

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

**APPLICATION OF CHISHOLM ENERGY OPERATING LLC  
TO AMEND ORDER R-21917 TO CORRECT THE  
POOLED UPEER BONE SPRING INTERVAL  
LEA COUNTY, NEW MEXICO**

**CASE NO. 22585  
ORDER NO. R-21917-A**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on March 3, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. On October 29, 2021, OCD issued Order R-21917 to Chisholm Energy Operating, LLC (“Operator”) to pool the uncommitted oil and gas interests within the specified spacing unit.
2. Subsequent to the above Order, Operator discovered it had incorrectly described the depth designation of the upper Bone Spring interval of the Bone Spring formation pooled by Order R-21917 in its application, affidavits, and compulsory pooling checklist which was attached to the previous order.
3. Operator filed an application (“Application”) on February 1, 2022 to amend Order R-21917 to correct the depth of compulsory pooling to be “the stratigraphic equivalent of the top of the Bone Spring Formation to a depth of 9,561 feet, as defined in the Schlumberger Lone Ranger “11” Federal No. 1 API number 30-025-33560.” As described in the hereto attached Exhibit A.
4. Operator provided evidence that it gave notice of the Application and the hearing to the previously pooled interest owners.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well to a common source of supply at the depth and location in the Unit described in Exhibit A.
11. This Order affords to each owner of an uncommitted interest the opportunity to produce its just and equitable share of the oil or gas in the pool.

**ORDER**

12. The compulsory pooled interval for Order R-21917 is amended to reflect the “stratigraphic equivalent of the top of the Bone Spring Formation to a depth of 9,561 feet, as defined in the Schlumberger Lone Ranger “11” Federal No. 1 API number 30-025-33560.” The description of the pooled interval is more specifically described in the attached Exhibit A which replaces the Exhibit A attached to Order R-21917.
13. All other provisions of Order R-21917 shall remain in full force and effect.
14. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR

AES/jag

Date: 8/29/2022

Exhibit A

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<b>AMENDED COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 22585 (formerly 22175)</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: March 1, 2022</b>	
Applicant	Chisholm Energy Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Chisholm Energy Operating, LLC (OGRID No. 327137)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF CHISHOLM ENERGY OPERATING, LLC TO AMEND ORDER R-21917 TO CORRECT THE POOLED UPPER BONE SPRING INTERVAL, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	N/A
Well Family	Ram 2-11 Fed 1BS Com #10H well
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Buffalo; Bone Spring, SE Pool [Pool code 8146]
Well Location Setback Rules:	Standard
Spacing Unit Size:	324.14-acres, more or less
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	324.14-acres, more or less
Building Blocks:	quarter-quarter sections
Orientation:	North-South
Description: TRS/County	W/2 E/2 of Sections 2 and 11, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	Yes, Chisholm seeks to pool only the stratigraphic equivalent of the top of the Bone Spring formation to a depth of 9,561 feet, as defined in the Schlumberger Lone Ranger "11" Federal No. 1 well (API No. 30-025-33560).
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C-2
<b>Well(s)</b>	BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. G

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Submitted by: Chisholm Energy Operating, LLC  
Hearing Date: March 03, 2022  
Case No. 22585

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Ram 2-11 Fed 1BS Com #10H well, API No. 30-025-pending SHL:275' FNL & 1275' FEL (Lot 1) of Sec. 2, T19S, R33E BHL:100' FSL & 1810' FEL (Unit O) of Sec. 11, T19S, R33E Completion Target: Bone Spring formation Well Orientation:North to South Completion Location expected to be:Standard
Horizontal Well First and Last Take Points	See Exhibit C-1
Completion Target (Formation, TVD and MD)	See Exhibit C-3, D-3
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
Pooled Parties (including ownership type)	Exhibit C-2
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	Exhibit C-2, noting voluntary agreement with owners below depth severance
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit C-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-4
Overhead Rates In Proposal Letter	Exhibit C-3
Cost Estimate to Drill and Complete	Exhibit C-3
Cost Estimate to Equip Well	Exhibit C-3
Cost Estimate for Production Facilities	Exhibit C-3
<b>Geology</b>	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-2
Revised Spacing Unit Schematic	Exhibit D-1, D-2

Well Orientation (with rationale)	Exhibit D, D-1
Target Formation	Exhibit D
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-2
Cross Section (including Landing Zone)	Exhibit D-3
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Michael Feldewert
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	1-Mar-22