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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 A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 16025

CHISHOLM'S PRE-HEARING STATEMENT

Chisholm Energy Operating, LLC, the applicant in the above referenced matters, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Chisholm Energy Operating, LLC

ATTORNEY

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APPLICANT'S STATEMENT OF CASE

Chisholm Energy Operating, LLC ("Chisholm") seeks an order (1) creating a 240-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 14 and the W/2 NW/4 of Section 23, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation. Chisholm proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Outland 14-23 State 2BS 2H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 14 to a standard bottom hole location in the SW/4 NW/4 (Unit E) of

Section 23. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Beau Sullivan, Landman	Approx. 10	Approx. 7
Bill Francis, Geologist	Approx. 10	Approx. 4

PROCEDURAL MATTERS

Chisholm respectfully requests that Case Nos. 16025 and 16026 be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART LLP



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