

**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 NO. _____

APPLICATION

Chisholm Energy Operating, LLC ("Applicant") (OGRID No. 372137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 15, and the NE/4 of Section 22, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of its application, Chisholm states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- the **Dark Canyon 15-22 WCA #6H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottom hole location in the SW/4 NE/4 (Unit G) of Section 22; and

- the **Dark Canyon 15-22 WCA #7H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottom hole location in the SE/4 NE/4 (Unit H) of Section 22.

3. The completed interval for the proposed wells will remain within the setback requirements of the Special Rules for the Purple Sage Wolfcamp Pool.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 12, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating Applicant operator of this horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;

- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

ATTORNEYS FOR CHISHOLM ENERGY OPERATING, LLC

CASE _____: **Application of Chisholm Energy Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 15, and the NE/4 of Section 22, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico. The above-referenced unit will be dedicated to the following proposed initial wells: the **Dark Canyon 15-22 WCA #6H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottom hole location in the SW/4 NE/4 (Unit G) of Section 22; and the **Dark Canyon 15-22 WCA #7H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottom hole location in the SE/4 NE/4 (Unit H) of Section 22. The completed interval for the well will comply with the setback requirements of the Special Rules for the Purple Sage Wolfcamp Pool. Also, to be considered will be the cost of drilling and completing the wells, 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 19 miles east of Loving, New Mexico.