

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

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

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CASE NOS. 16263, 16264

CHISHOLM ENERGY OPERATING, LLC'S PRE-HEARING STATEMENT

Chisholm Energy Operating, LLC ("Chisholm") (OGRID No. 327137) submits the following 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

In Case No. 16263, Chisholm (OGRID No. 327137) seeks an order creating a 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 24 and the W/2 E/2 of Section 25, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all uncommitted interests in the Bone Spring formation underlying this acreage.

Chisholm proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Diamondback 24-25 Fed Com 2BS No. 1H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 24 to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 25.

In Case No. 16264, Chisholm seeks an order creating a 320-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 24 and the E/2 E/2 of Section 25, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, pooling all uncommitted interests in the Bone Spring formation underlying this acreage, and authorizing an unorthodox location. Chisholm proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Diamondback 24-25 Fed Com 2BS No. 2H Well** and **Diamondback 24-25 Fed Com 1BS No. 3H Well**, which will be horizontally drilled from surface locations in the NE/4 NE/4 (Unit A) of Section 24 to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 25. The completed interval for the **Diamondback 24-25 Fed Com 2BS No. 2H Well** is unorthodox because it will be closer to the western and southwestern boundary of the proposed spacing and proration unit than allowed by the statewide rules.

APPLICANT'S PROPOSED EVIDENCE

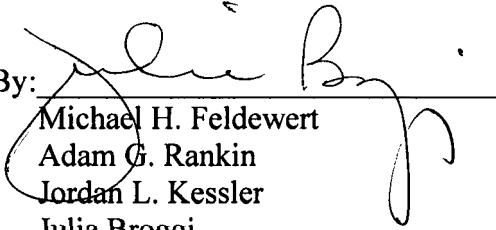
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Jacob Daniels – Landman	Approx. 10	Approx. 5
Josh Kuhn – Geologist	Approx. 10	Approx. 4

PROCEDURAL MATTERS

Chisholm requests that Case Nos. 16263 and 16264 be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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