

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

**APPLICATION OF CHISHOLM ENERGY OPERATING,  
LLC TO RE-OPEN CASE NO. 14826 TO POOL ADDITIONAL  
MINERAL OWNERS UNDER THE TERMS OF COMPULSORY  
POOLING ORDER NOS. R-13628 AND R-13628-A,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 14826 (re-opened)**

**APPLICATION OF CHISHOLM ENERGY OPERATING,  
LLC TO RE-OPEN CASE NO. 14940 TO POOL ADDITIONAL  
MINERAL OWNERS UNDER THE TERMS OF COMPULSORY  
POOLING ORDER NO. R-13691,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 14940 (re-opened)**

**CHISHOLM ENERGY OPERATING, LLC'S  
CONSOLIDATED PRE-HEARING STATEMENT**

Chisholm Energy Operating, LLC ("Chisholm") (OGRID 327137), 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

In Case No. 14826 (re-opened), Chisholm Energy Operating, LLC (“Chisholm”) seeks an order pooling the interest of additional mineral owners under the terms of Division Orders R-13628, entered on September 19, 2012, and R-13628-A, entered on October 2, 2012. Division Orders R-13628 and R-13628-A created a 160-acre spacing and proration unit in the Bone Spring formation (Third Bone Spring Sand, South Lea-Bone Spring Pool (37580)) underlying of the W/2 W/2 of Section 23, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico (“the Unit”). The Unit is dedicated to the **Laguna 23 Federal Com Well No. 2H Well** (API No. 30-025-40697), a horizontal well that has been drilled from a surface location 50 feet from the south line and 630 feet from the west line (Unit M) to a bottom hole location 341 feet from the north line and 612 feet from the West line (Unit D) of Section 23. Since taking over operations of this well, Chisholm has discovered additional mineral owners in the Unit who were not provided notice of the June 7, 2012 compulsory pooling hearing in Case No. 14826, and as a result, whose interests were not pooled by the terms of Order Nos. R-13628 and R-13628-A. Accordingly, Chisholm seeks to pool the interest of the additional mineral interest owners pursuant to the terms of the existing pooling order.

In Case No. 14940 (re-opened), Chisholm seeks an order pooling the interest of additional mineral owners under the terms of Division Order R-13691. Division Order No. R-13691, entered on April 8, 2013, created a 160-acre spacing and proration unit in the Bone Spring formation (South Lea-Bone Spring Pool (37580)) underlying of the E/2 W/2 of Section 23, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico (the “Unit”). The Unit is dedicated to the **Laguna 23 Federal Com Well No. 1H Well** (API No. 30-025-40742), a horizontal well that has been drilled from a surface location 330 feet from the south line and 1,980 feet from the west

line (Unit N) to a bottom hole location 335 feet from the north line and 1,938 feet from the West line (Unit C) of Section 23. Since taking over operations of this well, Chisholm has discovered additional mineral owners in the Unit who were not provided notice of the January 24, 2013 compulsory pooling hearing in Case No. 14940, and as a result, whose interests were not pooled by the terms of Order Nos. R-13691. Accordingly, Chisholm seeks to pool the interest of the additional mineral interest owners pursuant to the terms of the existing pooling order.

**APPLICANT'S PROPOSED EVIDENCE**

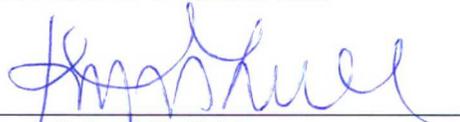
<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Davis Armour– Landman	Approx. 10	Approx. 5

**PROCEDURAL MATTERS**

Chisholm requests that Case Nos. 14826 (re-opened) and 14940 (re-opened) be consolidated for hearing. If uncontested, Chisholm intends to present these cases by affidavit.

Respectfully submitted,

HOLLAND & HART LLP



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