

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:

APPLICATION OF CHISHOLM ENERGY  
OPERATING, LLC FOR A NONSTANDARD  
SPACING AND PRORATION UNIT AND  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

CASE NO. 16027

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

April 5, 2018

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER  
PHILLIP GOETZE, TECHNICAL EXAMINER  
LEONARD LOWE, TECHNICAL EXAMINER  
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the  
New Mexico Oil Conservation Division, William V. Jones,  
Chief Examiner, Phillip Goetze and Leonard Lowe,  
Technical Examiners, and David K. Brooks, Legal  
Examiner, on Thursday, April 5, 2018, at the New Mexico  
Energy, Minerals and Natural Resources Department,  
Wendell Chino Building, 1220 South St. Francis Drive,  
Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR  
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EXHIBIT

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APPEARANCES

FOR APPLICANT CHISHOLM ENERGY OPERATING, LLC:

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1     **three wells?**

2           A.    The plan is to drill all three of these wells  
3   back-to-back and then to complete with the zipper frac  
4   method at the same time.

5           **Q.    Why does the company intend to drill them**  
6   **back-to-back and complete them simultaneously?**

7           A.    This is done both for an economic savings and  
8   for completion efficiencies.

9           **Q.    Under these drilling plans, will the company be**  
10   **able to drill and complete a well in the nonstandard**  
11   **spacing unit within the 120-day period normally provided**  
12   **in the pooling orders?**

13          A.    No, it will not.

14          **Q.    What additional time will you need in order to**  
15   **comply with the simultaneous drilling and completion**  
16   **plan?**

17          A.    We are requesting the Commission grant us a  
18   90-day extension to the standard time.

19          **Q.    So that would put the period of time to drill**  
20   **and complete a well in this nonstandard unit of 210**  
21   **days?**

22          A.    That's correct.

23          **Q.    If I turn to what's been marked as Exhibit**  
24   **Number 2, does this identify not only the three federal**  
25   **leases but the interests involved under these leases?**

1           A.    That's correct.

2           Q.    And if I look in the upper right-hand side,  
3   does it provide an ownership breakdown of the working  
4   interest for this proposed nonstandard spacing and  
5   proration unit?

6           A.    Yes.

7           Q.    And have you identified on this exhibit the  
8   working interests that remain to be pooled?

9           A.    Yes.  Those are those highlighted in yellow on  
10  the page.

11          Q.    If I then turn to the second page of this  
12  exhibit, I see the same list of working interest owners,  
13  but then down at the bottom, I see a group of overriding  
14  royalty interest owners?

15          A.    That's correct.

16          Q.    Do you seek to pool those overriding royalty  
17  interest owners as well?

18          A.    Yes.  All but Conley Resources.  That one has  
19  been struck.

20          Q.    You've satisfied yourself that you got a  
21  contractual arrangement that allows them to be pooled?

22          A.    That's correct.

23          Q.    If I turn to Exhibit Number 3, does this  
24  provide samples of the well-proposal letters that were  
25  sent out to the working interest owners for each of