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Revised March 23, 2017

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Signature				utson@chisholmenerg	y.com	



September 21, 2017

Via E-mail to Leonard.Lowe@state.nm.us

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

Attn: Mr. Leonard Lowe

RE: NSL Application

Buffalo West 2 State Com 2BS 004H

API 30-025-43831

Unit C, Sec. 2, T19S, R33E; SHL 125 FNL & 1385' FWL

Lea County, New Mexico

Mr. Lowe,

Pursuant to Division Rule 19.15.15.13, Chisholm Energy Operating, LLC, respectfully requests administrative approval of a non-standard location (NSL) for the Buffalo West 2 State Com 2BS 004H in Lea County, New Mexico. This application is being sent in regard to the State Buffalo West 2 State Com 2BS 004H production interval being 160' from the Quarter/Quarter line in Sect. 2, T19S, R33E in the Buffalo; Bone Spring, Southeast (08146).

The adjoining spacing unit wells to the Sect. 2, T19S, R33E Buffalo West 2 State Com 2BS 004H well are the Buffalo West 2 State Com 2BS 002H, Buffalo West 2 State Com 2BS 003H, and Buffalo West 2 State Com 2BS 005H. All wells are operated by Chisholm Energy Operating, LLC. The wells 003H, 002H, 004H have the same interest and the well 005H is slightly different as noted on the attached Section 2 map. The affected parties are listed on Exhibit A and are being sent a copy of this application by certified mail, return receipt. Also attached are:

- Map showing Section 2 that is operated by Chisholm Energy Operating, LLC and the placement of the wells within that section, affected parties, and ownership percentages of the wells.
- 2) Form C-102 showing the project area of the proposed 004H well and Form C-102 for the adjoining spacing unit wells.
- 3) A copy of affected parties letter and the documentation of the certified mailings.

Approval of this application will allow Chisholm Energy Operating, LLC to recover additional oil and gas reserves from the Buffalo; Bone Spring, Southeast pool underlying the Section 2 that may otherwise not be recovered by the existing and proposed wells, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (817) 864-1104 or Jennifer Elrod at (817) 953-3728.

Sincerely,

Bettie Watson,

Regulatory Consultant



EXHIBIT "A"

Application of Chisholm Energy Operating, LLC for approval of a Non-Standard Location Buffalo West 2 State Com 2BS 003H Unit C, Section 2, T19S, R33E Lea County, New Mexico

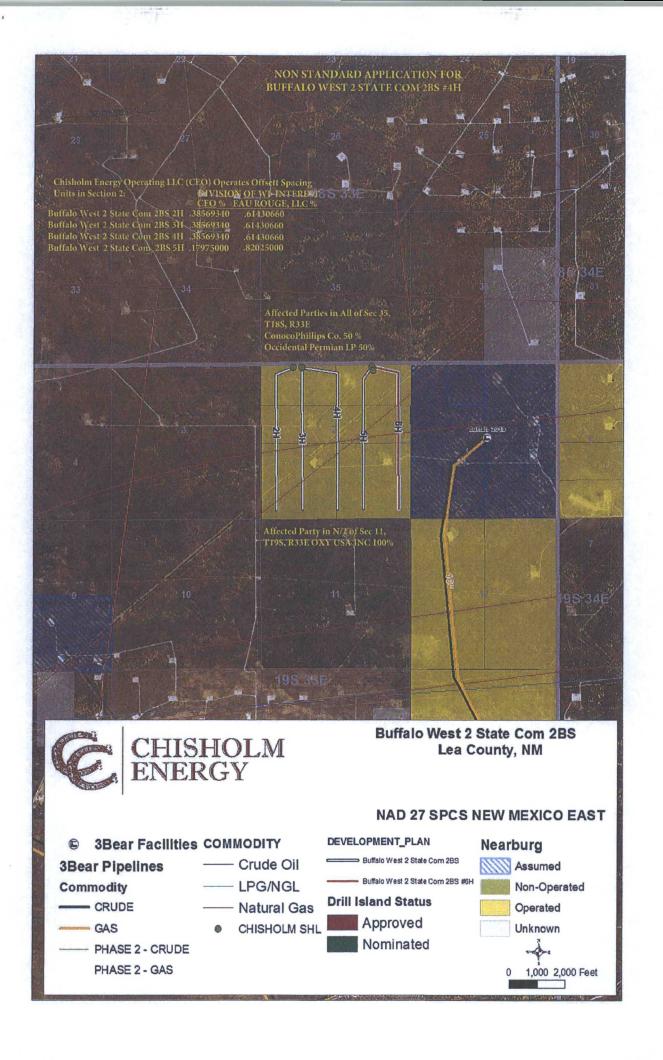
CHISHOLM ENERGY OPERATING, LLC 801 Cherry Street, Suite 1200-Unit 20 Fort Worth, Texas 76102

EAU ROUGE, LLC 801 Cherry Street, Suite 1200-Unit 20 Fort Worth, Texas 76102

> CONOCOPHILLIPS CO. 600 N. Dairy Asford Houston, Texas 77079-1175

OCCIDENTAL PERMIAN LP ATTN: David Stewart 6001 Deauville Blvd Midland, Texas 79706

OXY USA INC. 5 Greenway Plaza, Suite 110 Houston, Texas 77046



DISTRICT I 1625 N. French Br., Hobbs, NM 88240 Phone (676) 393-8161 Fax: (676) 393-0720 DISTRICT II 811 S. First St., Artesia, NM 88210 Phone (676) 748-1283 Fex: (676) 748-9720

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 Phone (606) 334-6178 Faz: (606) 334-8170 DISTRICT IV

1226 S. St. Francis Dr., Santa Fe, NM 87505 Phone (505) 476-3450 Fax: (505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised August 1, 2011

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

1226 South St. Francis Dr. Santa Fe, New Mexico 87505

M AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-43831	Pool Code 8146 Buffalo; Bone Spr Property Name BUFFALO WEST 2 STATE COM 2BS	ng, Southeast	
317783			Well Number
OGRID No. 327137		rator Name RGY OPERATING, LLC	Elevation 3766'

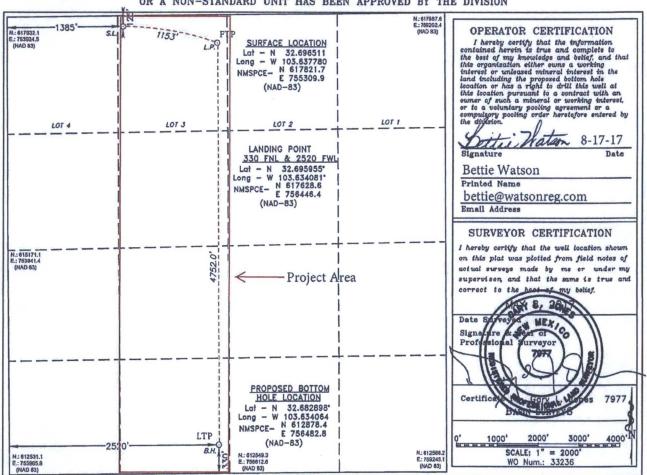
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
LOT 3	2	19 S	33 E		125	NORTH	1385	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section 2	Township 19 S	Range 33 E	Lot Idn	FEET from the	North/South line	FEET from the 2520	East/West line WEST	County
Dedicated Acres	Joint o	r Infill C	onsolidation	Code Or	der 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



Office	State of New Mexico	Form C-103
District I - (575) 393-6161	Energy, Minerals and Natural Resour	rces Revised July 18, 201
1625 N. French Dr., Hobbs, NM 88240 District II - (575) 748-1283		WELL API NO. 30-025-43831
811 S. First St., Artesia, NM 88210	OIL CONSERVATION DIVISION	5. Indicate Type of Lease
<u>District III</u> - (505) 334-6178 1000 Rio Brazos Rd., Aztec, NM 87410	1220 South St. Francis Dr.	STATE X FEE
<u>District IV</u> - (505) 476-3460 1220 S. St. Francis Dr., Santa Fe, NM	Santa Fe, NM 87505	6. State Oil & Gas Lease No.
87505		
(DO NOT USE THIS FORM FOR PROPOSAL	S AND REPORTS ON WELLS LS TO DRILL OR TO DEEPEN OR PLUG BACK TO TION FOR PERMIT" (FORM C-101) FOR SUCH	
	Gas Well 🔲 Other	8. Well Number 004H
2. Name of Operator		9. OGRID Number
3. Address of Operator	ENERGY OPERATING, LLC	372137
801 Cherry Street, Suite 1200-U	Init 20 - Fort Worth, Texas 76102	10. Pool name or Wildcat Buffalo; Bone Spring, Southeast
4. Well Location Unit Letter_C_:_125_	feet from theNline	and 1385 feet from the Wline
Section 2	Township 19S Range 33E	i seri ess
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OTHER 13 Describe proposed or complete	OTHER:	ails, and give pertinent dates, including estimated dat
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Daniel Alexander Control of Division		
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I hereby certify that the information above	ve is true and complete to the best of my known	owledge and belief.
SIGNATURE Dette Matso	TITLE_Regulatory Manage	erDATE \$-28-17
		Samuel No Care
Type or print nameBettie Watson	E-mail address: _bwatson@cl	hisholmenergy.com PHONE: _817-864-1104
Type or print nameBettie Watson For State Use Only	E-mail address: _bwatson@cl	hisholmenergy.comPHONE: _817-864-1104
	E-mail address: _bwatson@cl	hisholmenergy.comPHONE: _817-864-1104 DATE



September 21, 2017

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET INTEREST OWNERS LISTED ON EXHIBIT A

Re: Application of Chisholm Energy Operating, LLC for approval of a Non-Standard Location Buffalo West 2 State Com 2BS 004H Unit C, Section 2, T19S, R33E Lea County, New Mexico

Ladies & Gentlemen:

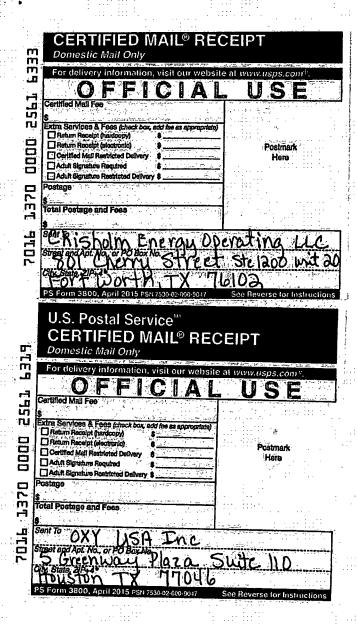
Chisholm Energy Operating, LLC has filed an application with the New Mexico Oil Conservation Division seeking approval of non-standard well location pursuant to Division Rule 19.15.15.13 for its Buffalo West 2 State Com 2BS 004H, Section 2, T-19S, R-33E, Lea County, New Mexico. A copy of the application is enclosed.

Objections to this application must be filed with the Oil Conservation Division (1220 South St. Francis Dr., Santa Fe, NM 87505) in writing no later than 20 days from the date of this letter. Failure to file an objection within the 20-day period will preclude you from contesting this matter at a later date.

If you have any questions please contact the undersigned at (817) 864-1104 or Jennifer Elrod at (817) 953-3728

Sincerely,

Bettle Watson Regulatory Consultant



3	CERTIFIED MAIL® RE	CEIPT
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 From:
 Bettie Watson

 To:
 Lowe, Leonard, EMNRD

 Cc:
 Jennifer Elrod

Subject: BUFFALO WEST 2 STATE COM 2BS 4H NSL smbtd.pdf

Date: Thursday, September 21, 2017 3:20:52 PM

Attachments: BUFFALO WEST 2 STATE COM 2BS 4H NSL smbtd.pdf

Leonard,

I have attached NSL application for administrative approval. Please let me know if you need additional information.

Thanks

Bettie Watson, Regulatory Consultant Chisholm Energy Operating, LLC 817-864-1104 Desk 972-979-0132 Cell

Lowe, Leonard, EMNRD

From:

Jennifer Elrod <jelrod@chisholmenergy.com>

Sent:

Thursday, October 12, 2017 8:38 AM

To:

Lowe, Leonard, EMNRD

Subject:

RE: NSL Application VITAL INFORMATION NEEDED

Attachments:

Buffalo West 2 State Com 2BS _Location Calls_NSL.DOCX; BUFFALO WEST 2 STATE COM

2BS 3H NSL_Rev Plat_ Sbmtd.pdf; BUFFALO WEST 2 STATE COM 2BS 4H NSL_Rev

Plat_smbtd.pdf

Leonard,

Please let me know if this satisfies your request for location calls for both NSL applications.

To the best of our knowledge this is where the FTP and LTP will be located. We are currently drilling the 4H well and the 3H is next on the schedule.

Thank you, Jennifer Elrod

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]

Sent: Wednesday, October 11, 2017 3:51 PM **To:** Jennifer Elrod < jelrod@chisholmenergy.com>

Cc: Bettie Watson <bwatson@chisholmenergy.com>; Jones, William V, EMNRD <William V.Jones@state.nm.us>

Subject: RE: NSL Application VITAL INFORMATION NEEDED

Importance: High

Ms. Jennifer Elrod,

I can assume what you are trying to state in your attached edited C-102. An assumption of critical information is not kosher for such an Administrative Application request.

What are the First Take Points and the Last Take Points for your request. For each well.

Remember you are requesting an approval of an **unorthodox location** for your well to produce from. A request for an exception to the rules.

In order to process an exception, sufficient information must be provided to the OCD for review, for the exception. This in return I will need to present to the Director, on your behalf.

Sooooo....please provide.

Buffalo West 2 State Com 2BS No. 3H

```
S.H.L. = ( <u>fill in the blank</u> )

FTP = ( <u>fill in the blank</u> )

LTP = ( <u>fill in the blank</u> )

B.H.L. = ( <u>fill in the blank</u> )
```

Buffalo West 2 State Com 2BS No. 4H

10/12/17 E-MAIL ATTACHMENT

Buffalo West 2 State Com 2BS No. 3H (API # 025-43836)

SHL = 125 FNL, 1325 FWL

, 2

FTP = 340 FNL, 1484 FWL

LTP = 360 FSL, 1484 FWL

BHL = 330 FSL, 1484 FWL

Buffalo West 2 State Com 2BS No. 4H (API# 025-43831)

SHL = 125 FNL, 1385 FWL

FTP = 340 FNL, 2520 FWL

LTP = 360 FSL, 2520 FWL

BHL = 330 FSL, 2520 FWL

DISTRICT I 1825 N. French Dr., Hobbs, NM 88240 Phone (676) 383-8161 Fax: (676) 393-0720 DISTRICT II 811 S. First St., Artesia, NM 88210 Phone (676) 748-1828 Fax: (676) 746-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (806) 334-8178 Faz: (806) 334-8170
DISTRICT IV

1226 S. St. Francis Dr., Santa Fe, NM 67505 Phone (505) 478-3480 Fax: (506) 476-3462 State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised August 1, 2011

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

1226 South St. Francis Dr. Santa Fe, New Mexico 87505

M AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-43831	Pool Code 8146	Buffalo; Bone Spring, Southeast		
Property Code 317783	-	rty Name 2 STATE COM 2BS	Well Number	
OGRID No. 327137	•	or Name Y OPERATING, LLC	Elevation 3766	

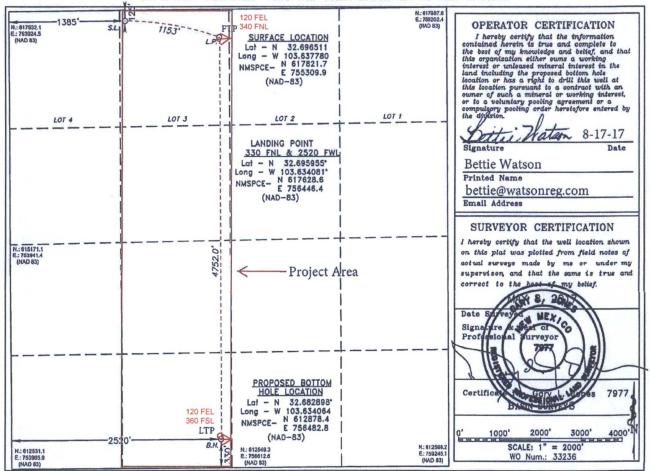
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
LOT 3	2	19 S	33 E		125	NORTH	1385	WEST	LEA

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	2	19 S	33 E		330	SOUTH	2520	WEST	LEA
Dedicated Acres 163.98	Joint o	r Infill Co	nsolidation (Code Or	der 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



Lowe, Leonard, EMNRD

From:

Lowe, Leonard, EMNRD

Sent:

Friday, October 20, 2017 1:28 PM

To:

'Bettie Watson'

Cc:

Brown, Maxey G, EMNRD; Kautz, Paul, EMNRD; Sharp, Karen, EMNRD;

'lisa@rwbyram.com'; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Jones, William

V, EMNRD; Holm, Anchor E.; Martin, Ed

Subject:

APPROVED NSL-7597 & NSL-7698_Chisholm Energy Operating LLC_Buffalo West 2

State Com 2BS Well No. 3H & 4H_SEC 2 19S 33E

Importance:

High

Ms. Bettie Watson,

The following administrative orders have been issued and will soon be available on the Division's web site: http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx

NSL-7597

Chisholm Energy Operating, LLC

API#: 30-025-43830

WELL: Buffalo West 2 State Com 2BS Well No. 3H

NSL-7598

Chisholm Energy Operating, LLC

API #: 30-025-43831

WELL: Buffalo West 2 State Com 2BS Well No. 4H

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/