

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

**APPLICATION OF CHISHOLM ENERGY OPERATING, LLC  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 15865**

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**APPLICATION OF CHISHOLM ENERGY OPERATING, LLC  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 15866**

**APPLICATION OF CHISHOLM ENERGY OPERATING, LLC  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 15867**

**APPLICATION OF CHISHOLM ENERGY OPERATING, LLC  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 15868**

**APPLICATION OF GREAT WESTERN DRILLING LTD.  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 15875**

**APPLICATION OF GREAT WESTERN DRILLING LTD.  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 15876**

**CHISHOLM'S AMENDED CONSOLIDATED PRE-HEARING STATEMENT AND  
ENTRY OF APPEARANCE**

Chisholm Energy Operating, LLC submits this amended consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division. Chisholm further enters its appearance in Case Nos. 15875 and 15876 by and through referenced counsel.

**APPEARANCES**

**APPLICANT**

Chisholm Energy Operating, LLC

**ATTORNEY**

Michael H. Feldewert, Esq.  
Jordan L. Kessler, Esq.  
Holland & Hart, LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421  
(505) 983-6043 Facsimile  
Email: mfeldewert@hollandhart.com  
Email: jlkessler@hollandhart.com  
Email: agrankin@hollandhart.com

**OPPONENT**

Great Western Drilling Company and Great Western Drilling Ltd.

**ATTORNEY**

J. Scott Hall  
Post Office Box 2307  
Santa Fe, New Mexico 87504  
(505) 986-2646  
Email: shall@montand.com

**OTHER PARTY**

Mewbourne Oil Company

**ATTORNEY**

James Bruce  
PO Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
Email: jamesbruc@aol.com

**OTHER PARTY**

Tim S. Cashon, John R. Delaney,  
ALLENCREST NM I

**ATTORNEY**

James Bruce  
PO Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
Email: jamesbruc@aol.com

**OTHER PARTY**

Continental Land & Fur

**ATTORNEY**

James Bruce  
PO Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
Email: jamesbruc@aol.com

**CHISHOLM'S STATEMENT OF CASE**

The above-referenced cases concern contested operatorship between Chisholm Energy Operating, LLC and Great Western Drilling for acreage located in Section 34, Township 21 South, Range 34 East. Chisholm will present evidence establishing that it has a higher committed working interest percentage, a more robust and comprehensive development plan, and more experience drilling horizontal wells in New Mexico.

In Case Nos. 15865-15868, Chisholm seeks orders creating four non-standard spacing and proration units and pooling all uncommitted interests in the Bone Spring formation underlying these units for the following acreage and proposed wells in Township 21 South, Range 34 East, NMPM, Lea County, New Mexico:

(1) a 160-acre spacing unit comprised of the W/2 W/2 of Section 34, to be dedicated to the proposed **Grama Ridge East 34 State 3BS No. 2H Well**, which will be drilled horizontally from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 34;

(2) a 160-acre spacing unit comprised of the E/2 W/2 of Section 34, to be dedicated to the proposed **Grama Ridge East 34 State 3BS No. 3H Well**, which will be drilled horizontally from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 34;

(3) a 160-acre spacing unit comprised of the W/2 E/2 of Section 34, to be dedicated to the proposed **Grama Ridge East 34 State 2BS No. 8H Well**, which will be drilled horizontally from a surface location in the SE/4 SE/4 (Unit P) to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 34; and

(4) a 160- acre spacing unit comprised of the E/2 E/2 of Section 34, to be dedicated to the proposed **Grama Ridge East 34 State 2BS No. 9H Well**, which will be drilled horizontally from a surface location in the SE/4 SE/4 (Unit P) to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 34.

The completed interval for each well will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC.

In Case Nos. 15875 and 15876, Great Western counter-proposes compulsory pooling for only two of four proposed non-spacing units: the W/2 W/2 of Section 34 and the E/2 E/2 of Section 34. Chisholm objects to Great Western's development plan and proposals on the basis that Great Western controls a smaller working interest percentage in the acreage and has an incomplete plan to develop said acreage. Chisholm's development plan is also more efficient and economic.

#### **CHISHOLM'S PROPOSED EVIDENCE**

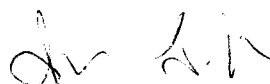
| <b>WITNESS<br/>Name and Expertise</b> | <b>ESTIMATED TIME</b> | <b>EXHIBITS</b> |
|---------------------------------------|-----------------------|-----------------|
| Luke Shelton– Landman                 | Approx. 20            | Approx. 14      |
| Bill Francis– Geologist               | Approx. 10            | Approx. 4       |
| Tyler Lane or Brad Burke, Engineer    | Approx. 10            | Approx. 4       |

#### **PROCEDURAL MATTERS**

Chisholm respectfully requests that all six cases be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART LLP



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Michael H. Feldewert

Jordan L. Kessler

Adam G. Rankin

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

Email: [mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)

Email: [jlkessler@hollandhart.com](mailto:jlkessler@hollandhart.com)

Email: [agrarkin@hollandhart.com](mailto:agrarkin@hollandhart.com)

**ATTORNEYS FOR CHISHOLM ENERGY OPERATING, LLC**

**CERTIFICATE OF SERVICE**

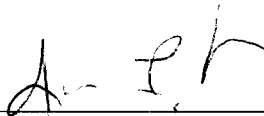
I hereby certify that on November 22, 2017, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

J. Scott Hall  
Post Office Box 2307  
Santa Fe, New Mexico 87504  
(505) 986-2646  
Email: shall@montand.com

***Attorney for Great Western Drilling Company  
and Great Western Drilling Ltd.***

James Bruce  
PO Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
Email: jamesbruc@aol.com

***Attorney for Mewbourne Oil Company,  
Tim S. Cashon, John R. Delaney,  
ALLENCREST NM I, and Continental Land & Fur***

  
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Jordan L. Kessler