

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 16115

PRE-HEARING STATEMENT

This Pre-hearing Statement is submitted by Premier Oil & Gas, Inc. ("Premier") by and through its undersigned counsel, Ernest L. Padilla, PADILLA LAW FIRM, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT:

Chisholm Energy Operating, LLC

ATTORNEY:

Adam G. Rankin
Holland & Hart
PO Box 2208
Santa Fe, NM 87504-2208
(505) 988-4421

OPPOSITION OR OTHER PARTY:

Premier Oil & Gas, Inc.

ATTORNEY:

Ernest L. Padilla
Padilla Law Firm, P.A.
P.O. Box 2523
Santa Fe, NM 87504
Attorney for Pride Energy Company
(505) 988-7577

STATEMENT OF CASE

APPLICANT:

Initially, Premier is filing concurrently herewith a Motion to Dismiss because the working interests of both Premier and the Applicant are committed to a Joint Operating Agreement.

Both parties agree that wells with 2-mile laterals are more economic than wells with 1-mile laterals.

The parties disagree on the orientation of the wells. Premier favors an East/West orientation. Premier has studied the drilling results of Matador, which has drilled the most Bone Spring wells in T23S-R27E. The East-West wells outperform North/South oriented wells. In T23S-R28E Matador wells are equivalent in terms of to the East/West or North/South orientation, in T23S-R27E, Matador has drilled both North/South and East/West wells, thus orientation appears to be not significant. Studies by Devon Energy Production Company, the parties' predecessor in interest, also recommend an East/West orientation.

In terms of economics of drilling the wells Premier estimates that North/South development would cost Premier approximately \$2.2M more on capital costs. All existing infrastructure is now where East/West well heads would be located. Additionally, topography in the W/2 of Section 31 for North/South development would significantly increase well costs and be environmentally detrimental.

OPPOSITION OR OTHER PARTY:

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Ken Jones, President	30 min.	Topographical maps Production/Orientation Maps Company Data re Orientation Economic Analysis
Dan Jones, Vice President Engineer		may testify as to above

OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

Premier is filing a Motion to Dismiss concurrently herewith.

PADILLA LAW FIRM, P.A.

/s/ Ernest L. Padilla

ERNEST L. PADILLA

Attorney for Premier Oil & Gas, Inc.

PO Box 2523

Santa Fe, New Mexico 87504

505-988-7577

CERTIFICATE OF SERVICE

I hereby certify that I caused a copy of this Pre-Hearing Statement to be served upon, Adam G. Rankin, Holland & Hart, PO Box 2208 Santa Fe, New Mexico 87504-2208, by electronic mail agrarkin@hollandhart.com, on this ____ day of April, 2018.

/s/ ERNEST L. PADILLA

ERNEST L. PADILLA