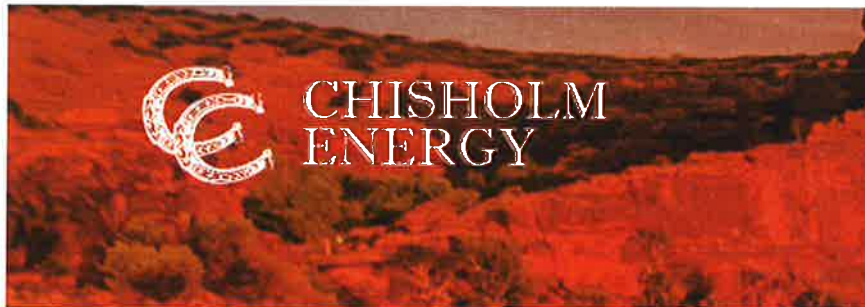


**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JUNE 13, 2019**

CASE NOS. 20522 & 20523

*OUTLAND 18-7 STATE COM 1BS 1H
OUTLAND 18-7 STATE COM 2BS 2H*

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 NOS. 20522 & 20523

**AFFIDAVIT OF BEAU SULLIVAN
IN SUPPORT OF CASE NOS. 20522 & 20523**

Beau Sullivan, of lawful age and being first duly sworn, declares as follows:

1. My name is Beau Sullivan. 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 these consolidated cases,
and I am familiar with the status of the lands in the subject areas.
4. None of the uncommitted parties in these consolidated cases has indicated
opposition to these pooling applications, and therefore I do not expect any opposition at the
hearing.
5. **In Case No. 20522**, Chisholm is seeking an order pooling all uncommitted
interests in the Bone Spring formation underlying a 285-acre standard horizontal spacing unit
comprised of the W/2 W/2 of Sections 7 and 18 (Lots 1-4 of each Section), Township 21 South,
Range 35 East, NMPM, Lea County, New Mexico.

Chisholm seeks to dedicate this standard spacing unit to the proposed **Outland 18-7 State Com 1BS No. 1H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 18 to bottom hole location in the NW/4 NW/4 (Lot 1) of irregular Section 7. The completed interval will comply with the Statewide setback requirements for oil wells.

6. Chisholm has prepared a draft Form C-102 for the proposed Outland 18-7 State Com 1BS No. 1H Well, a copy of which is attached hereto as **Chisholm Exhibit A-1**.

7. **In Case No. 20523**, Chisholm is seeking an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre standard horizontal spacing unit comprised of the E/2 W/2 of Sections 7 and 18, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

8. Chisholm seeks to dedicate this standard spacing unit to the proposed **Outland 18-7 State Com 2BS No. 2H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 18 to bottom hole location in the NE/4 NW/4 (Unit C) of Section 7. The completed interval will comply with the Statewide setback requirements for oil wells.

9. Chisholm has prepared a draft Form C-102 for the proposed Outland 18-7 State Com 2BS No. 2H Well, a copy of which is attached hereto as **Chisholm Exhibit A-2**.

10. The Pool Code for both wells is 64560 (Wilson; Bone Spring Pool).

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

12. **Chisholm Exhibit A-3** is an exhibit prepared by me that identifies the ownership interests for these consolidated cases. This exhibit shows 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. These spacing units include state land only.

13. Chisholm is seeking to pool the working interest owners and overriding royalty interest owners identified in bold type font on page 3 of Chisholm Exhibit A-3.

14. There are no unleased mineral interest owners.

15. Chisholm sent a well proposal letter to the working interest owners in Case No. 20522. An AFE was included with the well proposal letter. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached hereto as **Chisholm Exhibit A-4**.

16. Chisholm sent a well proposal letter to the working interest owners in Case No. 20523. An AFE was included with the well proposal letter. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached hereto as **Chisholm Exhibit A-5**.

17. 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 these cases.

18. 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 before the Division enters any order, I will let the Division know that Chisholm is no longer seeking to pool that party.

19. I provided the law firm of Holland & Hart LLP a list of names and addresses for the uncommitted interest owners shown on Exhibit A-3. 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. All parties were locatable.

20. **Chisholm Exhibits A-1 through A-5** were either prepared by me or compiled under my direction and supervision.

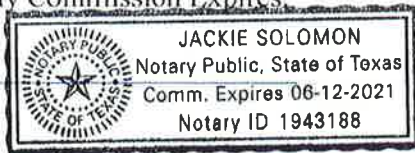
Beau Sullivan
BEAU SULLIVAN

STATE OF TEXAS)
)
COUNTY OF TARRANT)

SUBSCRIBED and SWORN to before me this 12th day of June 2019 by Beau Sullivan.

Jackie Solomon
NOTARY PUBLIC

My Commission Expires:



13010715_1

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	³ Pool Name
⁴ Property Code	⁵ Property Name OUTLAND 18-7 STATE COM 1BS	
⁷ OGRID No. 372137	⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC	
	⁶ Well Number 1H	⁹ Elevation 3639.5

¹⁰ Surface Location									
UL or lot no. N	Section 18	Township 21 S	Range 35 E	Lot Idn	Feet from the 145	North/South line SOUTH	Feet from the	East/West line WEST	County LEA

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. 1	Section 7	Township 21 S	Range 35 E	Lot Idn	Feet from the 100	North/South line NORTH	Feet from the 460	East/West line WEST	County LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>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 undivided 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>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>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>FEBRUARY 25, 2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: </p> <p>Certificate Number: FILIMON F. JARAMILLO, PLS 12797</p> <p>SURVEY NO. 6982</p>

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-1

Case Nos. 20522 & 20523

Submitted by: Chisholm Energy Operating LLC

Hearing Date: June 13, 2019

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	³ Pool Name
⁴ Property Code	⁵ Property Name OUTLAND 18-7 STATE COM 2BS	⁶ Well Number 2H
⁷ OGRID No. 372137	⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC	⁹ Elevation 3639.5

¹⁰ Surface Location

UL or lot no. N	Section 18	Township 21 S	Range 35 E	Lot Idn	Feet from the 145	North/South line SOUTH	Feet from the 1600	East/West line WEST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. C	Section 7	Township 21 S	Range 35 E	Lot Idn	Feet from the 100	North/South line NORTH	Feet from the 1980	East/West line WEST	County LEA
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¹² Dedicated Acres	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>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 undivided 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>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>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>FEBRUARY 25, 2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number: PILJIMON F. JARAMILLO, PLS 12797</p> <p>SURVEY NO. 6983</p>
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BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-2

Case Nos. 20522 & 20523

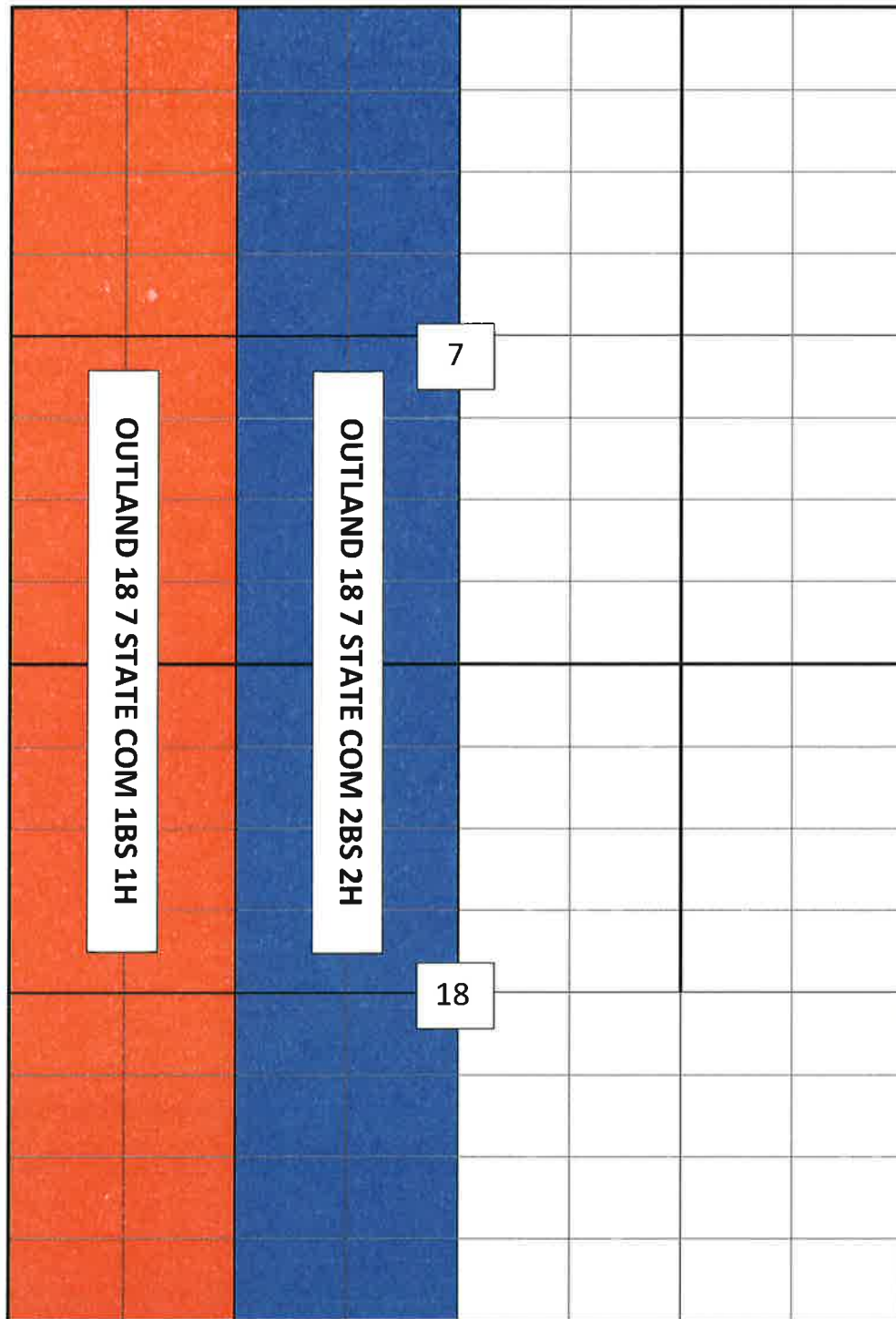
Submitted by: Chisholm Energy Operating LLC

Hearing Date: June 13, 2019

OUTLAND 18 7 STATE COM 1BS 1H (Case No. 20522)
OUTLAND 18 7 STATE COM 2BS 2H (Case No. 20523)

W/2 of Sections 7 & 18-T21S-R35E

Lea County, NM



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-3

Case Nos. 20522 & 20523

Submitted by: **Chisholm Energy Operating LLC**

Hearing Date: June 13, 2019

OWNERSHIP BY TRACT

Tract 1: Lots 1, 2, 3, 4 and the E/2 W/2; a/d/a the W/2 of Section 7-21S-35E, containing 302.20 acres more or less

State of New Mexico Lease No. B-1399

Owner	Interest
Chisholm Energy Operating, LLC	74.750125%
Devon Energy Production Company, LP	25.000000%
Maverick Oil & Gas Corp.	0.062375%
Timothy R. MacDonald	0.187500%
Total:	100.000000%

Tract 2: Lots 1, 2 and the E/2 NW/4; a/d/a the NW/4 of Section 18-21S-35E, containing 151.34 acres more or less

State of New Mexico Lease No. B-1400

Owner	Interest
Chisholm Energy Operating, LLC	74.812500%
Devon Energy Production Company, LP	25.000000%
Maverick Oil & Gas Corp.	0.046875%
Timothy R. MacDonald	0.140625%
Total:	100.000000%

Tract 3: Lots 3, 4 and the E/2 SW/4; a/d/a the SW/4 of Section 18-21S-35E, containing 151.46 acres more or less

State of New Mexico Lease No. V-5917

Owner	Interest
Chisholm Energy Operating, LLC	49.916667%
Devon Energy Production Company, LP	50.000000%
Maverick Oil & Gas Corp.	0.020833%
Timothy R. MacDonald	0.062500%
Total:	100.000000%

UNIT RECAPITULATION

OUTLAND 18-7 STATE COM 1BS 1H

Lots 1, 2, 3 & 4 of Section 7-T21S-R35E & Lots 1, 2, 3 & 4 of Section 18-21S-35E, 285 acres mol

Owner	Interest
Chisholm Energy Operating, LLC	68.539076%
<i>Devon Energy Production Company, LP</i>	<i>31.268421%</i>
<i>Maverick Oil & Gas Corp.</i>	<i>0.048079%</i>
Timothy R. MacDonald	0.144424%
Total:	100.000000%

UNIT RECAPITULATION

OUTLAND 18-7 STATE COM 2BS 2H

E/2 W/2 of Section 7-T21S-R35E & E/2 W/2 of Section 18-21S-35E, 320 acres mol

Owner	Interest
Chisholm Energy Operating, LLC	68.557354%
<i>Devon Energy Production Company, LP</i>	<i>31.250000%</i>
<i>Maverick Oil & Gas Corp.</i>	<i>0.048115%</i>
Timothy R. MacDonald	0.144531%
Total:	100.000000%

Overriding Royalty Interest

Scott Evans Wilson Bypass Trust

Richard Kevin Barr Family Trust

Nearburg Producing Company Employee Fund

******Interests seeking to Compulsory Pool***



February 20, 2019

VIA CERTIFIED MAIL: 7018 0360 0000 5264 4105

Timothy R. MacDonald
3003 Paleo Point
College Station, TX 77845

RE: Outland 18-7 State Com 1BS 1H
W/2 W/2 of Section 18-21S-35E &
W/2 W/2 of Section 7-21S-35E
Lea County, New Mexico

To whom it may concern,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of a horizontal Bone Spring test to a Measured Depth of approximately 19,615'. The expected surface location for this well is approximately 145' FSL & 1,850' FWL of Section 18-T21S-R35E with a bottom hole location of 100' FNL & 460' FWL of Section 7-T21S-R35E. Enclosed is our Authority for Expenditure ("AFE") reflecting estimated costs of \$8,044,294 for a completed well.

Chisholm proposes drilling this well under the terms of a modified 1989 AAPL form Operating Agreement, a copy of which will be provided upon request. Said Operating Agreement will cover all of Sections 7 and 18, Township 21 South, Range 35 East; and contain the following general provisions:

- 100%/300% Non-Consent penalties
- \$7,500/\$750 Drilling and Production rates
- Limited to the Bone Spring and Wolfcamp formations
- Chisholm Energy Operating, LLC named as Operator

In lieu of participation, Chisholm is willing to negotiate a mutually acceptable farmout or assignment of your interest within the project area.

Please indicate your election in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please execute and return one copy of the AFE as well. 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

Beau Sullivan
(817) 953-0812

Enclosures

_____ Elect to participate in the drilling of the Outland 18-7 State Com 1BS 1H.

_____ Elect to farmout/assign our interest on the Outland 18-7 State Com 1BS 1H.

Timothy R. MacDonald

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

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-4

Case Nos. 20522 & 20523

Submitted by: **Chisholm Energy Operating LLC**

Hearing Date: June 13, 2019

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



Statement of Estimated Well Cost (100%)

Well	Outland 18-7 State IBS 1H
Field	1st Bone Spring
County, State:	Lea, NM
BHL:	Lot D - Sec 7-21S-35E - Horizontal
Proposed TD:	19,615 MD 9,300 TVD

		BCP	ACP	TOTAL
COSTS TO CASING POINT: TANGIBLES				
8510-400	Conductor Casing or Drive Pipe	\$15,000		\$15,000
8510-405	Surface Casing	\$70,448		\$70,448
8510-410	Intermediate Casing/Drilg Liner	\$152,076		\$152,076
8510-415	Wellhead Equipment - Surface & MLS	\$30,000		\$30,000
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$54,000		\$54,000
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - TANGIBLES	\$321,524		\$321,524
COSTS TO CASING POINT: INTANGIBLES				
8500-100	Roads/Location	\$75,000		\$75,000
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$687,125		\$687,125
8500-115	Fuel/Power	\$152,000		\$152,000
8500-125	Equipment Rental	\$207,620		\$207,620
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	\$100,000		\$100,000
8500-170	Supervision/Consulting	\$88,000		\$88,000
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	\$150,000		\$150,000
8500-195	Directional Drilling Services	\$724,000		\$724,000
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	\$74,000		\$74,000
8500-270	Camp Expenses	\$65,000		\$65,000
8500-285	Contingencies	\$159,863		\$159,863
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	\$3,035,608		\$3,035,608
COMPLETION COSTS: TANGIBLES				
8530-415	Wellhead		\$40,000	\$40,000
8530-420	Subsurface Equipment		\$0	
8530-500	Production Casing		\$294,150	\$294,150
8530-510	Tubing		\$50,313	\$50,313
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			\$742,463	\$742,463
	COMPLETION COSTS: INTANGIBLES				
8520-100	Roads/Location			\$10,000	\$10,000
8520-120	Perforating Services			\$288,000	\$288,000
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			\$73,500	\$73,500
8520-155	Mud and Chemicals			\$20,000	\$20,000
8520-160	Cementing Services			\$100,000	\$100,000
8520-165	Acidizing and Fracturing			\$2,160,000	\$2,160,000
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			\$513,000	\$513,000
8520-285	Contingencies			\$223,198	\$223,198
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			\$3,944,698	\$3,944,698
	TOTAL WELL COST		\$3,357,132	\$4,687,161	\$8,044,294

CHISHOLM ENERGY OPERATING, LLC

By: _____
Name: Brad Grandstaff
Title: VP Operations
Date: _____

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



February 20, 2019

VIA CERTIFIED MAIL: 7018 0360 0000 5264 4105

Timothy R. MacDonald
3003 Paleo Point
College Station, TX 77845

RE: Outland 18-7 State Com 2BS 2H
E/2 W/2 of Section 18-21S-35E &
E/2 W/2 of Section 7-21S-35E
Lea County, New Mexico

To whom it may concern,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of a horizontal Bone Spring test to a Measured Depth of approximately 20,375'. The expected surface location for this well is approximately 145' FSL & 1,880' FWL of Section 18-T21S-R35E with a bottom hole location of 100' FNL & 1,980' FWL of Section 7-T21S-R35E. Enclosed is our Authority for Expenditure ("AFE") reflecting estimated costs of \$8,060,581 for a completed well.

Chisholm proposes drilling this well under the terms of a modified 1989 AAPL form Operating Agreement, a copy of which will be provided upon request. Said Operating Agreement will cover all of Sections 7 and 18, Township 21 South, Range 35 East; and contain the following general provisions:

- 100%/300% Non-Consent penalties
- \$7,500/\$750 Drilling and Production rates
- Limited to the Bone Spring and Wolfcamp formations
- Chisholm Energy Operating, LLC named as Operator

In lieu of participation, Chisholm is willing to negotiate a mutually acceptable farmout or assignment of your interest within the project area.

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Please call at your earliest convenience to discuss our proposal.

Chisholm Energy Operating, LLC

Beau Sullivan
(817) 953-0812

Enclosures

_____ Elect to participate in the drilling of the Outland 18-7 State Com 2BS 2H.

_____ Elect to farmout/assign our interest on the Outland 18-7 State Com 2BS 2H.

Timothy R. MacDonald

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

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-5

Case Nos. 20522 & 20523

Submitted by: **Chisholm Energy Operating LLC**

Hearing Date: June 13, 2019

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



**CHISHOLM
ENERGY**

Statement of Estimated Well Cost (100%)

Well _____ Outland 18-7 State 2BS 2H
Field _____ Bone Spring
County, State: _____ Lea, NM
BHL: _____ Lot C - Sec 7-21S-35E - Horizontal
Proposed TD: 20,375 MD 10,060 TVD

		BCP	ACP	TOTAL
COSTS TO CASING POINT: TANGIBLES				
8510-400	Conductor Casing or Drive Pipe	\$15,000		\$15,000
8510-405	Surface Casing	\$70,448		\$70,448
8510-410	Intermediate Casing/Drilg Liner	\$152,076		\$152,076
8510-415	Wellhead Equipment - Surface & MLS	\$30,000		\$30,000
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$54,000		\$54,000
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - TANGIBLES	\$321,524		\$321,524
COSTS TO CASING POINT: INTANGIBLES				
8500-100	Roads/Location	\$75,000		\$75,000
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$687,125		\$687,125
8500-115	Fuel/Power	\$152,000		\$152,000
8500-125	Equipment Rental	\$207,620		\$207,620
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	\$100,000		\$100,000
8500-170	Supervision/Consulting	\$88,000		\$88,000
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	\$150,000		\$150,000
8500-195	Directional Drilling Services	\$724,000		\$724,000
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	\$74,000		\$74,000
8500-270	Camp Expenses	\$65,000		\$65,000
8500-285	Contingencies	\$159,863		\$159,863
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	\$3,035,608		\$3,035,608
COMPLETION COSTS: TANGIBLES				
8530-415	Wellhead		\$40,000	\$40,000
8530-420	Subsurface Equipment		\$0	
8530-500	Production Casing		\$305,550	\$305,550
8530-510	Tubing		\$54,425	\$54,425
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			\$757,975	\$757,975
	COMPLETION COSTS: INTANGIBLES				
8520-100	Roads/Location			\$10,000	\$10,000
8520-120	Perforating Services			\$288,000	\$288,000
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			\$73,500	\$73,500
8520-155	Mud and Chemicals			\$20,000	\$20,000
8520-160	Cementing Services			\$100,000	\$100,000
8520-165	Acidizing and Fracturing			\$2,160,000	\$2,160,000
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			\$513,000	\$513,000
8520-285	Contingencies			\$223,974	\$223,974
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			\$3,945,474	\$3,945,474
	TOTAL WELL COST		\$3,357,132	\$4,703,448	\$8,060,581

CHISHOLM ENERGY OPERATING, LLC

By: _____
Name: Brad Grandstaff
Title: VP Operations
Date: _____

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

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

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

CASE NOS. 20522 & 20523

**AFFIDAVIT OF BILL FRANCIS
IN SUPPORT OF CASE NOS. 20522 & 20523**

Bill Francis, of lawful age and being first duly sworn, declares as follows:

1. My name is Bill Francis. 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 applications filed by Chisholm in these consolidated cases,
and I have conducted a geologic study of the lands in the subject areas.
4. In Case No. 20522, Chisholm is targeting the First Bone Spring formation.
5. **Chisholm Exhibit B-1** is a thickness map of the upper First Bone Spring Sand.
The standard horizontal spacing unit for the Outland 18-7 State Com 1BS No. 1H is marked by a
red dashed line. Existing First Bone Spring producers are marked and depicted by red circles.
6. **Chisholm Exhibit B-2** is a subsea structure map that I prepared off the top of the
First Bone Spring formation. The contour interval is 50 feet. The structure map shows that the
Bone Spring is dipping to the west. 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 three vertical wells, depicted by blue squares, 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 three representative wells from A to A'. The exhibit shows logs for gamma ray, resistivity, and porosity for all three wells. The proposed target interval is labeled and depicted in yellow. The logs in the cross-section demonstrate that the target intervals within the First Bone Spring are consistent in thickness, across the entire spacing unit.

9. **In Case No. 20523**, Chisholm is targeting the Second Bone Spring formation.

10. **Chisholm Exhibit B-4** is a thickness map of the lower Second Bone Spring Sand. The standard horizontal spacing unit for the Outland 18-7 State Com 2BS No. 2H is marked by a red dashed line. Existing Second Bone Spring producers are marked and depicted by blue circles.

11. **Chisholm Exhibit B-5** is a subsea structure map that I prepared off the top of the Second Bone Spring formation. The contour interval is 50 feet. The structure map shows that the Bone Spring is dipping to the west. The structure appears consistent in this section. I do not observe any faulting, pinchouts, or other geologic hazards to developing a horizontal well.

12. Chisholm Exhibit No. B-5 shows three vertical wells, depicted by blue squares, 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.

13. **Chisholm Exhibit No. B-6** is a stratigraphic cross section prepared by me for the three representative wells from A to A'. The exhibit shows logs for gamma ray, resistivity, and porosity for all three wells. The proposed target interval is labeled and depicted in yellow. The

logs in the cross-section demonstrate that the target intervals within the Second Bone Spring are consistent in thickness, across the entire spacing unit.

14. Based on my geologic study of the areas, I have not identified any geologic impediments to drilling horizontal wells in the area.

15. In my opinion, each tract comprising the proposed spacing units will be productive and contribute more-or-less equally to production from the wellbore.

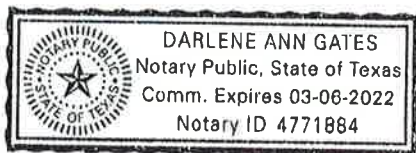
16. In my opinion, the granting of Chisholm's applications in these consolidated cases is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

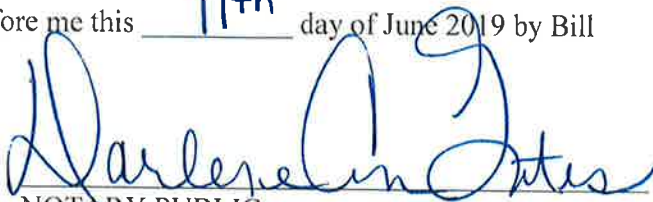
17. **Chisholm Exhibits B-1 through B-6** were either prepared by me or compiled under my direction and supervision.


BILL FRANCIS

STATE OF TEXAS)
)
COUNTY OF TARRANT)

SUBSCRIBED and SWORN to before me this 11th day of June 2019 by Bill Francis.

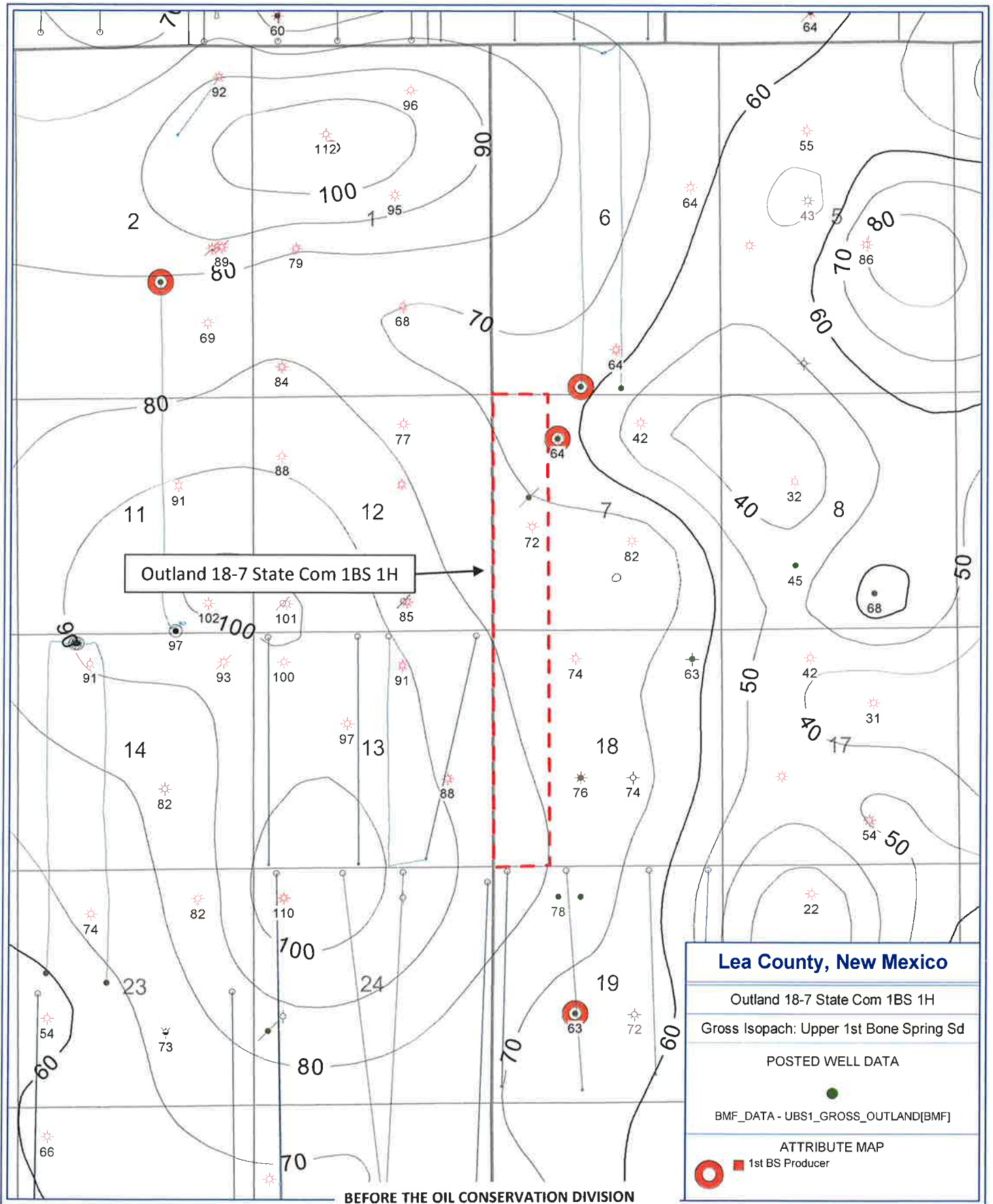



NOTARY PUBLIC

My Commission Expires:

03-06-2022

13022338_1



PETRA 6/3/2019 9:37:58 AM

BEFORE THE OIL CONSERVATION DIVISION

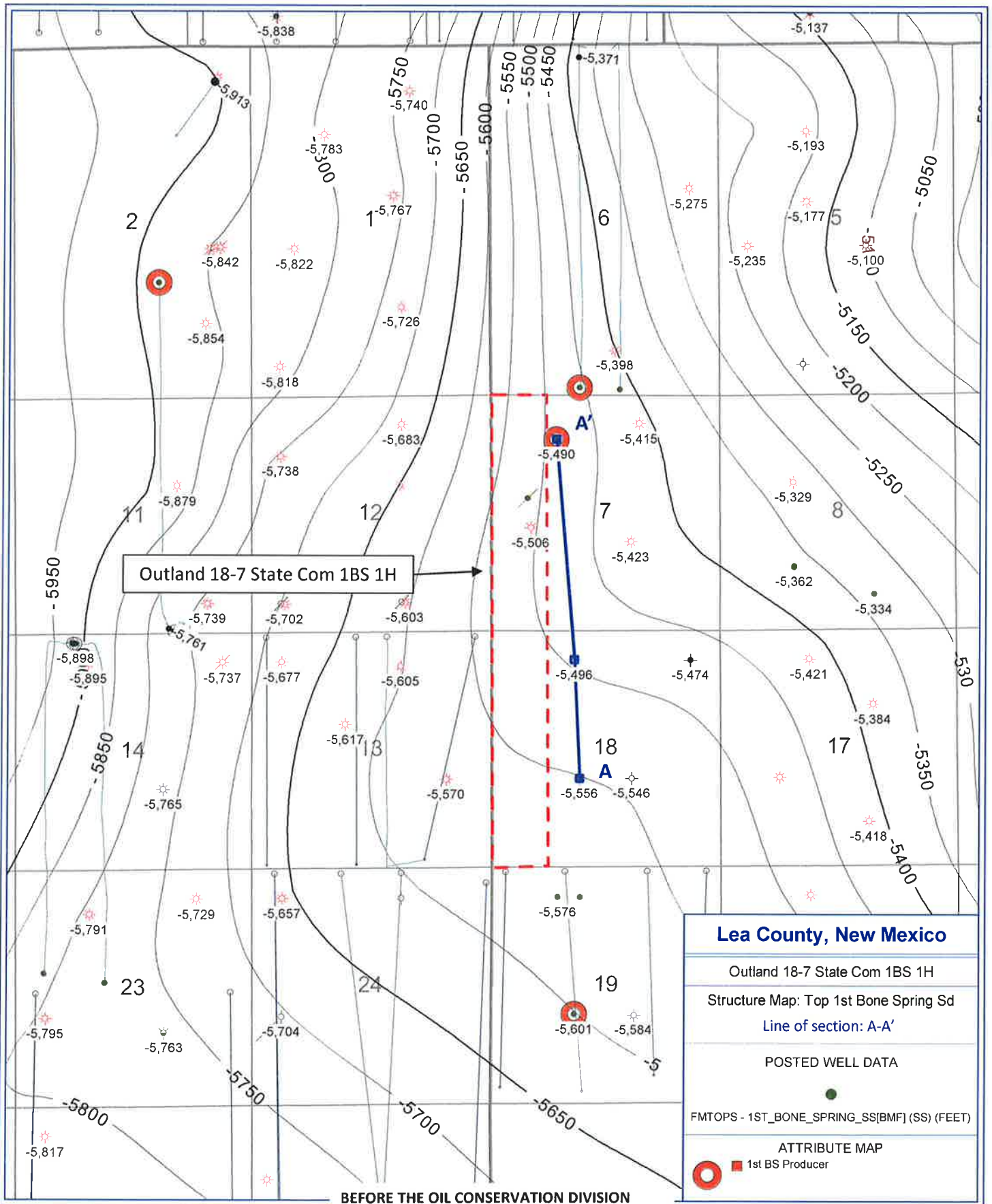
Santa Fe, New Mexico

Exhibit No.B-1

Case Nos. 20522 & 20523

Submitted by: Chisholm Energy Operating LLC

Hearing Date: June 13, 2019



PETRA 6/3/2019 9:33:59 AM

A

MEWBOURNE OIL CO
WILSON SOUTH 18 STA #1



T21S R35E S18

MEWBOURNE OIL CO
SAN SIMON 18 ST COM #1



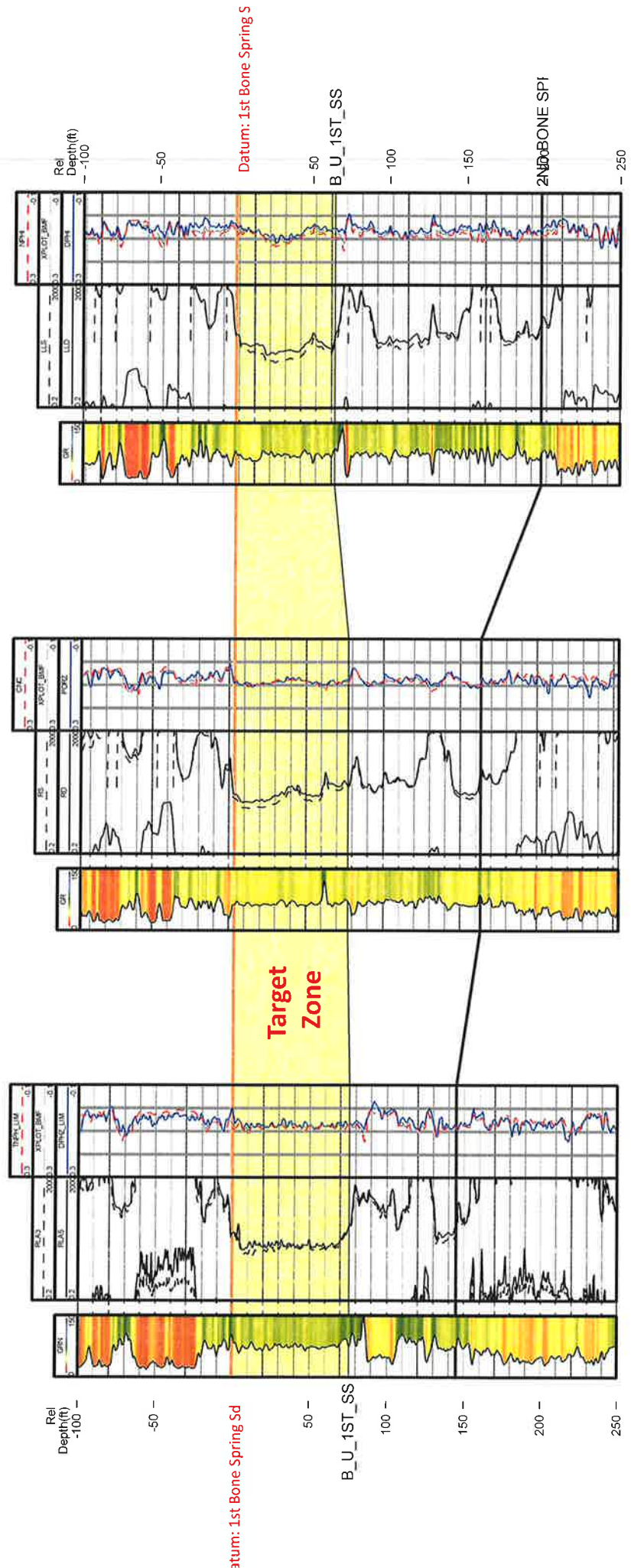
T21S R35E S18

MATADOR OPERATING CO
MARY 7 STATE #1

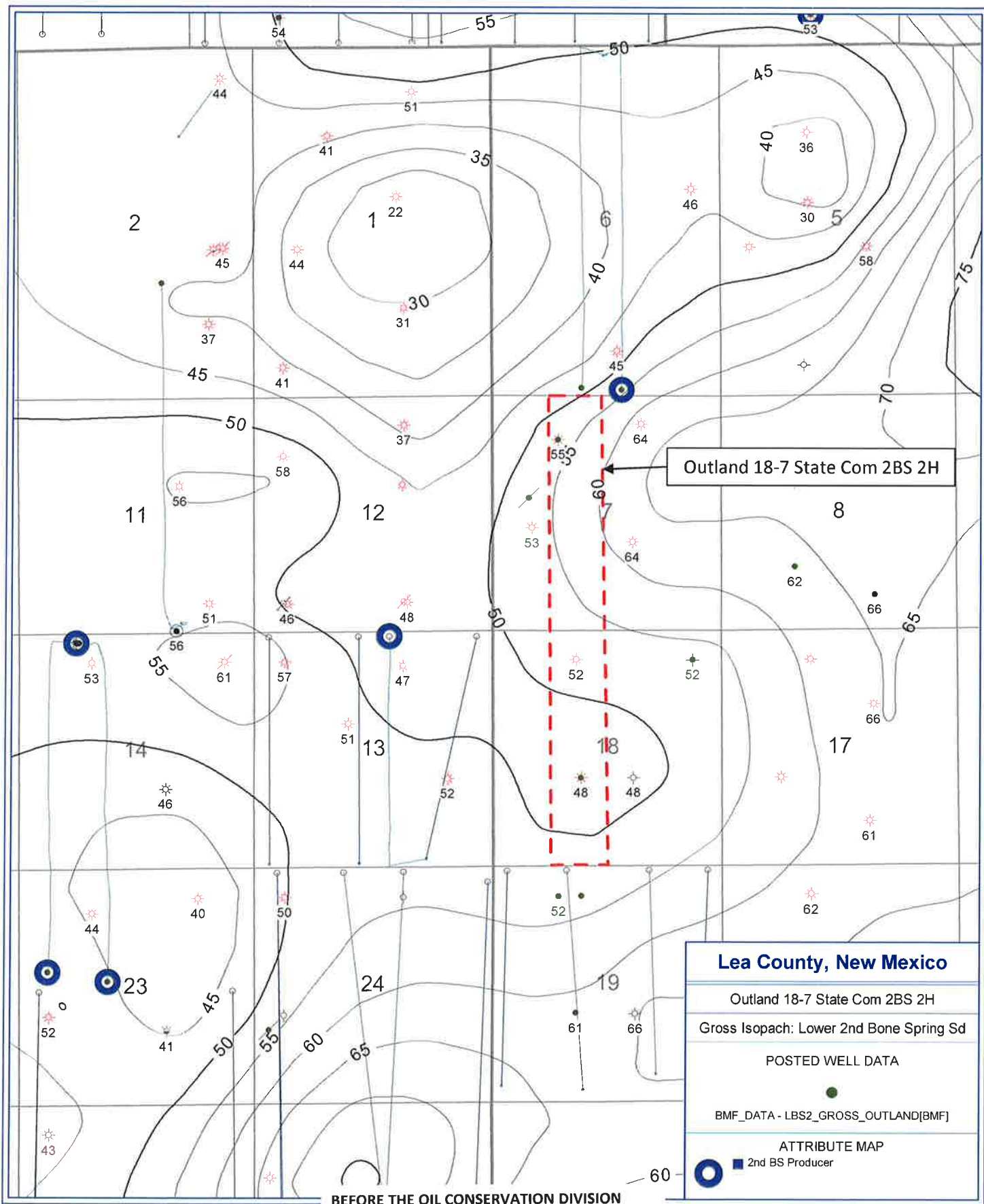


T21S R35E S7

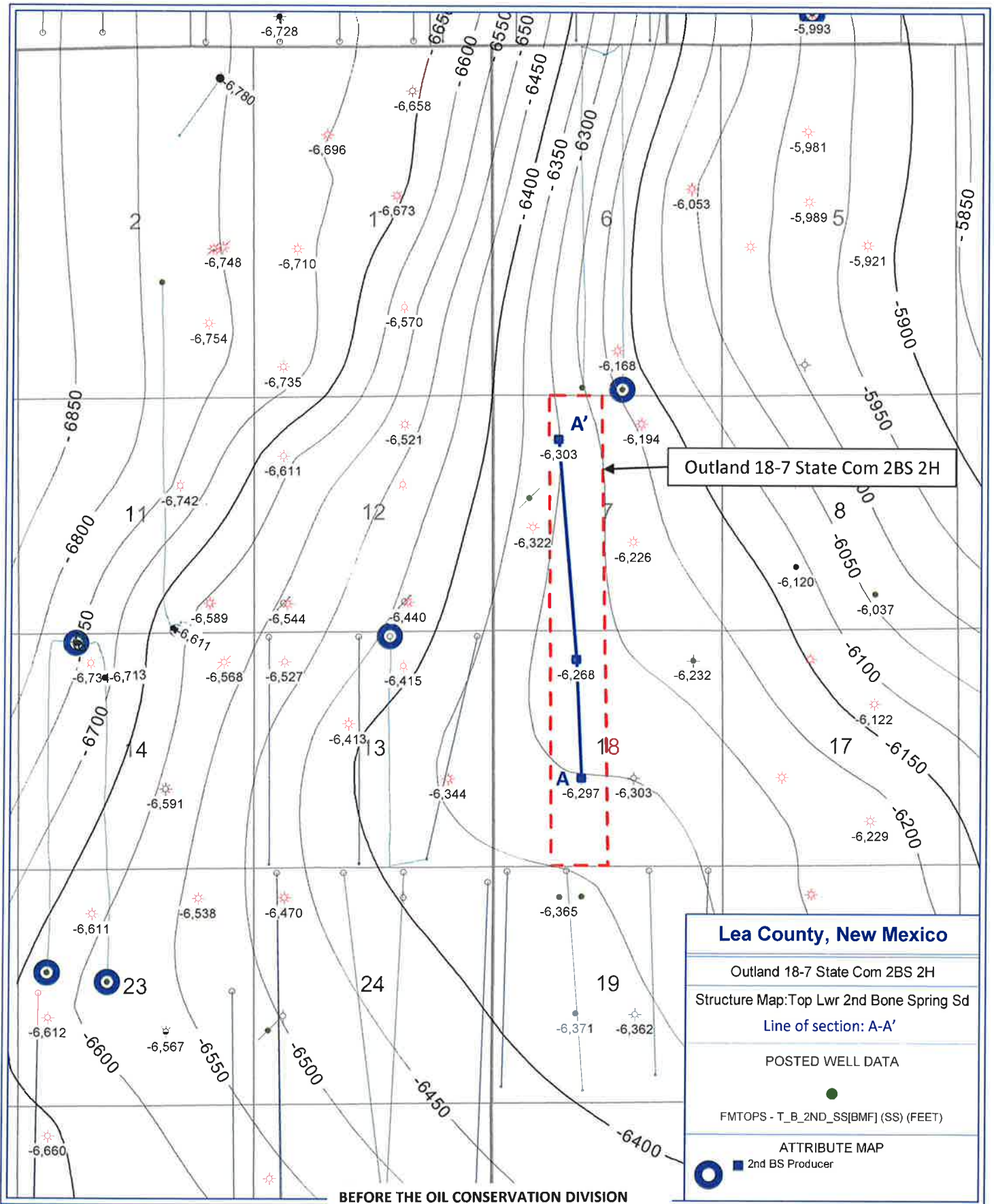
A'



Stratigraphic Cross Section



PETRA 6/3/2019 9:53:19 AM



PETRA 6/3/2019 10:01:52 AM

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B-5

Case Nos. 20522 & 20523

Submitted by: **Chisholm Energy Operating LLC**

Hearing Date: June 13, 2019

A

MEWBOURNE OIL CO
WILSON SOUTH 18 STA #1



T21S R35E S18

MEWBOURNE OIL CO
SAN SIMON 18 ST COM #1



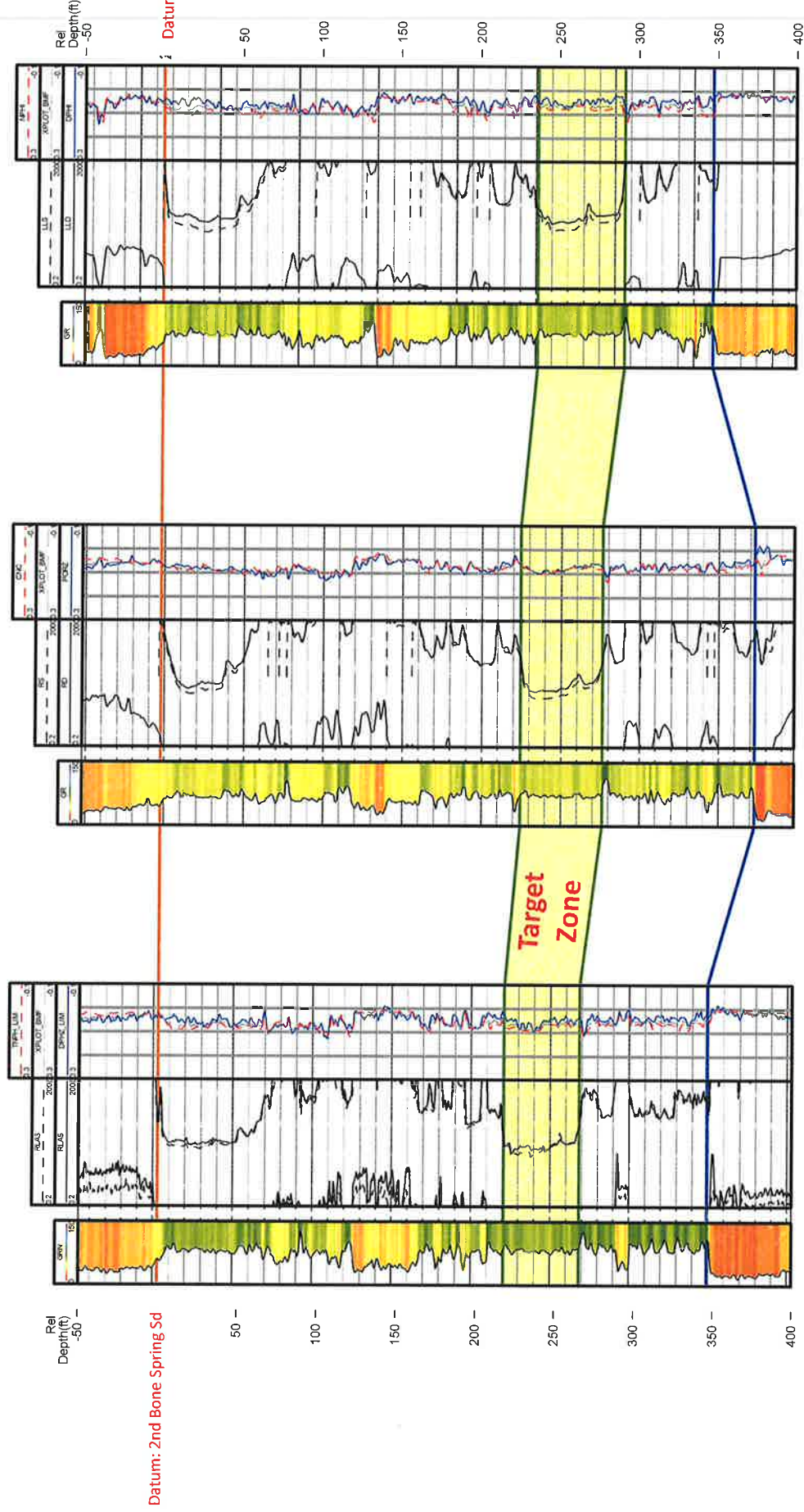
T21S R35E S18

MATADOR OPERATING CO
MARY 7 STATE #1



T21S R35E S7

A'



Stratigraphic Cross Section

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B-6

Case Nos. 20522 & 20523

Submitted by: Chisholm Energy Operating LLC

Hearing Date: June 13, 2019

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

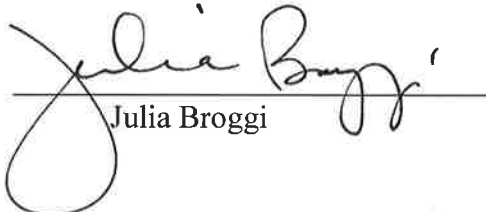
**APPLICATION OF CHISHOLM ENERGY
OPERATING, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NOS. 20522 & 20523

AFFIDAVIT

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

Julia Broggi, 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.



Julia Broggi

SUBSCRIBED AND SWORN to before me this 12th day of June, 2019 by Julia Broggi.



Notary Public

My Commission Expires:

August 26, 2021



**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Case Nos. 20522 & 20523
Submitted by: Chisholm Energy Operating LLC
Hearing Date: June 13, 2019**



May 24,, 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.**
Outland 18-7 State Com 1BS 1H 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 May 30, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. 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 Beau Sullivan at (817) 953-0812 or bsullivan@chisholmenergy.com.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR CHISHOLM ENERGY OPERATING,
LLC



May 24, 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.
Outland 18-7 State Com 2BS 2H 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 May 30, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. 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.

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If you have any questions about this matter, please contact Beau Sullivan at (817) 953-0812 or bsullivan@chisholmenergy.com.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR CHISHOLM ENERGY
OPERATING, LLC

POSTAL DELIVERY REPORT
OUTLAND 14-23-STATE COM 1BS 1H WELL
OUTLAND 14-23-STATE COM 2BS 2H WELL
Case Nos. 20522 & 20523

Recipient	Status	Custom
Devon Energy Production Company LP 333 W Sheridan Avenue Oklahoma city OK 73102	Delivered Signature Received	Ref#: C1402320.7873313 RetRef#:
Maverick Oil & Gas Corp 1001 W Wall Street Midland TX 79701	Delivered Signature Received	Ref#: C1402320.7873314 RetRef#:
Timothy R MacDonald 3003 Paleo Point College Station TX 77845	Delivered Signature Received	Ref#: C1402320.7873315 RetRef#:
Scott Evans Wilson Bypass Trust 11644 Blalock Lane Houston TX 77024	Delivered Signature Received	Ref#: C1402320.7873316 RetRef#:
Richard Kevin Barr Family Trust 8027 Chalk Knoll Drive Austin TX 78735	Delivered Signature Received	Ref#: C1402320.7873317 RetRef#:
Nearburg Producing Company Employee Fund PO BOX 823085 Dallas TX 75382-3035	Delivered Signature Received	Ref#: C1402320.7873318 RetRef#:



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.

CHISHOLM/ Outland 1H & 2H
2-wells
20522 & 20523

Shipment Date: 05/24/2019

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	6
Total	6

*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 0014 6954 99





UNITED STATES
POSTAL SERVICE®

Name and Address of Sender
Holland & Hart LLP
110 N Guadalupe St # 1
Santa Fe NM 87501

Firm Mailing Book For Accountable Mail

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

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

USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)										Postage	(Extra Service) Fee	Handling Charge - if Registered and over \$50,000 in value		Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee			
1.	9214 8901 9403 8383 7850 60	Devon Energy Production Company LP 333 W Sheridan Avenue Oklahoma city OK 73102										0.50	3.50											1.60				
2.	9214 8901 9403 8383 7850 77	Maverick Oil & Gas Corp 1001 W Wall Street Midland TX 79701										0.50	3.50										1.60					
3.	9214 8901 9403 8383 7850 84	Timothy R. MacDonald 3003 Paleo Point College Station TX 77845										0.50	3.50										1.60					
4.	9214 8901 9403 8383 7850 91	Scott Evans Wilson Bypass Trust 11644 Blalock Lane Houston TX 77024										0.50	3.50										1.60					
5.	9214 8901 9403 8383 7851 07	Richard Kevin Barr Family Trust 8027 Chalk Knoll Drive Austin TX 78735										0.50	3.50										1.60					
6.	9214 8901 9403 8383 7851 14	Nearburg Producing Company Employee Fund PO BOX 823085 Dallas TX 75382-3035										0.50	3.50											1.60				
Total Number of Pieces		Postmaster, Per (Name of receiving employee)																										
Total Number of Pieces																												

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).

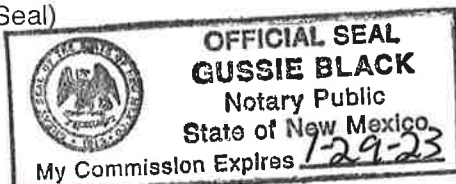
Beginning with the issue dated
May 26, 2019
and ending with the issue dated
May 26, 2019.


Publisher

Sworn and subscribed to before me this
26th day of May 2019.


Business Manager

My commission expires
January 29, 2023
(Seal)



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 NOTICE MAY 26, 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 June 13, 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 June 3, 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: Devon Energy Production Company, LP; Maverick Oil & Gas Corp.; Timothy R. MacDonald, his heirs and devisees; Scott Evans Wilson Bypass Trust; Richard Kevin Barr Family Trust; Nearburg Producing Company Employee Fund.

Case No. 20522: 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 285-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Sections 7 and 18 (Lots 1-4), Township 21 South, Range 35 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed **Outland 18-7 State Com 1BS 1H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 18 to bottom hole location in the NW/4 NW/4 (Lot 1) of Irregular Section 7. 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, as well as actual operating costs and charges for supervision, designation of Chisholm Energy Operating, LLC as operator, and a 200% charge for risk involved in drilling and completing each well. Said area is located approximately 12 miles west of Eunice, New Mexico. #34200

67100754

00228733

HOLLAND & HART LLC
PO BOX 2208
SANTA FE., NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Case Nos. 20522 & 20523
Submitted by: **Chisholm Energy Operating LLC**
Hearing Date: June 13, 2019

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
May 29, 2019
and ending with the issue dated
May 29, 2019.

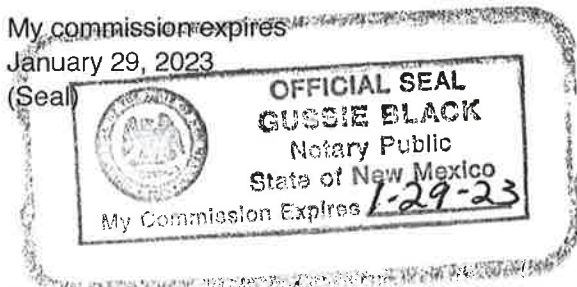

Publisher

Sworn and subscribed to before me this
29th day of May 2019.


Business Manager

My commission expires
January 29, 2023

(Seal)



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 NOTICE MAY 29, 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 June 13, 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 June 3, 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: Devon Energy Production Company, LP; Maverick Oil & Gas Corp.; Timothy R. MacDonald, his heirs and devisees; Scott Evans Wilson Bypass Trust; Richard Kevin Barr Family Trust; Nearburg Producing Company Employee Fund.

Case No. 20523: 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 320-acre, more or less horizontal spacing unit comprised of the E/2 W/2 of Sections 7 and 18, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed **Outland 18-7 State Com 2BS 2H Well**, which will be horizontally drilled from a surface location in the SE/4SW/4 (Unit N) of Section 18 to bottom-hole location in the NE/4 NW/4 (Unit C) of Section 7. 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, as well as actual operating costs and charges for supervision, designation of Chisholm Energy Operating, LLC as operator, and a 200% charge for risk involved in drilling and completing each well. Said area is located approximately 12 miles west of Eunice, New Mexico.

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HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208