

**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.**

JRY 15 2019 10:00

CASE NO. 20270

APPLICATION

Chisholm Energy Operating, LLC ("Chisholm") (OGRID No. 327137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation in the 238.85-acre horizontal spacing unit comprised of the W/2W/2 equivalent of Section 1 (Lots 4-5, 12-13, and Units L and M) of Section 1, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico. In support of its application, Chisholm states:

1. Chisholm Energy Operating, LLC is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Chisholm seeks to dedicate the above-referenced horizontal spacing unit to its proposed **Minis 1 Fed Com WCA No. 12H Well**, which will be horizontally drilled from a surface location in the NW/4NW/4 (Lot 4) of Section 1 to bottom hole location in the SW/4 SW/4 (Unit M) of Section 1. Section 1 is an irregular section with approximately 960 acres.
3. The Division's district office has placed these wells in the Hat Mesa; Wolfcamp Pool (Pool Code 98220). This pool is subject to Division statewide rules for oil wells. The completed interval for the proposed well will comply with Division setback requirements.

4. Chisholm has sought and been unable to obtain voluntary agreement for the development of these lands from all of 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 Chisholm 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 Chisholm Energy Operating LLC should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Chisholm requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 21, 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 Chisholm Energy Operating LLC operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Chisholm to recover its costs of drilling, equipping and completing the well;
- 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% penalty for the risk assumed by Chisholm in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: _____

Michael H. Feldewert

Jordan L. Kessler

Adam G. Rankin

Julia Broggi

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

jlkessler@hollandhart.com

agrarkin@hollandhart.com

agrarkin@hollandhart.com

jbroggi@hollandhart.com

ATTORNEYS FOR

CHISHOLM ENERGY OPERATING, LLC

CASE 20270:

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 Wolfcamp formation underlying a 238.85-acre horizontal spacing unit comprised of the W/2W/2 equivalent of Section 1 (Lots 4-5, 12-13, and Units L and M) of Section 1, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed **Minis 1 Fed Com WCA No. 12H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 4) of Section 1 to bottom hole location in the SW/4 SW/4 (Unit M) of Section 1. Section 1 is an irregular section with approximately 960 acres. 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 30 miles west of Eunice, New Mexico.