

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

**APPLICATION OF FLAT CREEK RESOURCES, LLC
FOR COMPULSORY POOLING AND APPROVAL OF
NON-STANDARD SPACING UNIT,
EDDY COUNTY, NEW MEXICO**

Case No. 23587

**APPLICATION OF FLAT CREEK RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 23588

**APPLICATION OF FLAT CREEK RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 23589

**APPLICATION OF FLAT CREEK RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 23590

PRE-HEARING STATEMENT

Applicant FLAT CREEK RESOURCES, LLC (“Flat Creek”) provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT

FLAT CREEK RESOURCES, LLC

APPLICANT’S ATTORNEY:

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OTHER PARTY

None at this time.

STATEMENT OF THE CASE

Case No. 23587. Application of Flat Creek Resources, LLC for Compulsory Pooling and Approval of Non-Standard Spacing Unit, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Bone Spring formation (WC-015 G-04 S232628M; BONE SPRING [98056]) in a non-standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 of Sections 7 and 18 of Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico (“HSU”) and, as an alternative, a non-standard 600-acre, more or less, HSU comprised of the W/2 of Section 7, the NW/4 of Section 18, the W/2 of the SW/4 of Section 18, and the NE/4 of the NW/4 of Section 18, if timing issues arise with seeking Bureau of Land Management permits. Applicant also seeks approval of a non-standard HSU. Applicant proposes to drill the following well in the HSU: **Rena 7 Fed Com 601H** well, to be horizontally drilled from an approximate surface hole location 94’ FSL and 646’ FWL of Section 6-T23S-R26E, to an approximate bottom hole location 100’ FSL and 330’ FWL of Section 18-T23S-R26E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as operator of the well, and a 200% charge for the risk involved in completing the well. The wells and lands are located approximately 4 miles South West of Carlsbad, New Mexico.

Case No. 23588. Application of Flat Creek Resources, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Bone Spring formation (WC-015 G-04 S232628M; BONE SPRING [98056]) in a standard 640-acre, more or less, horizontal spacing and

proration unit (“HSU”), with proximity tracts, comprised of the E/2 of Sections 7 and 18 of Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico (“2-Mile HSU”) and, as an alternative, a standard 520-acre HSU comprised of the E/2 of Section 7, the NE/4 of Section 18, and the NW/4 of the SE/4 of Section 18 (“Alternative HSU”), if timing issues arise with seeking Bureau of Land Management permits. Applicant proposes to drill the following well in the 2-Mile HSU: **Rena 7 Fed Com 603H** well, to be horizontally drilled from an approximate surface hole location 309’ FSL and 1807’ FEL of Section 6-T23S-R26E, to an approximate bottom hole location 100’ FSL and 1645’ FEL of Section 18-T23S-R26E. In the alternative, Flat Creek proposes to drill the **Rena 7 State Com 603H** well, to an approximate bottom-hole location 1420’ FSL and 1645’ FEL of Section 18, as a 1.75-mile lateral in the Alternative HSU. The completed intervals and first and last take points in either HSU will meet statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and land is approximately 4 miles South West of Carlsbad, New Mexico.

Case No. 23589. Application of Flat Creek Resources, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Wolfcamp formation (PURPLE SAGE; WOLFCAMP (GAS) [98220]) in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 of Sections 7 and 18, Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico (“2-Mile HSU”) and, as an alternative, a standard 600-acre HSU comprised of the W/2 of Section 7, the NW/4 of Section 18, the W/2 of the SW4 of Section 18, and the NE/4 of the SW/4 of Section 18, Township 23 South, Range 26 East, NMPM,

in Eddy County, New Mexico (“Alternative HSU”), if timing issues arise with seeking Bureau of Land Management (“BLM”) permits. Applicant proposes to drill the following well in the 2-Mile HSU: the **Rena 7 Fed Com 702H** well, to be horizontally drilled from an approximate surface hole location 309’ FSL and 1837’ FEL of Section 6-T23S-R26E, to an approximate bottom hole location 330’ FSL and 1900’ FWL of Section 18-T23S-R26E. In the alternative, Applicant proposes to drill the **Rena 7 State Com 702H**, with a different bottom-hole location in Section 18, as a 1.75-mile lateral in the Alternative HSU. The completed intervals and first and last take points in either HSU will meet statewide setback requirements for horizontal gas wells and applicable special rules for the Purple Sage Wolfcamp. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and land is approximately 4 miles South West of Carlsbad, New Mexico.

Case No. 23590. Application of Flat Creek Resources, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above styled-cause seeks an order from the Division pooling all uncommitted interests in the formation (PURPLE SAGE; WOLFCAMP (GAS) [98220]) in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 of Sections 7 and 18, Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico (“2-Mile HSU”) and, as an alternative, a standard 520-acre HSU comprised of the E/2 of Section 7, the NE/4 of Section 18, and the NW/4 of the SE/4 of Section 18, Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico (“Alternative HSU”), if timing issues arise with seeking Bureau of Land Management permits. Applicant proposes to drill the following well in the 2-Mile HSU: the **Rena 7 Fed Com 704H** well, to be horizontally drilled from an approximate surface hole location 309’ FSL and 177’ FEL of Section 6-T23S-2R6E, to

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 1625 N. French Dr., Hobbs, NM 88240
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District II
 811 S. First St., Artesia, NM 88210
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District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 240048

QUESTIONS

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| Operator: Flat Creek Resources, LLC 777 Main St. Fort Worth, TX 76102 | OGRID: 374034 |
| | Action Number: 240048 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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| Testimony | |
| <i>Please assist us by provide the following information about your testimony.</i> | |
| Number of witnesses | <i>Not answered.</i> |
| Testimony time (in minutes) | <i>Not answered.</i> |