

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

APR 26 2018 PM03:37

**APPLICATION OF CHISHOLM ENERGY OPERATING, LLC
FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 16115

CHISHOLM'S PRE-HEARING STATEMENT

Chisholm Energy Operating, LLC ("Chisholm") (OGRID No. 327137), the applicant in the above referenced matter, 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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OPPONENT

Premier Oil & Gas, Inc.

ATTORNEYS

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APPLICANT'S STATEMENT OF CASE

Chisholm Energy Operating, LLC ("Chisholm") (OGRID No. 327137) seeks an order (1) creating a 640.31-acre, more or less, spacing and proration unit comprised of the E/2 of Section 6, Township 23 South, Range 26 East, NMPM and the E/2 of Section 31, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Chisholm proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Ocotillo 6-31 State Com WCB No. 2H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 6 to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 31. The completed intervals for these wells will remain within the 330-foot offset as required by the special rules for the Purple Sage-Wolfcamp Gas Pool adopted under Division Order R-14262.

APPLICANT'S PROPOSED EVIDENCE

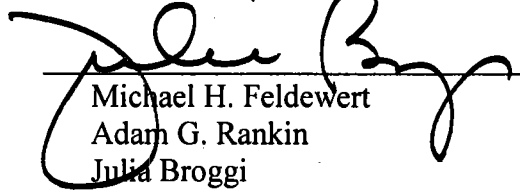
| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|---------------------------------------|-----------------------|-----------------|
| Beau Sullivan, Landman | Approx. 20 | Approx. 8 |
| George Roth, Geologist | Approx. 15 | Approx. 4 |
| James Huling, Engineer | Approx. 20 | Approx. 5 |

PROCEDURAL MATTERS

Chisholm requests that Case Nos. 16115 and 16116 be presented together at hearing.

Respectfully submitted,

HOLLAND & HART LLP



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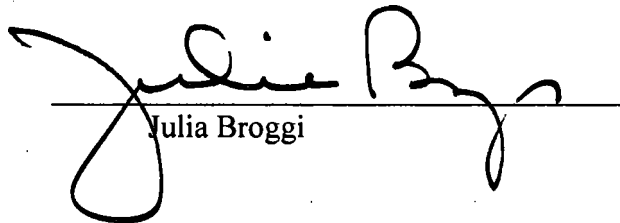
**ATTORNEYS FOR CHISHOLM ENERGY
OPERATING, LLC**

CERTIFICATE OF SERVICE

I hereby certify that on April 26, 2018, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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