

**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 NOS. 15851 and 15852

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

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

2011 OCT -5 P 4: 19
RECEIVED OOD

APPLICANT'S STATEMENT OF CASE

In Case No. 15851, Chisholm Energy Operating, LLC ("Chisholm") seeks an order (1) creating a 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 32, Township 18 South, Range 33 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 the proposed **Gazelle 32 State 2BS No. 1H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SW/4SW/4 (Unit M) of Section 32.

In Case No. 15852, Chisholm Energy Operating, LLC (“Chisholm”) seeks an order (1) creating a 160-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 32, Township 18 South, Range 33 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 the proposed **Gazelle 32 State 2BS No. 2H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 32.

APPLICANT’S PROPOSED EVIDENCE

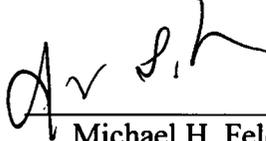
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Davis Armour– Landman	Approx. 10	Approx. 7
Josh Kuhn– Geologist	Approx. 10	Approx. 4

PROCEDURAL MATTERS

Chisholm respectfully requests that Case Nos. 15851 and 15852 be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Jordan L. Kessler
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com

**ATTORNEYS FOR CHISHOLM ENERGY OPERATING,
LLC**