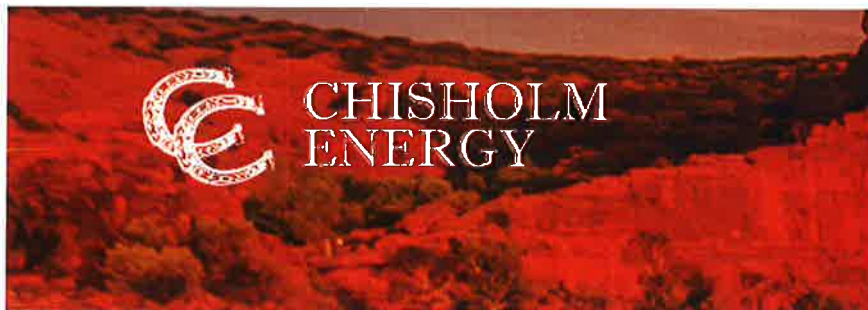


**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JULY 11, 2019**

CASE No. 20620

AZTEC 14-23 FED COM 3BS #3H WELL

LEA COUNTY, NEW MEXICO



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

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

CASE NO. 20620

AFFIDAVIT OF JACOB DANIELS

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

1. My name is Jacob Daniels. I work for 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 this case, and I am familiar with the status of the lands in the subject area.
4. None of the uncommitted parties in this case has indicated opposition to this pooling applications, and therefore I do not expect any opposition at the hearing.
5. Chisholm is seeking an order pooling all uncommitted interests in the Bone Spring formation (WC-025 G-06 S213215A;BONE SPRING [97921]) underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Sections 14 and 23, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico.
6. Chisholm seeks to dedicate this standard spacing unit to the proposed **Aztec 14-23 Fed Com 3BS #3H Well**, which will be horizontally drilled from a surface location in the SE/4

SW/4 (Unit N) of Section 11 to bottom hole location in the SW/4 SW/4 (Unit M) of Section 23.

The completed interval will comply with the Statewide setback requirements for oil wells.

7. **Chisholm Exhibit A-1** is the Form C-102 for the proposed **Aztec 14-23 Fed Com 3BS #3H Well**.

8. The Pool Code for this well is 97921 (WC-025 G-06 S213215A; Bone Spring).

9. There are no depth severances in the Bone Spring formation.

10. **Chisholm Exhibit A-2** identifies the interest owners and their percentage of ownership interests by tract. A unit recapitulation, showing the percentage of ownership interests in each horizontal spacing unit, is also included on the exhibit. This spacing unit includes federal land only. Chisholm is seeking to pool both the working interest owners highlighted on Chisholm Exhibit A-2 and each of the overriding royalty interest owners identified on Exhibit A-2.

11. There are no unleased mineral interest owners.

12. **Chisholm Exhibit A-3** is a copy of the well proposal letter that Chisholm sent to the working interest owners, along with an AFE for this well. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area.

13. Chisholm seeks approval of overhead and administrative costs at \$7,500/month while drilling and \$750/month while producing. These costs are consistent with what Chisholm and other operators are charging in this area for these types of wells. Chisholm respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division in this case, together with a 200% charge for the risk against any non-consenting parties.

14. In my opinion, Chisholm has made good faith efforts to reach an agreement with the parties it seeks to pool. If Chisholm reaches an agreement with any of the proposed pool parties

15. I provided the law firm of Holland & Hart LLP a list of names and addresses for the uncommitted interest owners shown on Exhibit A-2. In compiling these addresses, Chisholm conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches. Because not all parties were locatable, Chisholm has published notice of this hearing to all parties to be pooled as reflected on **Chisholm Exhibit C**.

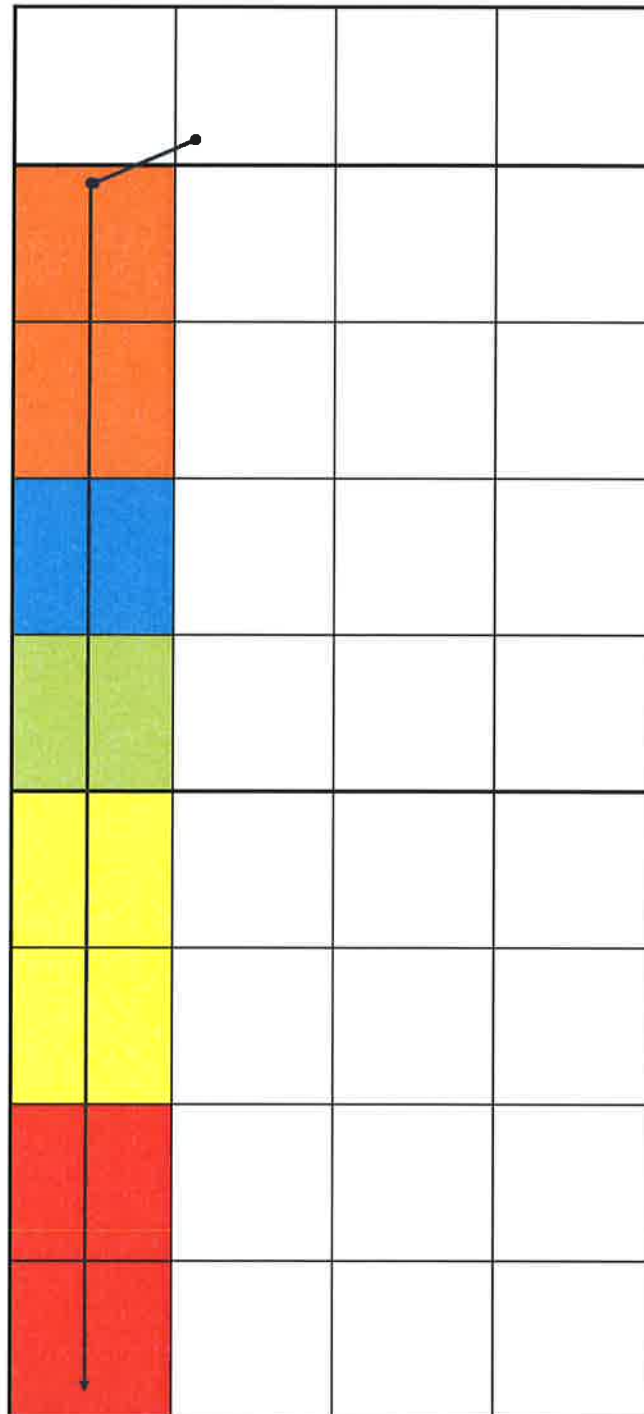

JACOB DANIELS

RECEIVED

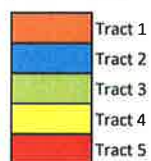
BY: _____

03-06-2022

Section 14, T21S-R32E, Lea County, NM
&
Section 23, T21S-R32E, Lea County, NM



SHL located in Unit
Letter N of Section
11-T21S-R32E



Working Interest Ownership by Tract

TRACT	WI OWNER	WORKING
1	CHISHOLM ENERGY OPERATING, LLC	0.75655790
	CONOCOPHILLIPS COMPANY	0.24344210
		1.00000000
2	CHISHOLM ENERGY OPERATING, LLC	1.00000000
		1.00000000
3	CHISHOLM ENERGY OPERATING, LLC	1.00000000
		1.00000000
4	CONOCOPHILLIPS COMPANY	1.00000000
		1.00000000
5	ADVANCE ENERGY PARTNERS HAT MESA, LLC	0.95000000
	BULLHEAD ENERGY, LLC	0.05000000
		1.00000000

Proposed Unit Working Interest Ownership

W/2 W/2 of Section 14, T21S-R32E, Lea County, NM

&

W/2 W/2 of Section 23, T21S-R32E, Lea County, NM

WI OWNER	WORKING INTEREST
CHISHOLM ENERGY OPERATING, LLC	0.43913947
CONOCOPHILLIPS COMPANY	0.31086053
ADVANCE ENERGY PARTNERS HAT MESA, LLC	0.23750000
BULLHEAD ENERGY, LLC	0.01250000
	1.00000000

*Parties highlighted in yellow are the Working Interest Owners to be pooled.

Working Interest and Overriding Royalty Owners by Tract
W/2 W/2 of Section 14, T21S-R32E, Lea County, NM
&
W/2 W/2 of Section 23, T21S-R32E, Lea County, NM

Tract	Owner	Ownership Type
1	LOWE ROYALTY PARTNERS, LP	ORRI
	CCS RESOURCES, INC.	ORRI
	TROPORO OIL & GAS COMPANY	ORRI
	JERRY B. ELGER	ORRI
	NEARBURG PRODUCING COMPANY FBO NEARBURG PRODUCING COMPANY EMPLOYEE FUND	ORRI
	NEW-TEX OIL COMPANY	ORRI
	CHISHOLM ENERGY OPERATING, LLC	WI
	CONOCOPHILLIPS COMPANY	WI
Tract	Owner	Ownership Type
2	JERRY B. ELGER	ORRI
	NEARBURG PRODUCING COMPANY FBO NEARBURG PRODUCING COMPANY EMPLOYEE FUND	ORRI
	CHISHOLM ENERGY OPERATING, LLC	WI
Tract	Owner	Ownership Type
3	WALTER L. MORRISON, A WIDOW	ORRI
	PENROC OIL CORPORATION	ORRI
	RUTH BELL, A WIDOW	ORRI
	JERRY B. ELGER	ORRI
	NEARBURG PRODUCING COMPANY FBO NEARBURG PRODUCING COMPANY EMPLOYEE FUND	ORRI
	CHISHOLM ENERGY OPERATING, LLC	WI
Tract	Owner	Ownership Type
4	ROBERT P. KUNKEL	ORRI
	HELEN I. FEHR	ORRI
	MADISON M. HINKLE	ORRI
	ROLLA R. HINKLE, III	ORRI
	CONOCOPHILLIPS COMPANY	WI
Tract	Owner	Ownership Type
5	JTD RESOURCES, LLC	ORRI
	CORNERSTONE FAMILY TRUST DATED 6/9/2016, JOHN KYLE THOMA, TRUSTEE	ORRI
	COG OPERATING, LLC	ORRI
	ADVANCE ENERGY PARTNERS HAT MESA, LLC	WI
	BULLHEAD ENERGY, LLC	WI

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 97921	³ Pool Name WC-025 G-06 S213215A; BONE SPRING
⁴ Property Code	⁵ Property Name AZTEC 14-23 FED COM 3BS		⁶ Well Number 3H
⁷ OGRID No. 372137	⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC		⁹ Elevation 3844.5

¹⁰ Surface Location

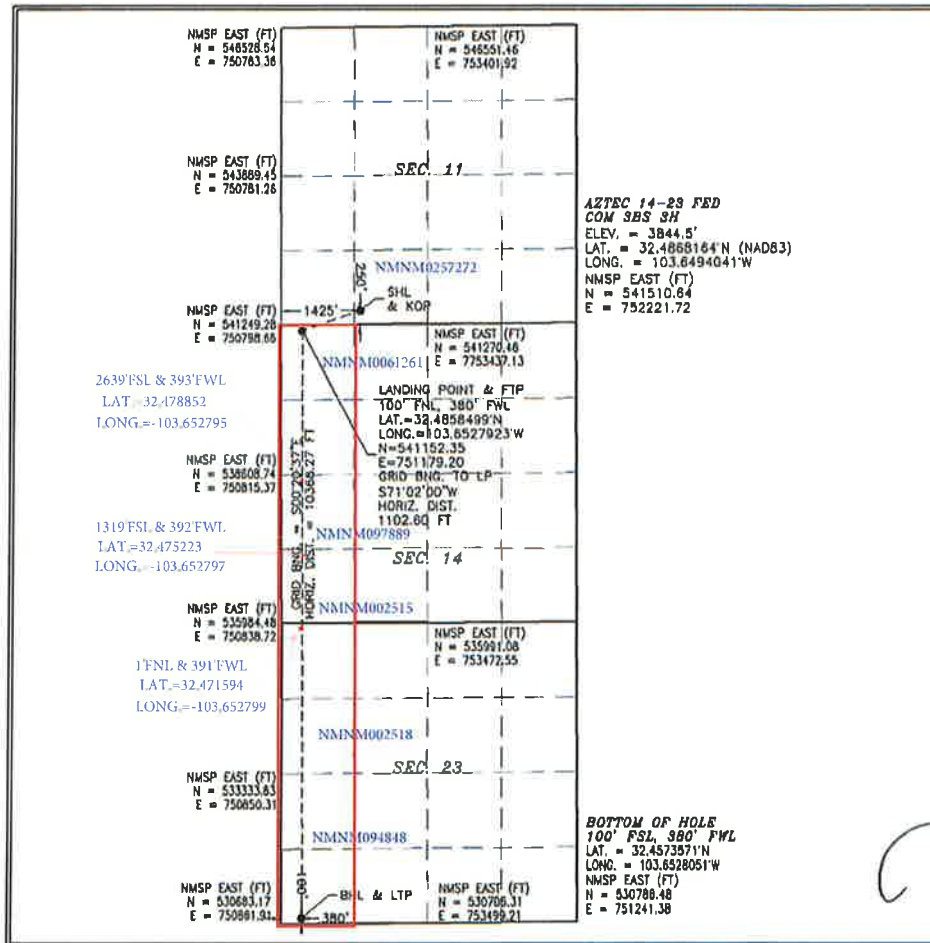
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	11	21 S	32 E		250	SOUTH	1425	WEST	LEA

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
M	23	21 S	32 E		100	SOUTH	380	WEST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320			

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.



¹⁶ 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 released 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 7/3/19
Signature Date

JENNIFER ELROD

Printed Name

jelrod@chisholmenergy.com

E-mail Address

¹⁷ 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.

JULY 2, 2019

Date of Survey

FILIMON F. JARAMILLO
Signature and Seal of Professional Surveyor

Certificate Number: FILIMON F. JARAMILLO, PLS 12797

SURVEY NO. 6382D

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-2

Submitted by: CHISHOLM ENERGY OPERATING, LLC

Hearing Date: July 11, 2019

Case # 20620

Intent ☒ As Drilled ☐

API #			
Operator Name: CHISHOLM ENERGY OPERATING, LLC		Property Name: AZTEC 14-23 FED COM 3BS	Well Number 3H

Kick Off Point (KOP)

UL N	Section 11	Township 21S	Range 32E	Lot	Feet 250	From N/S SOUTH	Feet 1455	From E/W WEST	County LEA
Latitude 32.4868164					Longitude 103.6494041				NAD 83

First Take Point (FTP)

UL D	Section 14	Township 21S	Range 32E	Lot	Feet 100	From N/S NORTH	Feet 380	From E/W WEST	County LEA
Latitude 32.4858499					Longitude 103.6527923				NAD 83

Last Take Point (LTP)

UL M	Section 23	Township 21S	Range 32E	Lot	Feet 100	From N/S SOUTH	Feet 380	From E/W WEST	County LEA
Latitude 32.4573571					Longitude 103.6528051				NAD 83

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

Is this well an infill well? ☐

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #			
Operator Name:		Property Name:	Well Number

KZ 06/29/2018



April 11, 2019

VIA CERTIFIED MAIL:

Advance Energy Partners Hat Mesa, LLC
11490 Westheimer Road, Ste. 950
Houston, TX 77077

RE: Aztec 14-23 Fed 3BS #3H Well Proposal
W/2 W/2 of Section 14-T21S-R32E and the
W/2 W/2 of Section 23-T21S-R32E
Lea County, New Mexico

To whom it may concern,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of a horizontal Bone Spring well to a Measured Depth of approximately 22,335'. The expected surface location for this well is approximately 250' FSL & 1,455' FWL of Section 11-T21S-R32E with a bottom hole location of 100' FSL & 380' FWL of Section 23-T21S-R32E. Enclosed is our Authority for Expenditure ("AFE") reflecting estimated costs of \$8,566,218 for a completed well.

Chisholm is proposing to drill this well under the terms of a modified 1989 AAPL form Operating Agreement covering the W/2 of Section 14, Township 21 South, Range 32 East and the W/2 of Section 14, Township 21 South, Range 32 East, which will be provided upon request. Said Operating Agreement contains the following general provisions:

- 100/300 Non-consenting penalty
- \$7,500/\$750 Drilling and Production rate
- Chisholm Energy Operating, LLC named as Operator

According to our ownership, Advance Energy Partners Hat Mesa, LLC, owns an undivided 0.2375 interest in the above captioned unit. Chisholm respectfully requests that you select one of the following options:

3. Participate with your interest in the drilling of the proposed well and execute the enclosed Operating Agreement.
4. Farmout/Assign your interest in the above captioned project area, subject to mutually agreeable terms.

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 this letter and the enclosed AFE. In the event all parties do not enter into an agreement to develop the proposed project area(s), Chisholm intends to file application(s) for compulsory pooling with the New Mexico Oil Conservation Division.

Please call at your earliest convenience to discuss our proposal.

Chisholm Energy Operating, LLC

Jacob Daniels
Landman
817-953-0737

Enclosures

_____ Elect to participate in the drilling of the Aztec 14-23 Fed Com 3BS #3H.

_____ Elect to farmout/assign our interest in the Aztec 14-23 Fed Com 3BS #3H.

Advance Energy Partners Hat Mesa, LLC

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

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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-3
Submitted by: CHISHOLM ENERGY OPERATING, LLC
Hearing Date: July 11, 2019
Case # 20620



Statement of Estimated Well Cost (100%)

Well	Aztec 14-23 Fed Com 3BS 3H	
Field	3rd Bone Spring	
County, State:	Lea, NM	
BHL:	Horizontal	
Proposed TD:	22,335 MD	11,812 TVD
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	\$106,764		\$106,764
8510-410	Intermediate Casing/Drig Liner	\$295,726		\$295,726
8510-415	Wellhead Equipment - Surface & MLS	\$30,000		\$30,000
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$51,000		\$51,000
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - TANGIBLES	\$498,490		\$498,490
COSTS TO CASING POINT: INTANGIBLES				
8500-100	Roads/Location	\$75,000		\$75,000
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$704,625		\$704,625
8500-115	Fuel/Power	\$156,000		\$156,000
8500-125	Equipment Rental	\$212,760		\$212,760
8500-130	Legal Fees	\$0		
8500-135	Bonds, Permits and Inspection	\$50,000		\$50,000
8500-155	Mud and Chemicals	\$200,000		\$200,000
8500-160	Cementing Services	\$150,000		\$150,000
8500-170	Supervision/Consulting	\$90,200		\$90,200
8500-175	Casing and Other Tangible Crew	\$34,000		\$34,000
8500-180	Damages/Penalties	\$0		
8500-185	Coring and Analysis	\$0		
8500-190	Cuttings/Fluids Disposal	\$150,000		\$150,000
8500-195	Directional Drilling Services	\$767,000		\$767,000
8500-200	Drill Bits	\$94,000		\$94,000
8500-210	Surface Damages/ROW	\$0		
8500-215	Contract Labor and Services	\$40,000		\$40,000
8500-220	Mud Logging	\$0		
8500-235	Reclamation	\$0		
8500-240	Rig Mobilization/Demob	\$145,000		\$145,000
8500-245	Fishing Tools and Services	\$0		
8500-250	Testing-Drill Stem/Production	\$0		
8500-260	Wireline Services	\$0		
8500-265	Water	\$74,250		\$74,250
8500-270	Camp Expenses	\$66,550		\$66,550
8500-285	Contingencies	\$175,394		\$175,394
8500-290	Environmental	\$0		
8500-300	Overhead	\$0		
8500-350	Insurance	\$0		
8500-600	Nonoperated	\$0		
8500-700	Impairment	\$0		
8500-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - INTANGIBLES	\$3,184,779		\$3,184,779
COMPLETION COSTS: TANGIBLES				
8530-415	Wellhead		\$40,000	\$40,000
8530-420	Subsurface Equipment		\$0	
8530-500	Production Casing		\$335,025	\$335,025
8530-510	Tubing		\$63,903	\$63,903
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		\$120,000	\$120,000
8530-545	Pumping Unit		\$0	
8530-550	Separator, Heater, Treater		\$75,000	\$75,000
8530-555	Tank Battery		\$80,000	\$80,000
8530-560	Vapor Recovery Unit		\$0	
8530-590	Other Misc Equipment		\$10,000	\$10,000

8530-600	Nonoperated			\$0	
8530-700	Impairment			\$0	
8530-999	Accruals			\$0	
	TOTAL COMPLETION COST - TANGIBLES			\$796,928	\$796,928
	COMPLETION COSTS: INTANGIBLES				
8520-100	Roads/Location			\$10,000	\$10,000
8520-120	Perforating Services			\$300,000	\$300,000
8520-125	Equipment Rental			\$193,000	\$193,000
8520-135	Bonds, Permits and Inspection			\$0	
8520-145	Completion Unit			\$65,000	\$65,000
8520-150	Frac Plugs			\$76,500	\$76,500
8520-155	Mud and Chemicals			\$20,000	\$20,000
8520-160	Cementing Services			\$100,000	\$100,000
8520-165	Acidizing and Fracturing			\$2,250,000	\$2,250,000
8520-170	Supervision/Consulting			\$39,000	\$39,000
8520-175	Casing and Other Tangible Crew			\$15,000	\$15,000
8520-190	Cuttings/Fluids Disposal			\$60,000	\$60,000
8520-200	Drill Bits			\$50,000	\$50,000
8520-210	Surface Damages/ROW			\$0	
8520-215	Contract Labor and Services			\$25,000	\$25,000
8520-230	Pump/Vacuum Trucks			\$15,000	\$15,000
8520-235	Reclamation			\$0	
8520-245	Fishing Tools and Services			\$0	
8520-250	Well Testing			\$84,000	\$84,000
8520-255	Trucking and Hauling			\$0	
8520-260	Wireline Services			\$5,000	\$5,000
8520-270	Camp Expenses			\$6,000	\$6,000
8520-275	Coiled Tubing Services			\$0	
8520-280	Frac Water			\$540,000	\$540,000
8520-285	Contingencies			\$232,521	\$232,521
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			\$4,086,021	\$4,086,021
	TOTAL WELL COST		\$3,683,269	\$4,882,949	\$8,566,218

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 COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. 20620

AFFIDAVIT OF JOSH KUHN

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 application filed by Chisholm in this case, and I have conducted a geologic study of the lands in the subject area.
4. In this case, Chisholm is targeting the Third Bone Spring formation.
5. **Chisholm Exhibit B-1** is a project locator map showing the standard horizontal spacing unit for the **Aztec 14-23 Fed Com 3BS #3H Well** that is outlined by the red dashed line. The planned well path for the **Aztec 14-23 Fed Com #3H Well** is shown by the gray dashed line. Existing Third Bone Spring producers are marked by brown circles. Wells used to create the top of Wolfcamp subsea structure map are marked by blue circles.
6. **Chisholm Exhibit B-2** is a subsea structure map that I prepared for the top of the Wolfcamp formation. The contour interval is 50 feet. The structure map shows that the Bone

Spring is dipping to the south/southwest. The structure appears consistent in this section. I do not observe any faulting, pinchouts, or other geologic hazards to developing a horizontal well.

7. Chisholm Exhibit No. B-2 shows 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 No. B-3** is a stratigraphic cross section prepared by me for the four representative wells from A to A' and shows the following logs: gamma ray, resistivity, and porosity. The proposed target interval is labeled and depicted in green. The logs in the cross-section demonstrate that the target intervals within the Third Bone Spring Sandstone are consistent in thickness, across the entire spacing unit.

9. Based on my geologic study of the area, 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 wellbore.

11. In my opinion, the granting of Chisholm's applications in this case is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

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



JOSH KUHN

STATE OF TEXAS)
)
COUNTY OF TARRANT)

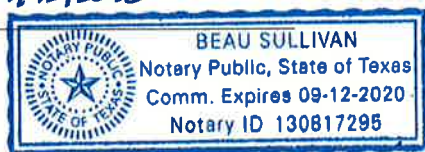
SUBSCRIBED and SWORN to before me this 4th day of July 2019 by Josh Kuhn.

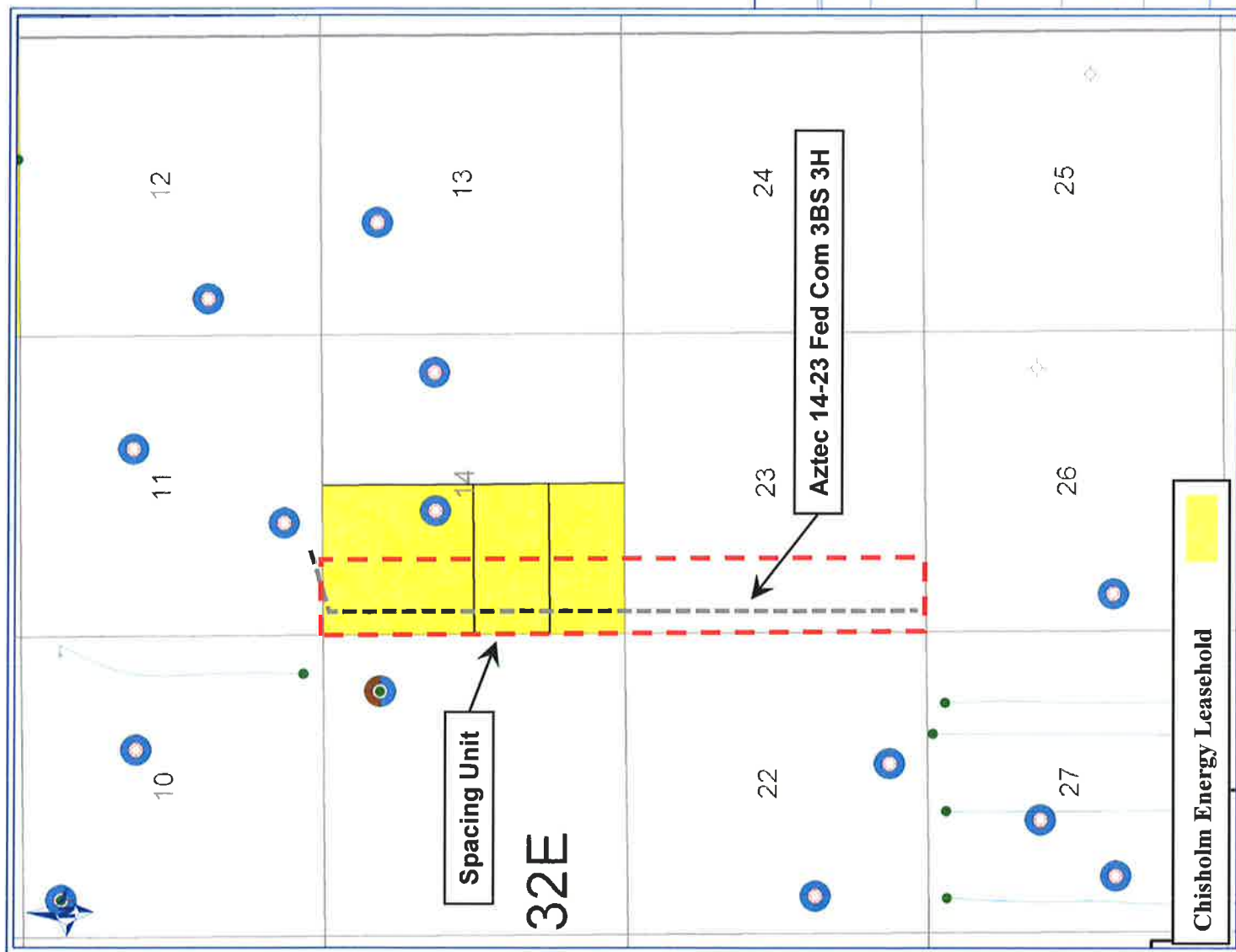


NOTARY PUBLIC

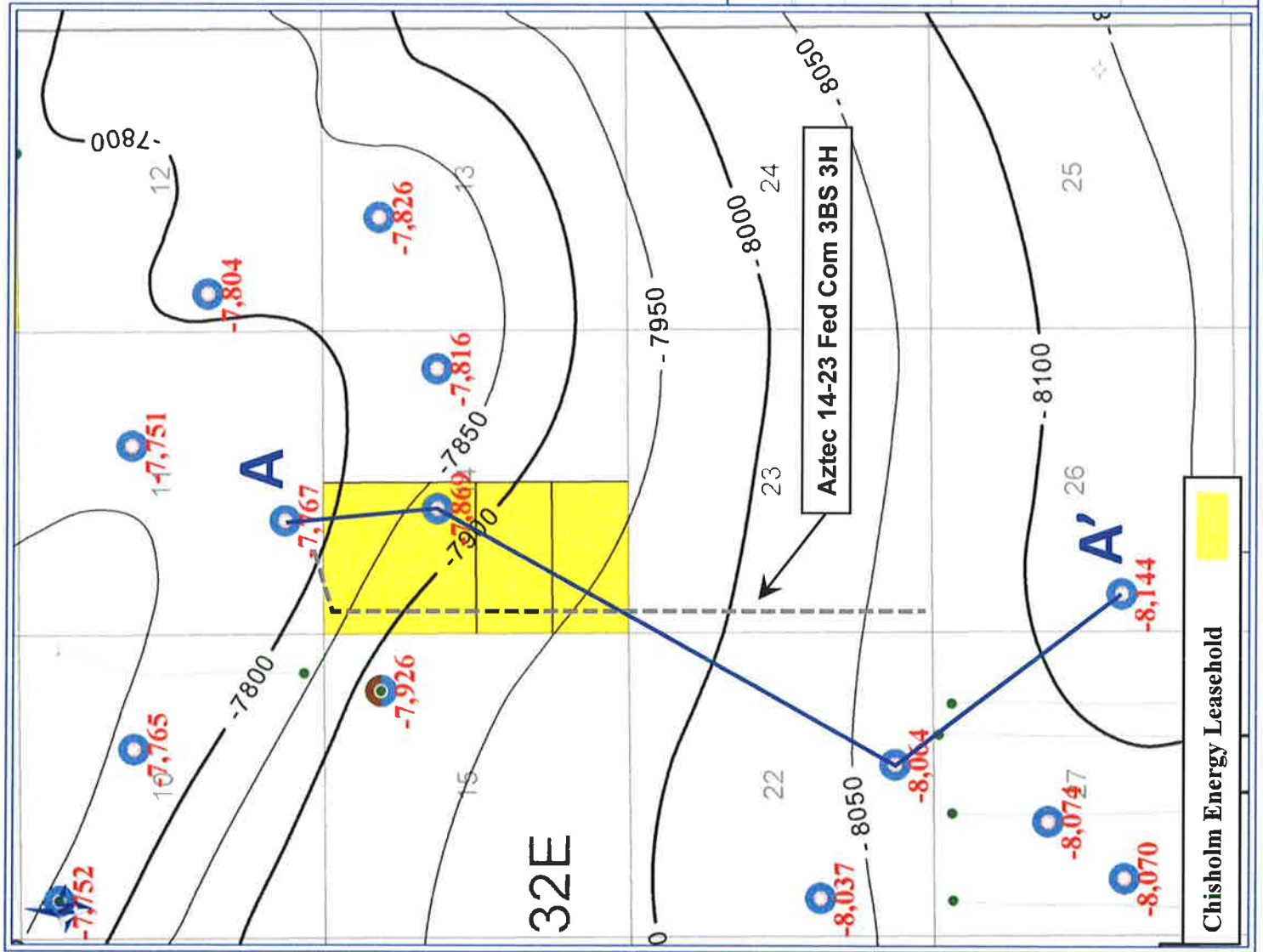
My Commission Expires:

9/12/2020

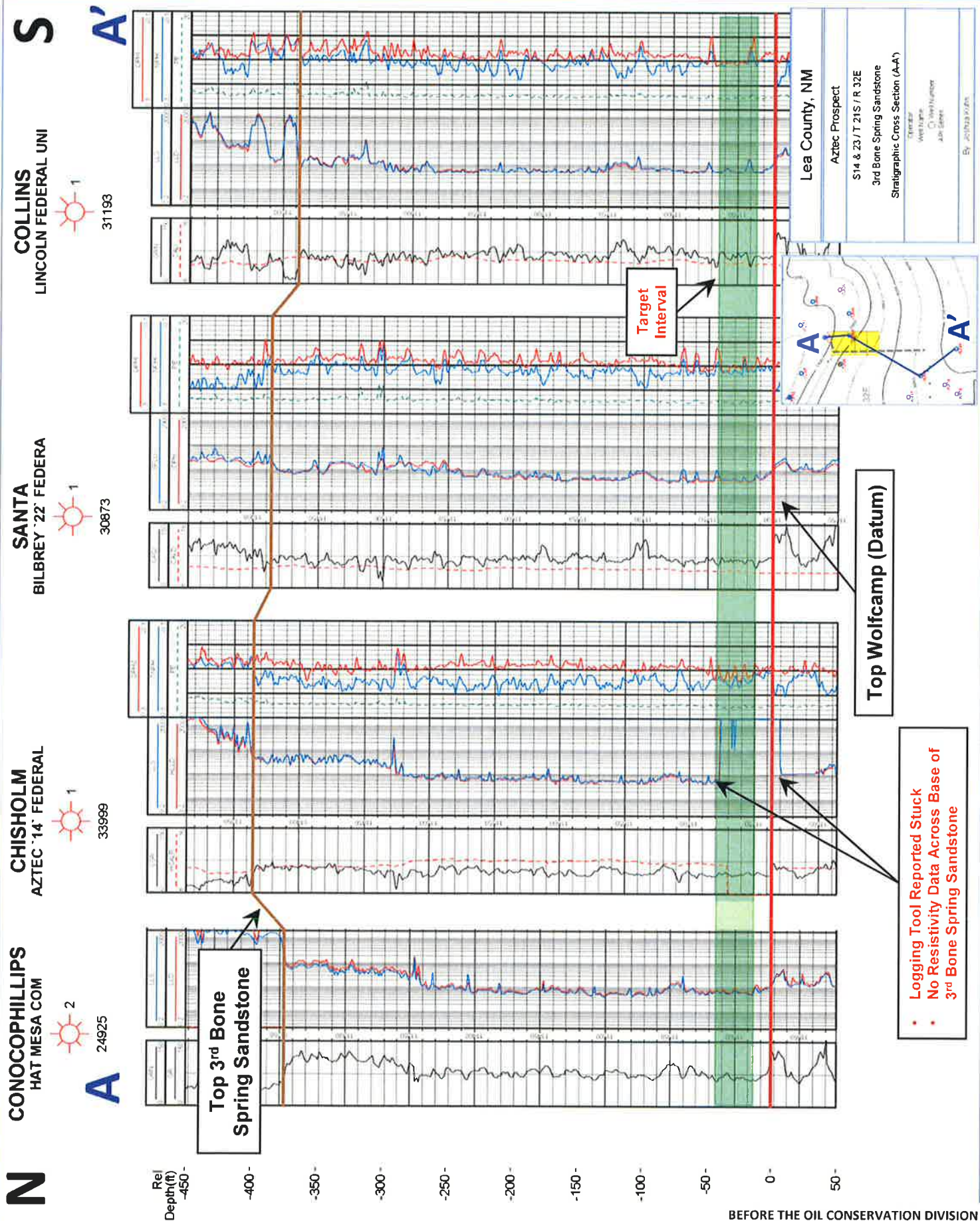




Lea County, NM
Aztec Prospect
S14 & 23 / T 21S / R 32E
Top Wolfcamp Locator Map
<div> <div>0</div> <div>2,500</div> <div>5,000</div> </div> <div>FEET</div>
<div> <div> <div></div> <div>3RD BONE SPRING SS PRODUCER</div> </div> <div> <div></div> <div>TOP WOLF CAMP PICK</div> </div> </div> <div>ATTRIBUTE MAP</div>
REMARKS
Wells - 8000 ft
By: Joshua Kuhn



Lea County, NM
Aztec Prospect
S14 & 23 / T 21S / R 32E
Top Wolfcamp
Subsea Structure Map
0 2,500 5,000 FEET
ATTRIBUTE MAP
REMARKS Contour Interval: 50 ft Wells: 8000 ft
By: Joshua Kuhn



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. B-3

Submitted by: CHISHOLM ENERGY OPERATING, LLC

Hearing Date: July 11, 2019

Case # 20620

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

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

CASE NO. 20620

AFFIDAVIT

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

Kaitlyn A. Luck, 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 Application has been provided under the notice letters and proof of receipts attached hereto.



Kaitlyn A. Luck

SUBSCRIBED AND SWORN to before me this 10th day of July 2019 by Kaitlyn A. Luck.



Notary Public

My Commission Expires:

August 26, 2021

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C

Submitted by: **CHISHOLM ENERGY OPERATING, LLC**

Hearing Date: July 11, 2019

Case # 20620



June 21, 2019

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.**
Aztec 14-23 Fed Com 3BS #3H Well

Ladies & Gentlemen:

This letter is to advise you that Chisholm Energy Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on July 11, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at 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 Jacob Daniels, at (817) 953-0737 or jdaniels@chisholmenergy.com.

Sincerely,

Michael H. Feldewert
**ATTORNEY FOR CHISHOLM ENERGY OPERATING,
LLC**

POSTAL DELIVERY REPORT
Chisholm / Aztec 14-23 Fed Com 3BS #3H Well
Case No. 20620

TrackingNo	TransactionDate	ToCompanyName	ToName	DeliveryAddress	AddressLine2	City	State	Zip	USPS Status
9414810898765037642510	06/20/2019		ConocoPhillips Company	PO Box 2197		Houston	TX	77252-2197	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642619	06/20/2019		CCS Resources, Inc.	1717 W 6th St Ste 470		Austin	TX	78703-5082	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642626	06/20/2019		Troporo Oil & Gas Company	110 N Mariefeld St Ste 150		Midland	TX	79701-4412	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642633	06/20/2019		Jerry B. Elger	2908 Marie Dr		Midland	TX	79705-9730	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642657	06/20/2019	FBO Nearburg Producing Company Employee Fund	Nearburg Producing Company	PO Box 823085		Dallas	TX	75382-3085	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642664	06/20/2019		New-Tex Oil Company	901 S Cecil St		Hobbs	NM	88240-7847	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on June 21, 2019 at 10:50 pm. The item is currently in transit to the destination.
9414810898765037642671	06/20/2019		Walter L. Morrison	PO Box 19367		Washington	DC	20036-9367	Your item departed our DENVER CO DISTRIBUTION CENTER origin facility on June 22, 2019 at 12:11 am. The item is currently in transit to the destination.
9414810898765037642688	06/20/2019		Penroc Oil Corporation	PO Box 2769		Hobbs	NM	88241-2769	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on June 21, 2019 at 10:50 pm. The item is currently in transit to the destination.
9414810898765037642695	06/20/2019		Ruth Bell	206 Club Dr		Midland	TX	79701-3212	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:50 pm. The item is currently in transit to the destination.
9414810898765037642527	06/20/2019		Advanc Energy Partners Hat Mesa, LLC	11490 Westheimer Rd Ste 950		Houston	TX	77077-6841	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.

9414810898765037642701	06/20/2019			Madison M. Hinkle	PO Box 2292			Roswell	NM	88202-2292	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on June 21, 2019 at 10:50 pm. The item is currently in transit to the destination.
9414810898765037642718	06/20/2019			Rolla R. Hinkle, III	PO Box 2292			Roswell	NM	88202-2292	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on June 21, 2019 at 10:50 pm. The item is currently in transit to the destination.
9414810898765037642725	06/20/2019	Cornerstone Family Trust Dated June 9, 2006		John Kyle Thoma, Trustee	PO Box 558			Peyton	CO	80831-0558	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on June 21, 2019 at 10:50 pm. The item is currently in transit to the destination.
9414810898765037642732	06/20/2019			JTD Resources, LLC	PO Box 3422			Midland	TX	79702-3422	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:50 pm. The item is currently in transit to the destination.
9414810898765037642749	06/20/2019			COG Operating, LLC	600 W Illinois Ave	One Concho Center		Midland	TX	79701-4882	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642534	06/20/2019			Bullhead energy Inc	PO Box 3445			Midland	TX	79702-3445	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642541	06/20/2019			Regeneration Energy, Corporation	PO Box 210			Artesia	NM	88211-0210	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642558	06/20/2019			EOG Resources	PO Box 4362			Houston	TX	77210-4362	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642565	06/20/2019			Rubicon Oil & Gas II, LLP	508 W Wall St Ste 500			Midland	TX	79701-5062	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642589	06/20/2019			Legacy Reserves Operating, LP	303 W Wall St Ste 1800			Midland	TX	79701-5106	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.

9414810898765037642596	06/20/2019		Merrion Oil & Gas Corporation	610 Reilly Ave	Farmington	NM	87401-2634	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.
9414810898765037642602	06/20/2019		Lowe Royalty Partners, LP	4400 Post Oak Pkwy Ste 2150	Houston	TX	77027-3416	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on June 21, 2019 at 10:51 pm. The item is currently in transit to the destination.

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).

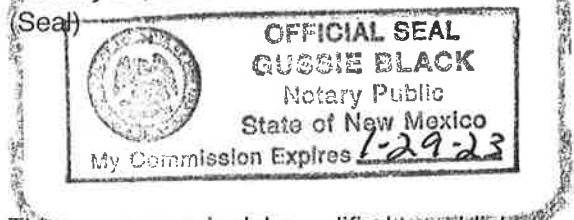
Beginning with the issue dated
June 25, 2019
and ending with the issue dated
June 25, 2019.


Publisher

Sworn and subscribed to before me this
25th day of June 2019.


Business Manager

My commission expires
January 29, 2023



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

LEGAL

LEGAL

LEGAL NOTICE
JUNE 25, 2019

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 July 11, 2019, 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 July 1, 2019. 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 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: ConocoPhillips Company; Advance Energy Partners Hat Mesa, LLC; Bullhead Energy LLC; Regeneration Energy Corporation; EOG Resources; Rubicon Oil & Gas II, LLP; Legacy Reserves Operating, LP; Merrion Oil & Gas Corporation; Lowe Royalty Partners, LP; CCS Resources, Inc.; Troporo Oil & Gas Company; Jerry B. Elger, his heirs and devisees; Nearburg Producing Company FBO Nearburg Producing Company Employee Fund; New-Tex Oil Company; Walter L. Morrison, his heirs and devisees; Penroc Oil Corporation; Ruth Bell, her heirs and devisees; Robert P. Kunkel, his heirs and devisees; Helen I. Fehr, her heirs and devisees; Madison M. Hinkle, her heirs and devisees; Rolla R. Hinkle, III, his heirs and devisees; Cornerstone Family Trust Dated June 9, 2006; John Kyle Thoma, Trustee; JTD Resources, LLC; COG Operating, LLC.

Case No. 20620: Application of Chisholm Energy Operating, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Sections 14 and 23, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed Aztec 14-23 Fed Com 3BS #3H Well, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 11 to bottom hole location in the SW/4 SW/4 (Unit M) of Section 23. The completed interval for the well will comply with the setback requirements set forth in the statewide rules. 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 each well. Said area is located approximately 26 miles southwest of Elida, New Mexico.
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HOLLAND & HART LLC
PO BOX 2208
SANTA FE,, NM 87504-2208