

**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 NO. 16262

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

Chisholm (OGRID No. 327137) seeks an order creating a 324.81-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 1 and the E/2 W/2 of Section 12, Township 19 South, Range 33 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 proration unit as the project area for its proposed **Buffalo 12-1 Fed Com 2BS No. 1H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 12 to a bottom hole location in the NE/4 NW/4 (Lot 3) of Section 1. The completed interval for this well will be closer to the northwestern and western boundaries of the proposed spacing and proration unit than allowed by the statewide rules.

APPLICANT’S PROPOSED EVIDENCE

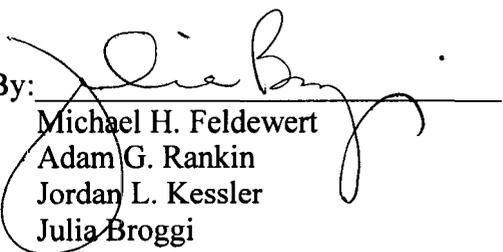
| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|---------------------------------------|-----------------------|-----------------|
| David Armour – Landman | Approx. 10 | Approx. 5 |
| Josh Kuhn – Geologist | Approx. 10 | Approx. 4 |

PROCEDURAL MATTERS

None.

Respectfully submitted,

HOLLAND & HART LLP

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