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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. 16406

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

## REPORTER'S TRANSCRIPT OF PROCEEDINGS

## EXAMINER HEARING

October 18, 2018

Santa Fe, New Mexico

## BEFORE: WILLIAM V. JONES, CHIEF EXAMINER DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, and David K. Brooks, Legal Examiner, on Thursday, October 18, 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 New Mexico CCR #20 Paul Baca Professional Court Reporters 500 4th Street, Northwest, Suite 105 Albuquerque, New Mexico 87102 (505) 843-9241

Page 2 APPEARANCES FOR APPLICANT CHISHOLM ENERGY OPERATING, LLC: JULIA BROGGI, ESQ. HOLLAND & HART, LLP 110 North Guadalupe, Suite 1 Santa Fe, New Mexico 87501 (505) 988-4421 jbroggi@hollandhart.com INDEX PAGE Case Number 16406 Called Exhibit Offered Proceedings Conclude Certificate of Court Reporter EXHIBITS OFFERED AND ADMITTED Chisholm Energy Operating, LLC Exhibit Letter E 

Page 3 (1:49 p.m.) 1 EXAMINER JONES: Let's call Case Number 2 16406, application of Chisholm Energy Operating, LLC for 3 a nonstandard spacing and proration unit, compulsory 4 pooling and unorthodox well location in Lea County. 5 Call for appearances. 6 7 MS. BROGGI: Julia Broggi, with Holland & 8 Hart, on behalf of Chisholm Energy Operating, LLC. 9 EXAMINER JONES: Any other appearances? MS. BROGGI: Mr. Examiner, we had continued 10 11 this to address some notice issues. Probably about a 12 month ago, we put on the case by affidavit. We submitted affidavits by the landman and the geologist, 13 but we had some issues in providing notice of the 14 hearing. So we renoticed it to all the parties we were 15 16 seeking to pool, and that is attached to my affidavit, which I handed to you. And I would ask that this be 17 considered as evidence as well. 18 19 EXAMINER JONES: Okay. So it's Exhibit 20 Number --MS. BROGGI: Now that I'm thinking about 21 22 it -- oh, it is marked. They marked it. They thought of something I didn't think of. Yeah. It's been marked 23 24 as Exhibit E, and we ask that it be taken into evidence. 25 EXAMINER JONES: Okay. Exhibit E is

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Page 4 admitted in Case Number 16406. 1 (Chisholm Energy Operating, LLC Exhibit 2 Letter E is offered and admitted into 3 evidence.) 4 5 EXAMINER JONES: And you're ready to go on б this one? 7 MS. BROGGI: Yes. We'd ask that you take it under advisement. 8 EXAMINER JONES: And 16406 is taken under 9 advisement. 10 11 Thank you very much. 12 MS. BROGGI: Thank you. (Case Number 16406 concludes, 1:51 p.m.) 13 14 15 16 17 18 19 20 21 22 23 24 25

Page 5 1 STATE OF NEW MEXICO 2 COUNTY OF BERNALILLO 3 CERTIFICATE OF COURT REPORTER 4 5 I, MARY C. HANKINS, Certified Court Reporter, New Mexico Certified Court Reporter No. 20, 6 7 and Registered Professional Reporter, do hereby certify 8 that I reported the foregoing proceedings in 9 stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings that 10 were reduced to printed form by me to the best of my 11 12 ability. 13 I FURTHER CERTIFY that the Reporter's Record of the proceedings truly and accurately reflects 14 the exhibits, if any, offered by the respective parties. 15 16 I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or 17 18 attorneys in this case and that I have no interest in 19 the final disposition of this case. 20 DATED THIS 29th day of October 2018. 21 22 MARY C. HANKINS, CCR, RPR 23 Certified Court Reporter New Mexico CCR No. 20 Date of CCR Expiration: 12/31/2018 24 Paul Baca Professional Court Reporters 25