



CHISHOLM
ENERGY

ASTEROID PROSPECT

Asteroid 20-29 Fed WCA 1H and WCA 2H Wells
Case No. 20920

BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING December 12, 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 NO. 20920

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**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. 20920

AFFIDAVIT OF LUKE SHELTON

Luke Shelton, of lawful age and being first duly sworn, declares as follows:

1. My name is Luke Shelton. 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 application 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 application, and therefore I do not expect any opposition at the hearing.

5. Chisholm is seeking an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 20 and 29, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico.

Chisholm seeks to dedicate this standard spacing unit to the following proposed initial wells:

- the **Asteroid 20-29 Fed Com WCA #1H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 20 to bottom hole location in the SW/4 SE/4 (Unit O) of Section 29; and
 - the **Asteroid 20-29 Fed Com WCA #2H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 20 to bottom hole location in the SE/4 SE/4 (Unit P) of Section 29.
6. The completed interval for these proposed initial wells will remain within the setback requirements of the Special Rules for the Purple Sage Wolfcamp Pool.
7. **Chisholm Exhibit A-1** are the Form C-102s for the proposed **Asteroid 20-29 Fed Com WCA #1H Well** and the **Asteroid 20-29 Fed Com WCA #2H Well**.
8. The Pool Code for these wells is 98220 (Purple Sage; Wolfcamp (Gas) Pool).
9. There are no depth severances in the Wolfcamp 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 the horizontal spacing unit, is also included on the exhibit. This spacing unit includes federal land and fee land. Chisholm is seeking to pool the overriding royalty interest owners highlighted 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. 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.

14. 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. All parties were locatable.

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

FURTHER AFFIANT SAYETH NOT.

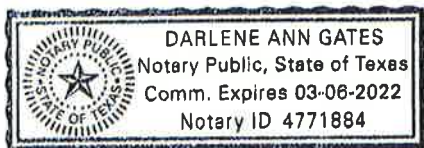
Luke Shelton

LUKE SHELTON

STATE OF TEXAS)

COUNTY OF TARRANT)

SUBSCRIBED and SWORN to before me this 10th day of December 2019 by
Luke Shelton.



Darlene Ann Gates
NOTARY PUBLIC

My Commission Expires:

03-06-2022

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 ASTEROID 20-29 FED COM WC A						⁶ Well Number 1H	
⁷ OGRID No. 372137		⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC						⁹ Elevation 3386.9	
¹⁰ Surface Location									
UL or lot no. B	Section 20	Township 23 S	Range 26 E	Lot Idn	Feet from the 120	North/South line NORTH	Feet from the 1390	East/West line EAST	County EDDY
¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. O	Section 29	Township 23 S	Range 26 E	Lot Idn	Feet from the 330	North/South line SOUTH	Feet from the 2250	East/West line EAST	County EDDY
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>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 unleased 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.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>SEPTEMBER 19, 2019</p> <p>Date of Survey _____</p> <p style="text-align: center;"> </p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number: 168 MON F. JARAMILLO 12797</p>
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BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. A1

Submitted by: **Chisholm Energy Operating, LLC**

Hearing Date: December 12, 2019

Case No. 20920

Intent ☐ As Drilled ☐

API #			
Operator Name: CHISHOLM ENERGY OPERATING, LLC		Property Name: ASTEROID 20-29 FED COM WC A	Well Number 1H

Kick Off Point (KOP)

UL B	Section 20	Township 23S	Range 26E	Lot	Feet 120	From N/S NORTH	Feet 1390	From E/W EAST	County EDDY
Latitude 32.2965580					Longitude 104.3114671				NAD 83

First Take Point (FTP)

UL B	Section 20	Township 23S	Range 26E	Lot	Feet 330	From N/S NORTH	Feet 2250	From E/W EAST	County EDDY
Latitude 32.2959768					Longitude 104.3142469				NAD 83

Last Take Point (LTP)

UL O	Section 29	Township 23S	Range 26E	Lot	Feet 100	From N/S SOUTH	Feet 2250	From E/W EAST	County EDDY
Latitude 32.2686763					Longitude 104.3141647				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

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
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State of New Mexico
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OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

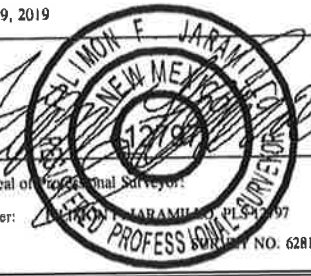
WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name ASTEROID 20-29 FED COM WCA	
⁷ OGRID No. 372137	⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC	
		⁶ Well Number 2H
		⁹ Elevation 3386.7

¹⁰ Surface Location									
UL or lot no. B	Section 20	Township 23 S	Range 26 E	Lot Idn	Feet from the 120	North/South line NORTH	Feet from the 1360	East/West line EAST	County EDDY

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. P	Section 29	Township 23 S	Range 26 E	Lot Idn	Feet from the 330	North/South line SOUTH	Feet from the 900	East/West line EAST	County EDDY
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>NOT FOUND SCALED</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>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 unleased 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.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>SEPTEMBER 19, 2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: </p> <p>Certificate Number: _____</p>
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Intent ☐ As Drilled ☐

API #		
Operator Name: CHISHOLM ENERGY OPERATING, LLC	Property Name: ASTEROID 20-29 FED COM WCA	Well Number 2H

Kick Off Point (KOP)

UL B	Section 20	Township 23S	Range 26E	Lot	Feet 120	From N/S NORTH	Feet 1360	From E/W EAST	County EDDY
Latitude 32.2965579					Longitude 104.3113700				NAD 83

First Take Point (FTP)

UL A	Section 20	Township 23S	Range 26E	Lot	Feet 330	From N/S NORTH	Feet 900	From E/W EAST	County EDDY
Latitude 32.2959831					Longitude 104.3098789				NAD 83

Last Take Point (LTP)

UL P	Section 29	Township 23S	Range 26E	Lot	Feet 330	From N/S SOUTH	Feet 900	From E/W EAST	County EDDY
Latitude 32.2687488					Longitude 104.3097981				NAD 83

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

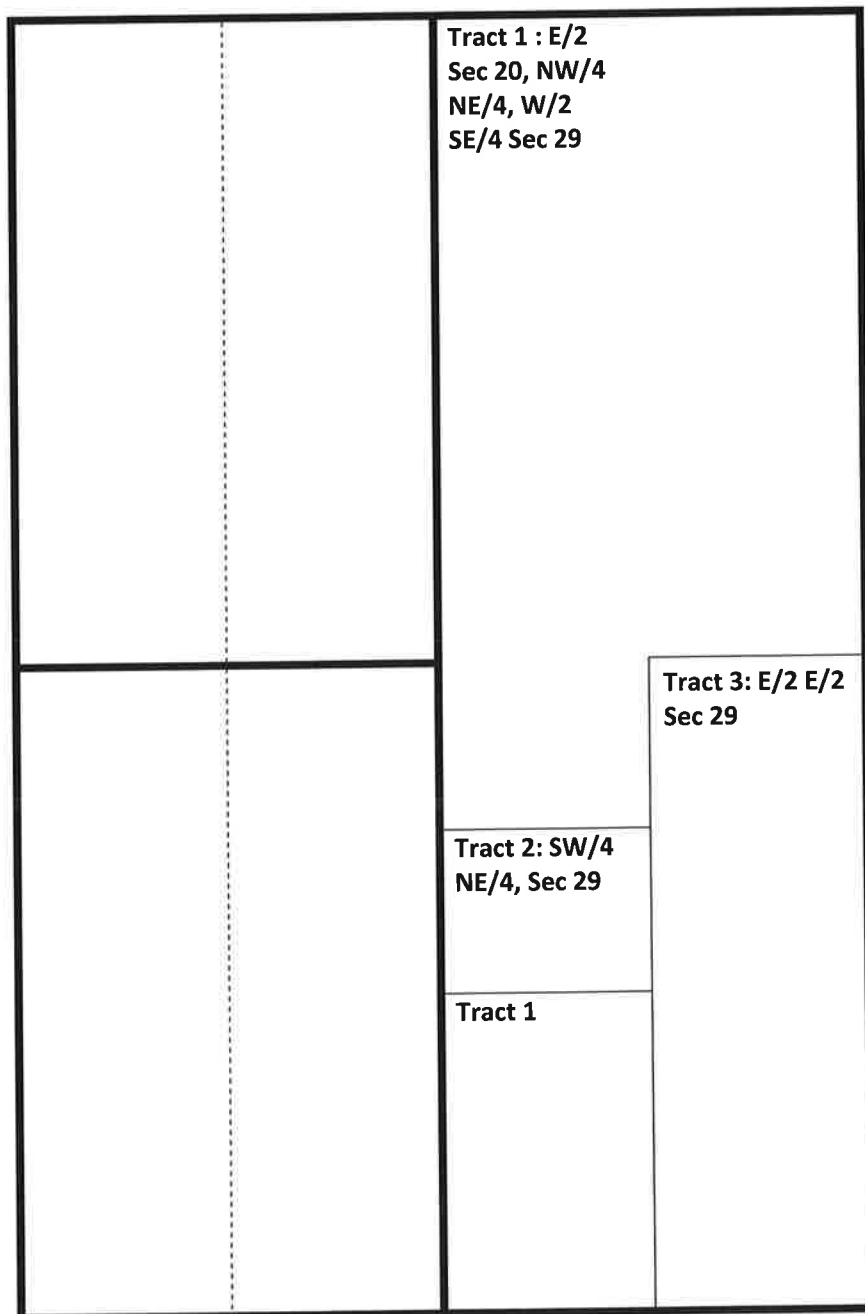
Is this well an infill well? ☐

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

ASTEROID 20-29 FED COM WCA 1H AND WCA 2H
T23S-R26E-Sections 20 and 29
Eddy County, NM



Tract 1: E/2 Section 20-T23S-R26E and SW/4 NE/4, W/2 SE/4 Section 29-T23S-26E

<u>Chisholm Energy Agent, Inc.</u>	100.0%
Total	100.0%

Tract 2: SW/4 NE/4 Section 29-T23S-R26E

<u>Chisholm Energy Operating, LLC</u>	100.0%
Total	100.0%

Tract 3: E/2 E/2 Section 29-T23S-R26E

Chisholm Energy Agent, Inc.	93.53125%
<u>Santo Petroleum LLC</u>	6.46875%
Total	100.00%

UNIT RECAPITULATION

**ASTEROID 20-29 FED COM WCA 1H AND WCA 2H
T23S-R26E-E/2 of Section 20 and E/2 of Section 29**

Chisholm Energy Agent, Inc.	92.1328125%
Chisholm Energy Operating, LLC	6.2500000%
<u>Santo Petroleum LLC</u>	1.6171875%
Total	100.00000%

Interests seeking to Compulsory Pool



September 18, 2019

VIA CERTIFIED MAIL:

S & P Co.
Attn: Land Department
330 Marshall St., Ste. 300
Shreveport, LA 71101-3025

RE: Asteroid 20-29 Fed WCA 1H and WCA 2H
E/2 of Section 20-T23S-R26E &
E/2 of Section 29-T23S-R26E
Eddy County, New Mexico

To whom it may concern,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of two horizontal Wolfcamp "A" wells to TVD of approximately 8,724' and a MD of approximately 18,600'.

Approximate surface hole locations:

Asteroid 20-29 Fed Com WCA 1H: Sec. 20, 120' FNL, 1390' FEL
Asteroid 20-29 Fed Com WCA 2H: Sec. 20, 120' FNL, 1360' FEL

Approximate bottom hole locations:

Asteroid 20-29 Fed Com WCA 1H: Sec. 29, 330' FNL, 2250' FEL
Asteroid 20-29 Fed Com WCA 2H: Sec. 29, 330' FNL, 900' FEL

Chisholm is proposing to drill this well under the terms of a modified 1989 AAPL form Operating Agreement covering the E/2 of Section 20 and E/2 of Section 29, Township 23 South, Range 26 East, Eddy Co. Said Operating Agreement will be made available for your review upon request and contains the following general provision.

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

Enclosed are our Authority for Expenditures ("AFE's").

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 the AFE.

Please call at your earliest convenience to discuss our proposal.

Chisholm Energy Operating, LLC

Luke Shelton
Senior Landman
817-953-0359

Enclosures

_____ Elect to participate in the drilling of the Asteroid 20-29 Fed Com WCA 1H and WCA 2H.

_____ Elect to farmout/assign our interest in the Asteroid 20-29 Fed Com WCA 1H and WCA 2H.

S & P Co.

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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A3

Submitted by: **Chisholm Energy Operating, LLC**
Hearing Date: December 12, 2019
Case No. 20920



**CHISHOLM
ENERGY**

Statement of Estimated Well Cost (100%)

Well Asteroid 20-29 Fed Com WCA 1H
Field Wolfcamp A
County, State: Eddy, NM
BHL: Horizontal
Proposed TD: 18,600 MD 8,724 TVD
Normal Pressure? Yes

AFE #:

		BCP	ACP	TOTAL
COSTS TO CASING POINT: TANGIBLES				
8510-400	Conductor Casing or Drive Pipe	\$15,000		\$15,000
8510-405	Surface Casing	\$13,499		\$13,499
8510-410	Intermediate Casing/Drig Liner	\$37,500		\$37,500
8510-415	Wellhead Equipment - Surface & MLS	\$30,000		\$30,000
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$42,000		\$42,000
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - TANGIBLES	\$137,999		\$137,999
COSTS TO CASING POINT: INTANGIBLES				
8500-100	Roads/Location	\$50,000		\$50,000
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$503,275		\$503,275
8500-115	Fuel/Power	\$112,000		\$112,000
8500-125	Equipment Rental	\$156,220		\$156,220
8500-130	Legal Fees	\$20,000		\$20,000
8500-135	Bonds, Permits and Inspection	\$20,000		\$20,000
8500-155	Mud and Chemicals	\$200,000		\$200,000
8500-160	Cementing Services	\$45,000		\$45,000
8500-170	Supervision/Consulting	\$70,400		\$70,400
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	\$556,500		\$556,500
8500-200	Drill Bits	\$75,500		\$75,500
8500-210	Surface Damages/ROW	\$0		
8500-215	Contract Labor and Services	\$50,000		\$50,000
8500-220	Mud Logging	\$0		
8500-235	Reclamation	\$0		
8500-240	Rig Mobilization/Demob	\$162,500		\$162,500
8500-245	Fishing Tools and Services	\$0		
8500-250	Testing-Drill Stem/Production	\$0		
8500-260	Wireline Services	\$0		
8500-265	Water	\$27,000		\$27,000
8500-270	Camp Expenses	\$49,500		\$49,500
8500-285	Contingencies	\$120,795		\$120,795
8500-290	Environmental	\$0		
8500-300	Overhead	\$6,000		\$6,000
8500-350	Insurance	\$0		
8500-600	Nonoperated	\$0		
8500-700	Impairment	\$0		
8500-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - INTANGIBLES	\$2,398,690		\$2,398,690
COMPLETION COSTS: TANGIBLES				
8530-415	Wellhead		\$40,000	\$40,000
8530-420	Subsurface Equipment		\$0	
8530-500	Production Casing		\$279,000	\$279,000
8530-510	Tubing		\$47,197	\$47,197
8530-515	Rods		\$0	
8530-525	Artificial Lift Equipment		\$50,000	\$50,000
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			\$749,197	\$749,197
	COMPLETION COSTS: INTANGIBLES				
8520-100	Roads/Location			\$10,000	\$10,000
8520-120	Perforating Services			\$294,000	\$294,000
8520-125	Equipment Rental			\$193,000	\$193,000
8520-135	Bonds, Permits and Inspection			\$0	
8520-145	Completion Unit			\$34,000	\$34,000
8520-150	Frac Plugs			\$49,000	\$49,000
8520-155	Mud and Chemicals			\$10,000	\$10,000
8520-160	Cementing Services			\$70,000	\$70,000
8520-165	Acidizing and Fracturing			\$2,058,000	\$2,058,000
8520-170	Supervision/Consulting			\$45,500	\$45,500
8520-175	Casing and Other Tangible Crew			\$15,000	\$15,000
8520-190	Cuttings/Fluids Disposal			\$20,000	\$20,000
8520-200	Drill Bits			\$30,000	\$30,000
8520-210	Surface Damages/ROW			\$0	
8520-215	Contract Labor and Services			\$25,000	\$25,000
8520-230	Pump/Vacuum Trucks			\$2,500	\$2,500
8520-235	Reclamation			\$0	
8520-245	Fishing Tools and Services			\$0	
8520-250	Well Testing			\$126,000	\$126,000
8520-255	Trucking and Hauling			\$0	
8520-260	Wireline Services			\$5,000	\$5,000
8520-270	Camp Expenses			\$10,000	\$10,000
8520-275	Coiled Tubing Services			\$0	
8520-280	Frac Water			\$522,500	\$522,500
8520-285	Contingencies			\$213,435	\$213,435
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			\$3,732,935	\$3,732,935
	TOTAL WELL COST		\$2,536,688	\$4,482,132	\$7,018,820

Approved by: _____ Date: _____

Approved by: _____ Date: _____

Approved by: _____ Date: _____



Statement of Estimated Well Cost (100%)

Well Asteroid 20-29 Fed Com WCA 2H
Field Wolfcamp A
County, State: Eddy, NM
BHL: Horizontal
Proposed TD: 18,600 MD 8,724 TVD
Normal Pressure? Yes

AFE #:

		BCP	ACP	TOTAL
COSTS TO CASING POINT: TANGIBLES				
8510-400	Conductor Casing or Drive Pipe	\$15,000		\$15,000
8510-405	Surface Casing	\$13,499		\$13,499
8510-410	Intermediate Casing/Drig Liner	\$37,500		\$37,500
8510-415	Wellhead Equipment - Surface & MLS	\$30,000		\$30,000
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$42,000		\$42,000
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - TANGIBLES	\$137,999		\$137,999
COSTS TO CASING POINT: INTANGIBLES				
8500-100	Roads/Location	\$50,000		\$50,000
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$503,275		\$503,275
8500-115	Fuel/Power	\$112,000		\$112,000
8500-125	Equipment Rental	\$156,220		\$156,220
8500-130	Legal Fees	\$20,000		\$20,000
8500-135	Bonds, Permits and Inspection	\$20,000		\$20,000
8500-155	Mud and Chemicals	\$200,000		\$200,000
8500-160	Cementing Services	\$45,000		\$45,000
8500-170	Supervision/Consulting	\$70,400		\$70,400
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	\$556,500		\$556,500
8500-200	Drill Bits	\$75,500		\$75,500
8500-210	Surface Damages/ROW	\$0		
8500-215	Contract Labor and Services	\$50,000		\$50,000
8500-220	Mud Logging	\$0		
8500-235	Reclamation	\$0		
8500-240	Rig Mobilization/Demob	\$162,500		\$162,500
8500-245	Fishing Tools and Services	\$0		
8500-250	Testing-Drill Stem/Production	\$0		
8500-260	Wireline Services	\$0		
8500-265	Water	\$27,000		\$27,000
8500-270	Camp Expenses	\$49,500		\$49,500
8500-285	Contingencies	\$120,795		\$120,795
8500-290	Environmental	\$0		
8500-300	Overhead	\$6,000		\$6,000
8500-350	Insurance	\$0		
8500-600	Nonoperated	\$0		
8500-700	Impairment	\$0		
8500-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - INTANGIBLES	\$2,398,690		\$2,398,690
COMPLETION COSTS: TANGIBLES				
8530-415	Wellhead		\$40,000	\$40,000
8530-420	Subsurface Equipment		\$0	
8530-500	Production Casing		\$279,000	\$279,000
8530-510	Tubing		\$47,197	\$47,197
8530-515	Rods		\$0	
8530-525	Artificial Lift Equipment		\$50,000	\$50,000
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			\$749,197	\$749,197
	COMPLETION COSTS: INTANGIBLES				
8520-100	Roads/Location			\$10,000	\$10,000
8520-120	Perforating Services			\$294,000	\$294,000
8520-125	Equipment Rental			\$193,000	\$193,000
8520-135	Bonds, Permits and Inspection			\$0	
8520-145	Completion Unit			\$34,000	\$34,000
8520-150	Frac Plugs			\$49,000	\$49,000
8520-155	Mud and Chemicals			\$10,000	\$10,000
8520-160	Cementing Services			\$70,000	\$70,000
8520-165	Acidizing and Fracturing			\$2,058,000	\$2,058,000
8520-170	Supervision/Consulting			\$45,500	\$45,500
8520-175	Casing and Other Tangible Crew			\$15,000	\$15,000
8520-190	Cuttings/Fluids Disposal			\$20,000	\$20,000
8520-200	Drill Bits			\$30,000	\$30,000
8520-210	Surface Damages/ROW			\$0	
8520-215	Contract Labor and Services			\$25,000	\$25,000
8520-230	Pump/Vacuum Trucks			\$2,500	\$2,500
8520-235	Reclamation			\$0	
8520-245	Fishing Tools and Services			\$0	
8520-250	Well Testing			\$126,000	\$126,000
8520-255	Trucking and Hauling			\$0	
8520-260	Wireline Services			\$5,000	\$5,000
8520-270	Camp Expenses			\$10,000	\$10,000
8520-275	Coiled Tubing Services			\$0	
8520-280	Frac Water			\$522,500	\$522,500
8520-285	Contingencies			\$213,435	\$213,435
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			\$3,732,935	\$3,732,935
	TOTAL WELL COST		\$2,536,688	\$4,482,132	\$7,018,820

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, EDDY COUNTY, NEW MEXICO.**

CASE NO. 20920

AFFIDAVIT OF GEORGE ROTH

George Roth, of lawful age and being first duly sworn, declares as follows:

1. My name is George Roth. 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 Wolfcamp A within the Wolfcamp formation.
5. **Chisholm Exhibit B-1** is a project locator map showing the standard horizontal spacing unit for the **Asteroid 20-29 Fed Com WCA #1H Well** and the **Asteroid 20-29 Fed Com WCA #2H Well** that is outlined by a red line. The planned well paths for the **Asteroid 20-29 Fed Com WCA #1H Well** and the **Asteroid 20-29 Fed Com WCA #2H Well** are shown by red dashed lines. Existing Wolfcamp producers are marked by salmon colored circles. Wells used to create the top of Wolfcamp subsea structure map are marked by red sub sea values beneath the well.
6. **Chisholm Exhibit B-2** is a subsea structure map that I prepared for the top of the Wolfcamp formation. The contour interval is 25 feet. The structure map shows that the Wolfcamp

is dipping to the east. 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 6 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 6 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 yellow. The logs in the cross-section demonstrate that the targeted interval within the Wolfcamp A is 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, the stand-up orientation of the proposed wells is the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.

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

12. 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.

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

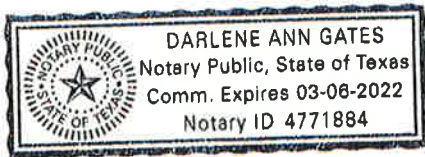
FURTHER AFFIANT SAYETH NOT.

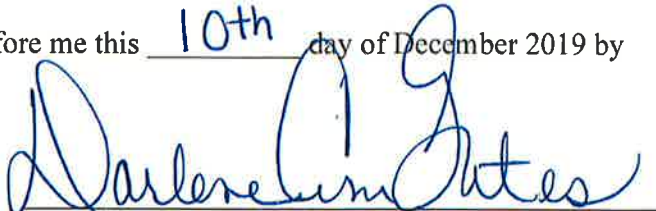

GEORGE ROTH

STATE OF TEXAS)

COUNTY OF TARRANT)

SUBSCRIBED and SWORN to before me this 10th day of December 2019 by
George Roth.

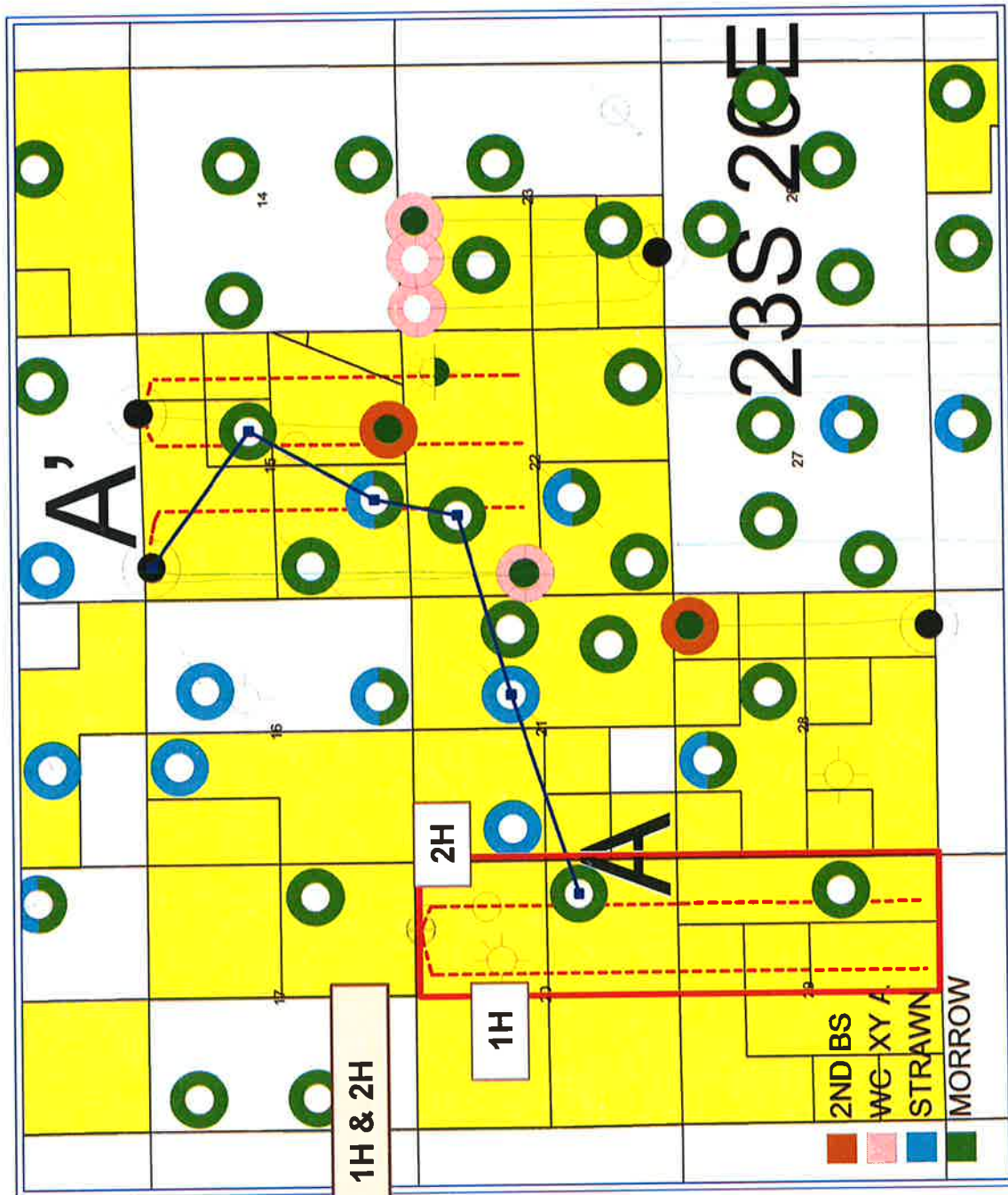



NOTARY PUBLIC

My Commission Expires:

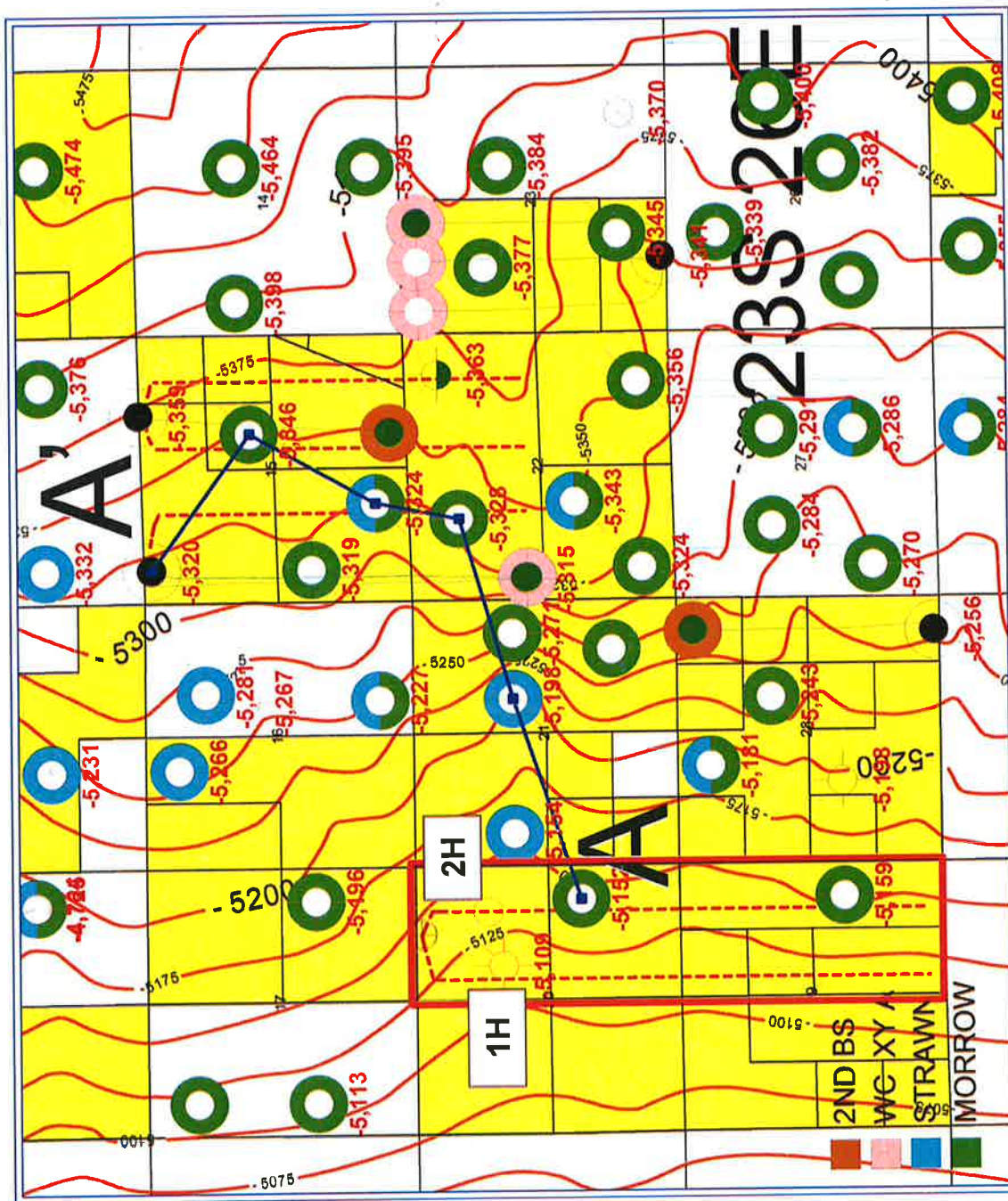
03-06-2022

PROJECT LOCATOR MAP ASTEROID PROSPECT



ASTEROID 1H & 2H

STRUCTURE MAP TOP WOLFCAMP FORMATION C.I. = 25 FT.



CONTOUR INTERVAL = 25 FT

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. B2

Submitted by: Chisholm Energy Operating, LLC

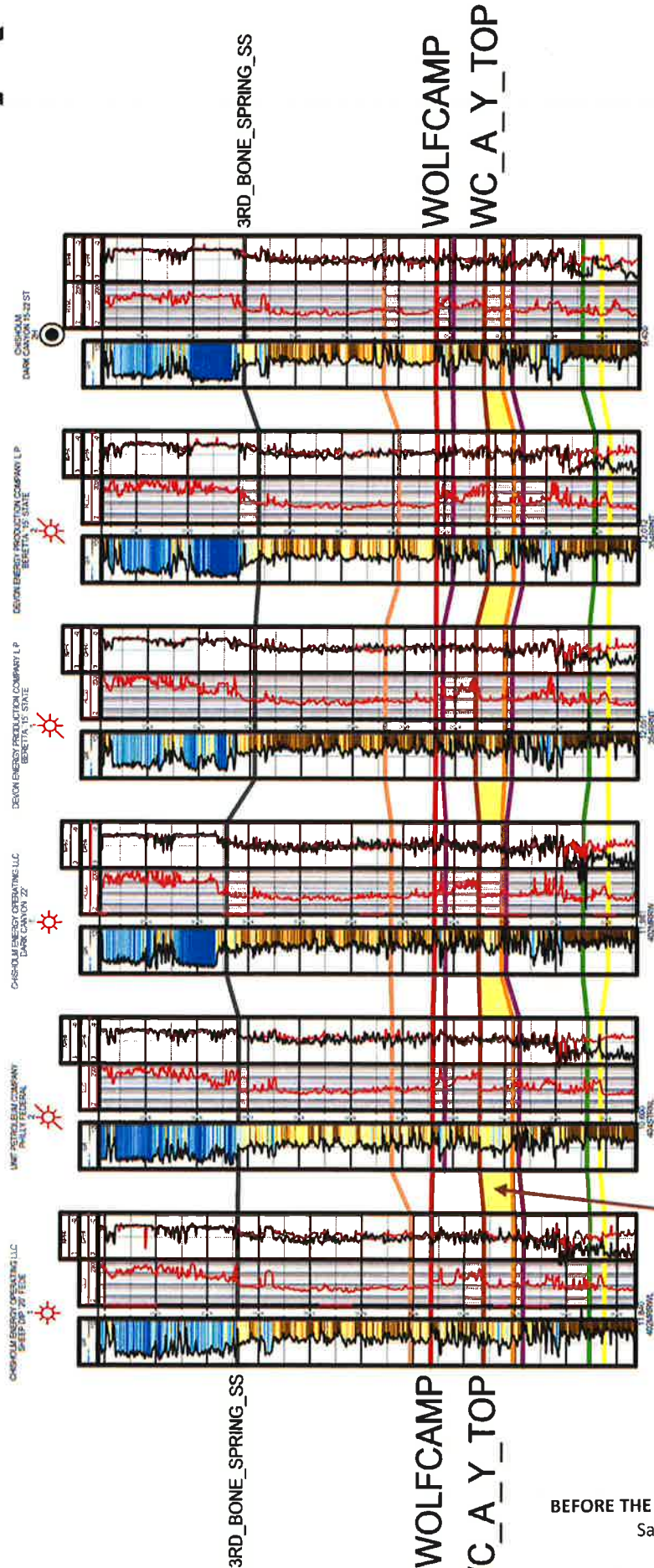
Hearing Date: December 12, 2019

Case No. 20920

A

A'

**STRATIGRAPHIC X-SECTION
ASTEROID/DARK CANYON
PROSPECT**



TARGET INTERVAL FOR ASTEROID 1H & 2H = WC AY

**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. 20920

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 11th day of December, 2019 by Kaitlyn A. Luck.


Notary Public

My Commission Expires:

November 12, 2023



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C

Submitted by: **Chisholm Energy Operating, LLC**

Hearing Date: December 12, 2019

Case No. 20920



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources –
Oil and Gas Law – New Mexico Board
of Legal Specification
mfeldewert@hollandhart.com

November 19, 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,
Eddy County, New Mexico.
Asteroid 20-20 Fed WCA #1H, #2H Wells**

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 December 12, 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 Luke Shelton, at (817) 953-0359 or lshelton@chisholmenergy.com.

Sincerely,

Michael H. Feldewert

ATTORNEY FOR CHISHOLM ENERGY OPERATING, LLC

Tracking Number	Recipient	Status
9214890194038399649714	XTO Energy Holdings LLC PO BOX 840791 Dallas TX 75284-0791	In-Transit
9214890194038399649721	Thomas E Jennings PO BOX 1797 Roswell NM 88202-1797	Delivered Signature Received
9214890194038399649738	First Roswell Company PO BOX 1797 Roswell NM 88202-1797	Delivered Signature Received
9214890194038399649745	Charles R Wiggins PO BOX 10862 Midland TX 79702	Delivered Signature Received
9214890194038399649752	Richard H Coats PO BOX 2412 Midland TX 79702	Delivered Signature Received
9214890194038399649769	Phillip L White PO BOX 25968 Albuquerque NM 87125	Delivered Signature Received
9214890194038399649776	Gary J Lamb PO BOX 3383 Midland TX 79702	Delivered Signature Received
9214890194038399649783	John M Morgan PO BOX 1015 Midland TX 79702	Delivered Signature Received
9214890194038399649790	Robert B Bunn As Trustee of the Robert B Bunn Revocable Living Trust Dated May 5 1982 2493 Makiki Heights Dr Honolulu HI 96822-2542	Delivered Signature Received
9214890194038399649806	Frances B Bunn As Trustee of the Frances B Bunn Revocable Living Trust Dated May 5 1982 2493 Makiki Heights Dr Honolulu HI 96822-2542	Delivered Signature Received
9214890194038399649813	Robin B Martin 2493 Makiki Heights Dr Apt A Honolulu HI 96822-2542	Delivered Signature Received
9214890194038399649820	Kathryn B Bunn 319 NE 90th St Seattle WA 98115-2946	Delivered Signature Received
9214890194038399649837	Carolyn Bunn Stewart 11 Postage Rd Hamilton MA 01982	Delivered Signature Received
9214890194038399649844	Andrew R Bunn 3683 Woodlawn Dr Honolulu HI 96822	Delivered Signature Received
9214890194038399649851	Patterson-UTI Energy Inc 844 Bob White Rd Victoria TX 77905-0618	Delivered Signature Received
9214890194038399649868	Beverly Jean Renfro Barr As Trustee of The Family Trust Created Under the Last Will & Testament of Richard Kevin Barr Deceased 8027 Chalk Knoll Dr Austin TX 78735	Delivered Signature Received
9214890194038399649875	Cynthia Mae Wilson as Trustee of the Bypass Trust Established Under the Will of Scott Evans Wilson Dated July 17 2012 4601 Mirador Dr Austin TX 78735	Delivered Signature Received
9214890194038399649882	Philip White PO BOX 25968 Albuquerque NM 87125	Delivered Signature Received
9214890194038399649899	Alan R Hannifin A Single Man PO BOX 8874 Denver CO 80201-8874	In-Transit
9214890194038399649905	Michelle R Hannifin A Single Woman 974 Merganser Ln Carlsbad CA 92011	In-Transit
9214890194038399649912	Frannifin LLC 501 W Main Street Yukon OK 73099	Delivered Signature Received
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9214890194038399649936	S & E Royalty LLC 8470 W 4th Ave Lakewood CO 80226	In-Transit
9214890194038399649943	FFF Inc PO BOX 8874 Denver CO 80201-8874	In-Transit
9214890194038399649950	MW Oil Investment Company Inc PO BOX 350010 Westminster CO 80035-0010	Delivered Signature Received
9214890194038399649967	Wambaugh Exploration LLC 4747 Research Forest Dr Ste 410 The Woodlands TX 77381	In-Transit
9214890194038399649974	MAP 98A-OK PO BOX 268988 Oklahoma City OK 73126-8988	Delivered Signature Received
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9214890194038399649998	Paul R Barwis PO BOX 230 Midland TX 79702	Delivered Signature Received
9214890194038399650000	Jareed Partners LTD PO BOX 51451 Midland TX 79710-1451	Delivered Signature Received
9214890194038399650017	Penwell Employee Royalty Pool 20 N Loraine Ste 1550 Midland TX 79701	Delivered Signature Received
9214890194038399650024	S & P Co 330 Marshall St Suite 300 Shreveport LA 71101-3025	Delivered Signature Received
9214890194038399650031	Santa Petroleum LLC 11 Greenway Plaza Ste 535 Houston TX 77046	Delivered Signature Received



75.60 x 33 = \$18.80

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 - Asteroid 1H, 2H
Case No. 20920
CM# 93684.0001

Shipment Date: 11/19/2019

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	33
Total	33

*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 0018 4957 98





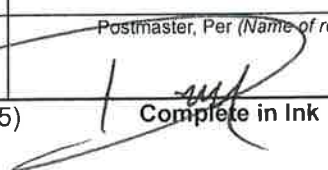
Firm 1

Name and Address of Sender
Holland & Hart LLP
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Santa Fe NM 87501

Check type of mail or service

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☒ Certified Mail ☐ Return Receipt for Merchandise
☐ Certified Mail Restricted Delivery ☐ Signature Confirmation
☐ Collect on Delivery (COD) ☐ Signature Confirmation Restricted Delivery
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1. 9214 8901 9403 8399 6497 14	XTO Energy Holdings LLC PO BOX 840791 Dallas TX 75284-0791	0.50	3.50	Handling Charge - if Registered and over \$50,000 in value			
2. 9214 8901 9403 8399 6497 21	Thomas E Jennings PO BOX 1797 Roswell NM 88202-1797	0.50	3.50				
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Total Number of Pieces Listed by Sender 33	Total Number of Pieces Received at Post Office 33	Postmaster, Per (Name of receiving employee) 					

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☐ Certified Mail Restricted Delivery ☐ Signature Confirmation
☐ Collect on Delivery (COD) ☐ Signature Confirmation Restricted Delivery
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USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender COD
9. 9214 8901 9403 8399 6497 90	Robert B Bunn As Trustee of the Robert B Bunn Revocable Living Trust Dated May 5 1982 2493 Makiki Heights Dr Honolulu HI 96822-2542	0.50	3.50	Handling Charge - if Registered and over \$50,000 in value			
10. 9214 8901 9403 8399 6498 06	Frances B Bunn As Trustee of the Frances B Bunn Revocable Living Trust Dated May 5 1982 2493 Makiki Heights Dr Honolulu HI 96822-2542	0.50	3.50				
11. 9214 8901 9403 8399 6498 13	Robin B Martin 2493 Makiki Heights Dr Apt A Honolulu HI 96822-2542	0.50	3.50				
12. 9214 8901 9403 8399 6498 20	Kathryn B Bunn 319 NE 90th St Seattle WA 98115-2946	0.50	3.50				
13. 9214 8901 9403 8399 6498 37	Carolyn Bunn Stewart 11 Postage Rd Hamilton MA 01982	0.50	3.50				
14. 9214 8901 9403 8399 6498 44	Andrew R Bunn 3683 Woodlawn Dr Honolulu HI 96822	0.50	3.50				
15. 9214 8901 9403 8399 6498 51	Patterson-UTI Energy Inc 844 Bob White Rd Victoria TX 77905-0618	0.50	3.50				
16. 9214 8901 9403 8399 6498 68	Beverly Jean Renfro Barr As Trustee of The Family Trust Created Under the Last Will & Testament of Richard Kevin Barr Deceased 8027 Chalk Knoll Dr Austin TX 78735	0.50	3.50				
Total Number of Pieces Listed by Sender 33	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)					



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Check type of mail or service

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature Required | <input type="checkbox"/> Priority Mail Express |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail |
| <input checked="" type="checkbox"/> Certified Mail | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Signature Confirmation |
| <input type="checkbox"/> Collect on Delivery (COD) | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail | |
| <input type="checkbox"/> Priority Mail | |

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Postage

(Extra
Service)
FeeHandling
ChargeActual Value
if RegisteredInsured
ValueDue
Sender
COD

17. 9214 8901 9403 8399 6498 75

Cynthia Mae Wilson as Trustee of the Bypass Trust Established
Under the Will of Scott Evans Wilson Dated July 17 2012 4601
Mirador Dr Austin TX 78735

0.50

3.50

18. 9214 8901 9403 8399 6498 82

Philip White PO BOX 25968 Albuquerque NM 87125

0.50

3.50

19. 9214 8901 9403 8399 6498 99

Alan R Hannifin A Single Man PO BOX 8874 Denver CO 80201-8874

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3.50

20. 9214 8901 9403 8399 6499 05

Michelle R Hannifin A Single Woman 974 Merganser Ln Carlsbad CA
92011

0.50

3.50

21. 9214 8901 9403 8399 6499 12

Frannifin LLC 501 W Main Street Yukon OK 73099

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22. 9214 8901 9403 8399 6499 29

Motow LLC 501 W Main Street Yukon OK 73099

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3.50

23. 9214 8901 9403 8399 6499 36

S & E Royalty LLC 8470 W 4th Ave Lakewood CO 80226

0.50

3.50

24. 9214 8901 9403 8399 6499 43

FFF Inc PO BOX 8874 Denver CO 80201-8874

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Handling Charge - if Registered and over \$50,000 in value

Total Number of Pieces
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Total Number of Pieces
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Postmaster, Per (Name of receiving employee)

Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail		Affix Stamp Here <i>(if issued as an international certificate of mailing or for additional copies of this receipt).</i> Postmark with Date of Receipt.				
USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender COD	
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26. 9214 8901 9403 8399 6499 67	Wambaugh Exploration LLC 4747 Research Forest Dr Ste 410 The Woodlands TX 77381	0.50	3.50					
27. 9214 8901 9403 8399 6499 74	MAP 98A-OK PO BOX 268988 Oklahoma City OK 73126-8988	0.50	3.50					
28. 9214 8901 9403 8399 6499 81	MAP 96B-NET PO BOX 268984 Oklahoma City OK 73126-8984	0.50	3.50					
29. 9214 8901 9403 8399 6499 98	Paul R Barwis PO BOX 230 Midland TX 79702	0.50	3.50					
30. 9214 8901 9403 8399 6500 00	Jareed Partners LTD PO BOX 51451 Midland TX 79710-1451	0.50	3.50					
31. 9214 8901 9403 8399 6500 17	Penwell Employee Royalty Pool 20 N Loralne Ste 1550 Midland TX 79701	0.50	3.50					
32. 9214 8901 9403 8399 6500 24	S & P Co 330 Marshall St Suite 300 Shreveport LA 71101-3025	0.50	3.50					
Total Number of Pieces Listed by Sender 33	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)						



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Affidavit of Publication

Ad # 0003918006

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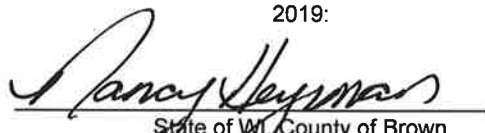
SANTA FE, NM 87504

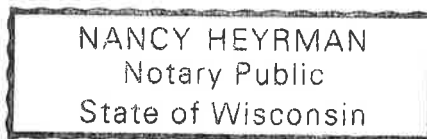
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

November 24, 2019


Legal Clerk

Subscribed and sworn before me this November 24, 2019:


State of WI, County of Brown
NOTARY PUBLIC
5.15.23
My commission expires



Ad # 0003918006

PO #: Asteroid 20-29

of Affidavits : 1

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BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C1

Submitted by: **Chisholm Energy Operating, LLC**

Hearing Date: December 12, 2019

Case No. 20920

**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 December 12, 2019, in Porter Hall, the Oil Conservation Division Hearing Room, 1st Floor, Wendell Chino Building, 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed 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 December 2, 2019. Public documents, including the agenda and minutes, can be provided in various accessible formats. Members of the public may obtain copies of the docket by contacting Ms. Davidson at the phone number indicated above. Also, the docket will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us/OCD/. Please contact Ms. 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: XTO Energy Holdings, LLC; Thomas E. Jennings, his heirs and devisees; First Roswell Company; Charles R. Wiggins, his heirs and devisees; Richard H. Coats, his heirs and devisees; Philip L. White, his heirs and devisees; Gary J. Lamb, his heirs and devisees; John M. Morgan, his heirs and devisees; Robert B. Bunn, as Trustee of the Robert B. Bunn Revocable Living Trust Dated May 5, 1982; Frances B. Bunn, as Trustee of the Frances B. Bunn Revocable Living Trust Dated May 5, 1982; Robin B. Martin, his/her heirs and devisees; Kathryn B. Bunn, her heirs and devisees; Carolyn Bunn Stewart, her heirs and devisees; Andrew R. Bunn, his heirs and devisees; Patterson-UTL Energy, Inc.; Beverly Jean Renfro Barr, as Trustee of the Family Trust Created Under the Last Will and Testament of Richard Kevin Barr, Deceased; Cynthia Mae

Wilson, as Trustee of the Bypass Trust Established Under the Will of Scott Evans Wilson, Dated July 17, 2012; Philip White, his heirs and devisees; Alan R. Hannifin, a single man, his heirs and devisees; Michelle R. Hannifin, a single woman, her heirs and devisees; Frannifin, LLC; Motowi, LLC; S & E Royalty, LLC; FFF, Inc.; MW Oil Investment Company, Inc.; Wambaugh Exploration, LLC; Map 98A-OK; Map 96B-NET; Paul R. Barwis, his heirs and devisees; Jareed Partners, Ltd.; Penwell Employee Royalty Pool; S & P Co.; and Santo Petroleum LLC.

Case No. 20920:

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 640-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 20 and 29, 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 Asteroid 20-29 Fed Com WCA #1H Well, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 20 to bottom hole location in the SW/4 SE/4 (Unit O) of Section 29; and the Asteroid 20-29 Fed Com WCA #2H Well, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 20 to bottom hole location in the SE/4 SE/4 (Unit P) of Section 29. 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 8 miles southwest of Carlsbad, New Mexico.

Current-Argus,
Legal ad #3918006,
Nov. 27, 2019

Exhibit "A"

Applicant: Chisholm Energy Operating, LLC
Operator: Chisholm Energy Operating, LLC (OGRID 372137)

Spacing Unit: Horizontal Gas
Building Blocks: Half Section Equivalent
Spacing Unit Size: 640 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
E/2 of Sections 20 and 29, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: Purple Sage; Wolfcamp Gas (Pool code 98220)
Pool Spacing Unit Size: Half Sections
Governing Well Setbacks: Special Rules for the Purple Sage Gas Pool Apply
Pool Rules: Purple Sage and Horizontal Well Rules

Proximity Tracts: No

Monthly charge for supervision: While drilling: \$7500 While producing: \$750
As the charge for risk, 200 percent of reasonable well costs.

Proposed Wells:

Asteroid 20-29 Fed Com WCA Well No. 1H, API No. 30-015-45876

SHL: 120 feet from the North line and 1390 feet from the East line,
(Unit B) of Section 20, Township 23 South, Range 26 East, NMPM.
BHL: 330 feet from the South line and 2250 feet from the East line,
(Unit O) of Section 29, Township 23 South, Range 26 East, NMPM.

Completion Target: Wolfcamp A at approx 8724 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

Asteroid 20-29 Fed Com WCA Well No. 2H, API No. 30-015-45877

SHL: 120 feet from the North line and 1360 feet from the East line,
(Unit B) of Section 20, Township 23 South, Range 26 East, NMPM.
BHL: 330 feet from the South line and 900 feet from the East line,
(Unit P) of Section 29, Township 23 South, Range 26 East, NMPM.

Case No. 20920
Order No. R- _____
Page 2 of 2

Completion Target: Wolfcamp A at approx 8724 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard