

**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 NO. 16026**

**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**

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**APPLICANT'S STATEMENT OF CASE**

Chisholm Energy Operating, LLC ("Chisholm") seeks an order (1) creating a 240-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 14 and the E/2 NW/4 of Section 23, Township 21 South, Range 34 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 its proposed **Outland 14-23 State 2BS 3H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 14 to a standard bottom hole location in the SE/4 NW/4 (Unit F) of

Section 23. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells.

**APPLICANT'S PROPOSED EVIDENCE**

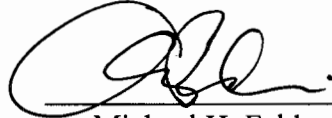
| <b>WITNESS<br/>Name and Expertise</b> | <b>ESTIMATED TIME</b> | <b>EXHIBITS</b> |
|---------------------------------------|-----------------------|-----------------|
| Beau Sullivan, Landman                | Approx. 10            | Approx. 7       |
| Bill Francis, Geologist               | Approx. 10            | Approx. 4       |

**PROCEDURAL MATTERS**

Chisholm respectfully requests that Case Nos. 16025 and 16026 be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART LLP



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