

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15851 Re-Opened
ORDER NO. R-14539-A**

**APPLICATION OF CHISHOLM ENERGY OPERATING, LLC TO RE-OPEN
CASE NUMBER 15851 TO POOL THE INTERESTS OF ADDITIONAL
MINERAL OWNERS UNDER THE TERMS OF COMPULSORY POOLING
ORDER NO. R-14539, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on February 8, 2018, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 16th day of May, 2018, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.

(2) Cases No. 15851 Re-Opened and No. 15852 Re-Opened were consolidated at the hearing for the purpose of testimony; however, a separate order will be issued for each case.

(3) Pursuant to a previous hearing, the Division, on December 27, 2017, issued Order No. R-14539 (Case No. 15851), granting the application of Chisholm Energy Operating, LLC (the "Applicant") for approval of compulsory pooling of all uncommitted interests in the Bone Spring formation (Corbin; Bone Spring, South Pool (Pool code 13160)) underlying the non-standard 160-acre oil spacing and proration unit and project area (the "Unit") consisting of the W/2 W/2 of Section 32, Township 18 South, Range 33 East, NMPM, in Lea County, New Mexico.

(4) Order No. R-14539 designated that the Unit be dedicated to the **Gazelle 32 State Com 2BS Well No. 1H** (the "subject well"; API No. 30-025-43906), a horizontal well drilled from a surface location 200 feet from the North line and 1310 feet from the West line (Unit D) of Section 32, to a terminus 330 feet from the South line and 500 feet from the West line (Unit M) of Section 32, both in Township 18 South, Range 33 East, NMPM.

(5) Chisholm Energy Operating, LLC (OGRID 372137) was designated as the operator of the subject well and of the Unit.

(6) On November 11, 2017, Chisholm Energy Operating, LLC released the drilling rig after completion of the subject well in the Bone Spring formation.

(7) Subsequently, Rohoel, Inc., a working interest owner in the lands within the Unit, elected to not voluntarily participate in the subject well. Rohoel, Inc (the "identified party") was properly noticed in the original compulsory case and was assessed by the Applicant as a consenting participant in the subject well based on the negotiations between the two parties.

(8) As a result of the change in commitment, Applicant sought to amend Order No. R-14539 to compulsory pool this identified party. Rohoel, Inc. was recognized in the original title record review and was provided notice of the original case as required by Division Rule 19.15.4.12(A)(1) NMAC.

(9) At hearing, Applicant presented, through counsel, affidavits and evidence that it had given notice of the original application and the re-opened hearing to the identified party by certified mail and by publication pursuant to Rule 19.15.4.12(B) NMAC. No appearance was entered for the identified party, nor any personal representative, heir or successor, and no person claiming to own or represent a claimant to an interest derived from this mineral owner has otherwise communicated with the Division.

The Division therefore concludes:

(10) Order No. R-14539 should be amended to compulsory pool the interest of Rohoel, Inc. and its heirs, devisees, personal representatives, successors and assigns, whoever they may be.

(11) The identified party should be afforded the opportunity, after issuance of this order, to pay their share of well costs for the subject well, and thereby, to become a consenting working interest owner under the terms of Order No. R-14539.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Application of Chisholm Energy Operating, LLC (OGRID 372137), Order No. R-14539, issued in this case on December 27, 2017, is hereby

amended to compulsory pool the interest of Rohoel, Inc. (the "identified party") and its successors and assigns, as well as all other owners of uncommitted interests in the Unit established thereby, from the date said Order was originally issued.

(2) Within 90 days after the effective date of this order, the operator shall furnish the Division and the identified party separate itemized schedules of actual costs of drilling, completing and equipping the subject well ("well costs"). Within 30 days after receiving the schedules of actual well costs, the identified party shall have the right to pay its share of actual well costs for the subject well to the operator in lieu of paying its share of reasonable well costs for such well out of production as provided in Order No. R-14539, and if such owner pays its share of actual well costs of either well as provided above shall, as to such well, remain liable for operating costs but shall not be liable for risk charges.

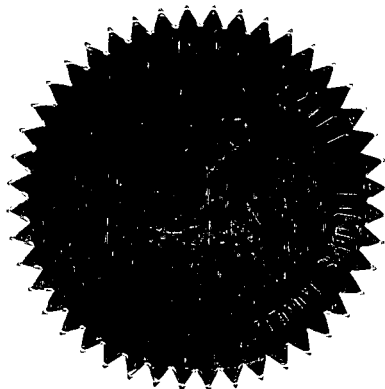
(3) The identified party shall have the right, for a period of 45 days after the date when the Division receives the schedules of actual well costs as provided in Ordering Paragraph (2), to object to such costs. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(4) Within 60 days following determination of reasonable well costs, any identified party who has paid its share of actual costs as provided above for the subject well shall receive from the operator the amount, if any, that the actual well costs it has paid exceed its share of reasonable well costs of such well.

(5) All other provisions of Order No. R-14539 remain in full force and effect.

(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


HEATHER RILEY
Director