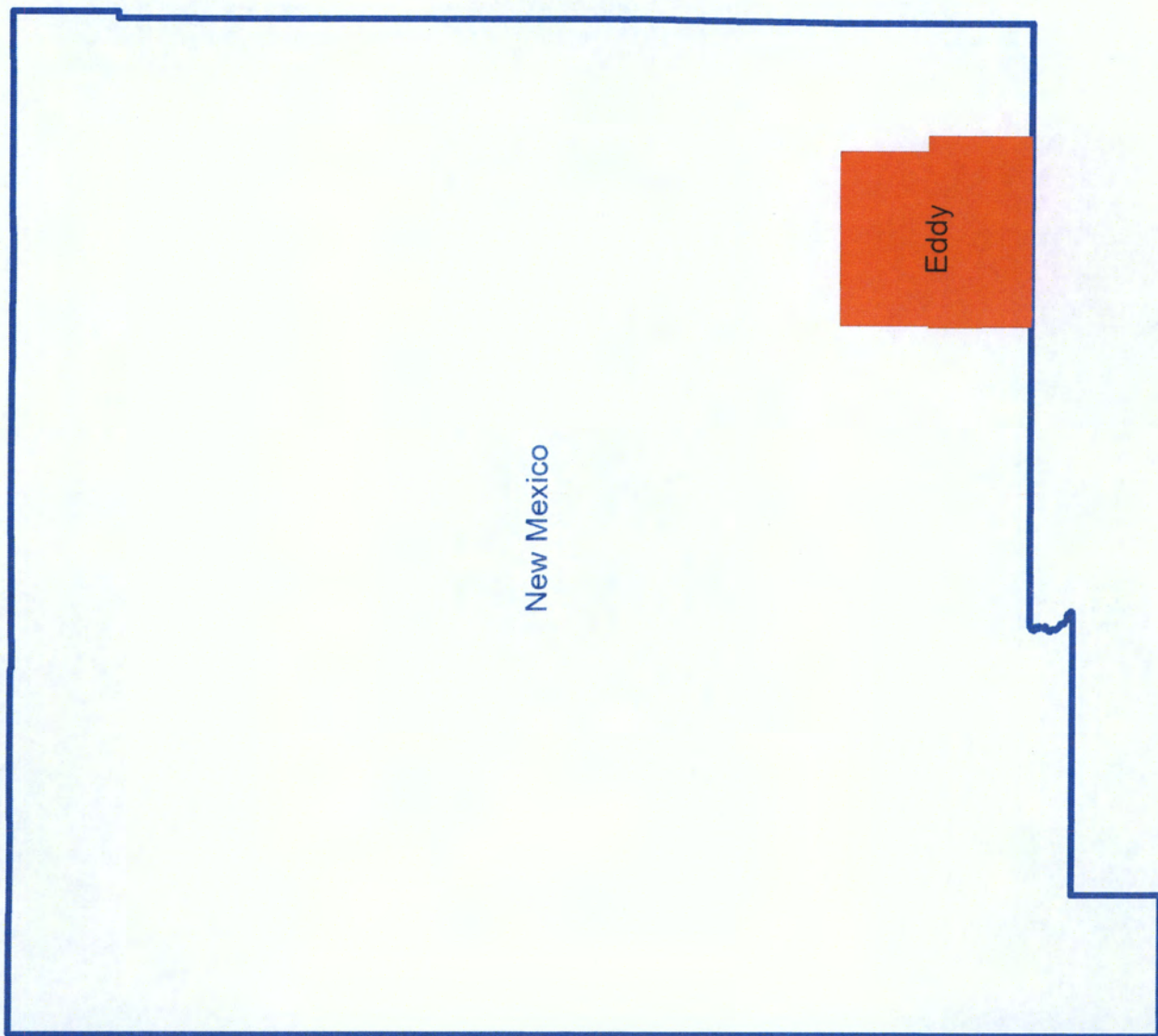
A'



PETRA 4/22/2018 8:08:33 AM

FOR THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Exhibit No. 9

Submitted by: Chisholm Energy Operating LLC
Hearing Date: August 20, 2018
Case No. 16027



BEFORE THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

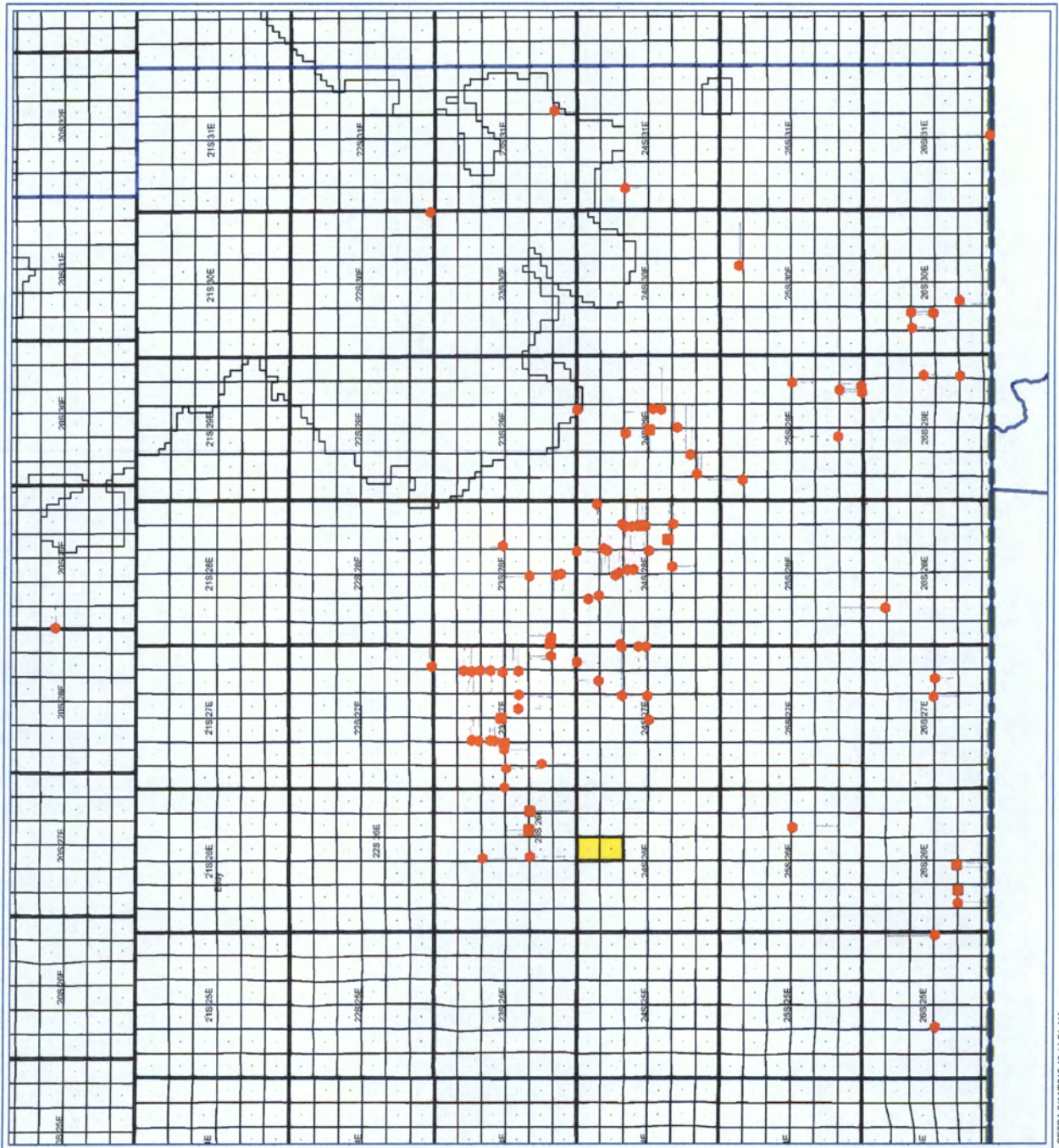
Exhibit No. 10

Submitted by: Chisholm Energy Operating LLC

Hearing Date: August 20, 2018

Case No. 16027

Eddy County, New Mexico



Red dot represents wells with a Wolfcamp A targeted interval

Yellow Box indicates Black River Sections

PETRA 8/14/2018 10:11:51 AM

BEFORE THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

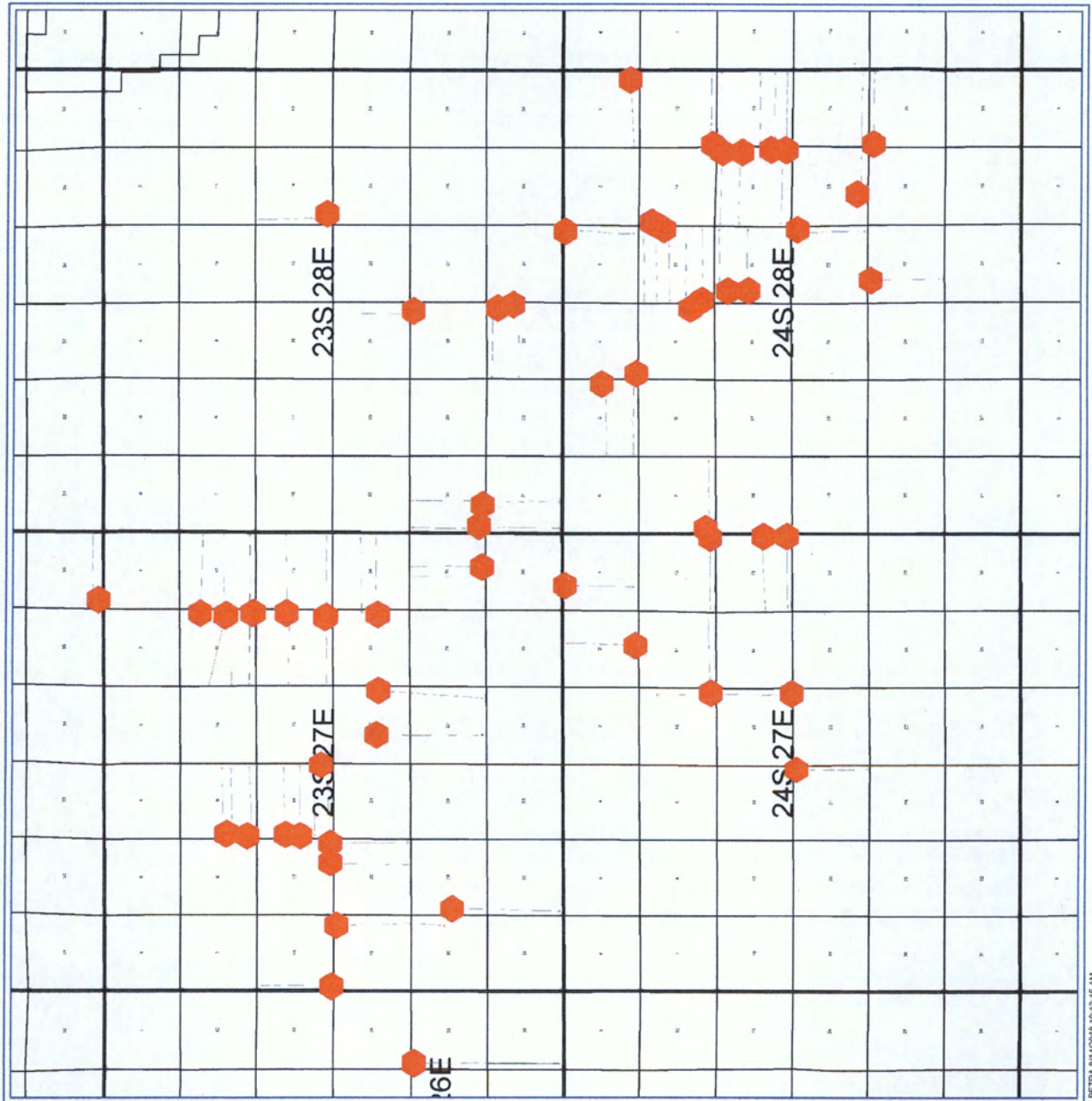
Exhibit No. 11

Submitted by: Chisholm Energy Operating LLC

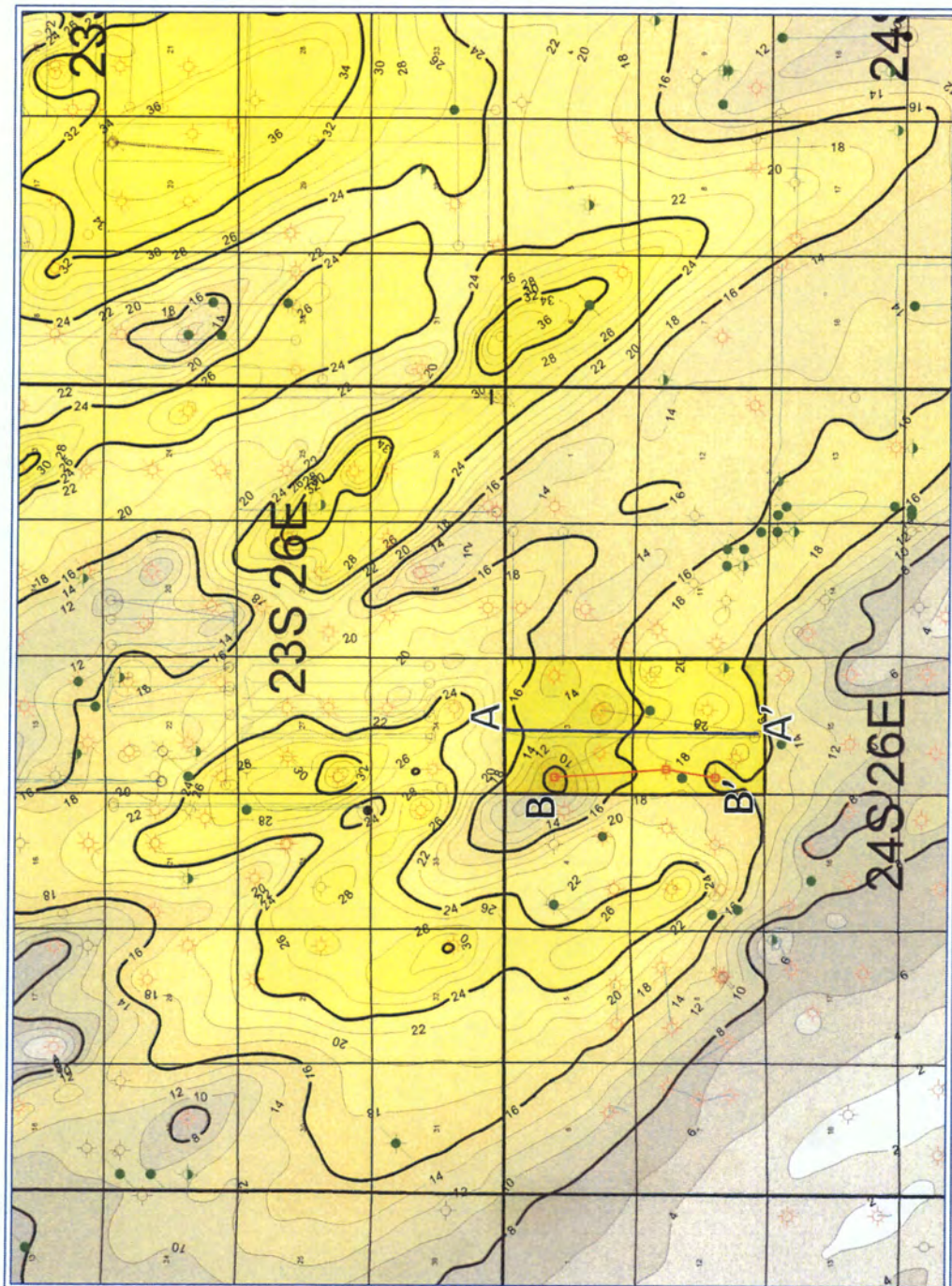
Hearing Date: August 20, 2018

Case No. 16027

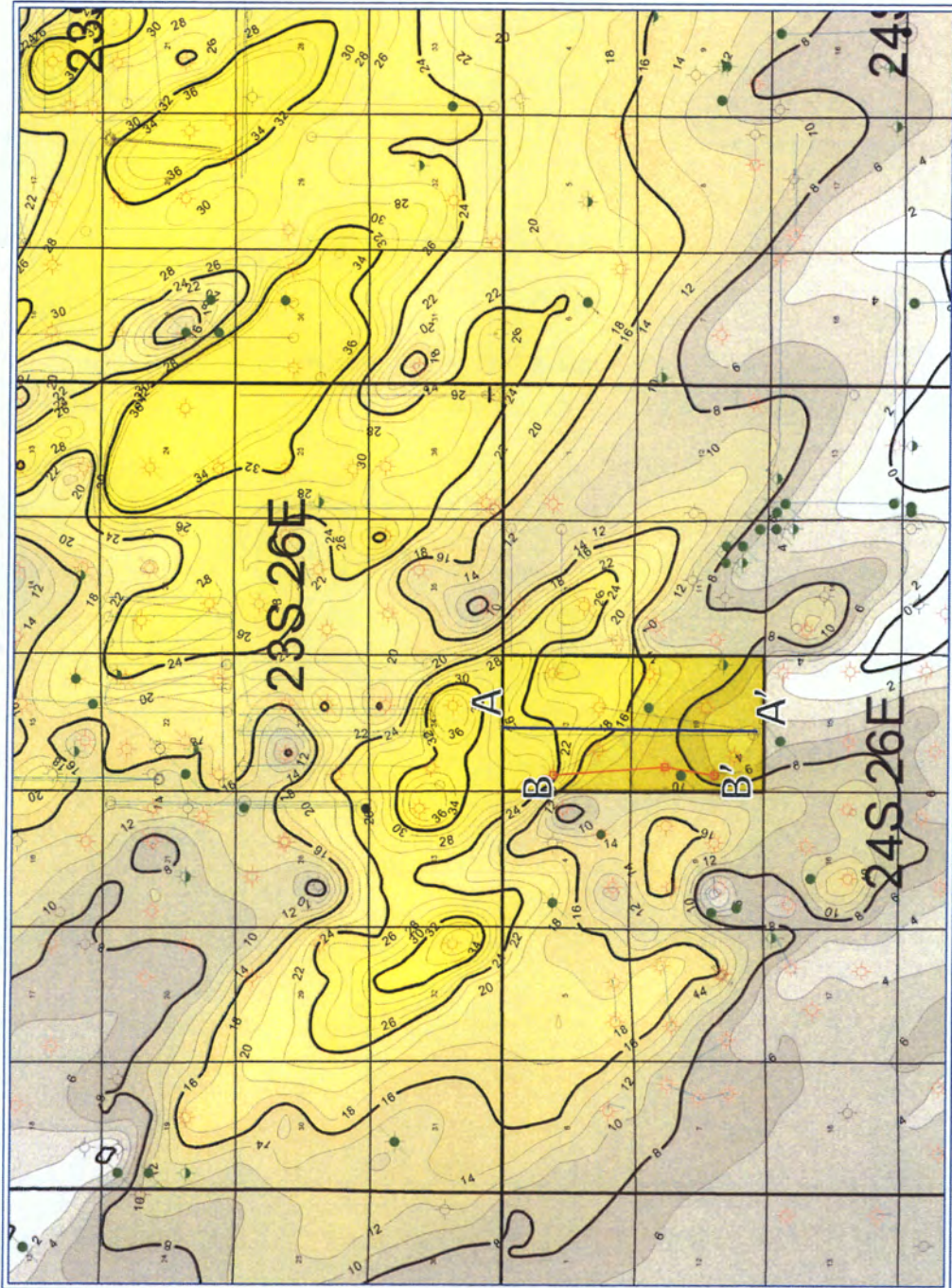
Area to the West of Black River well



UPPER WOLFCAMP A ISOPACH NET POROSITY >8%



LOWER WOLFECAMP A ISOPACH POROSITY >8%



A



B'

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: **Chisholm Energy Operating LLC**
Hearing Date: August 20, 2018
Case No. 16027

