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

APPLICATIONS OF MRC PERMIAN COMPANY FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NOS. 24620-24621

MRC'S CONSOLIDATED PRE-HEARING STATEMENT

MRC Permian Company ("MRC" or "Applicant"), the applicant in the above-referenced matters, submits this Consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

ATTORNEY

MRC Permian Company ("MRC")

Michael H. Feldewert
Adam G. Rankin
Paula M. Vance
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrankin@hollandhart.com

pmvance@hollandhart.com

APPLICANT'S STATEMENT OF THE CASE

Under these consolidated cases, MRC seeks orders pooling all uncommitted interests in the Bone Spring formation (Carlsbad; BS, East [96144]) underlying the referenced acreage as follows:

• Under Case No. 24620, MRC seeks to pool the uncommitted interests in a standard 320-acre, more or less, horizontal well spacing unit comprised of the N/2 N/2 of Sections 21 and 22, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico and

Com #121H well, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 22, with a first take point in the NE/4 NE/4 (Unit A) of Section 22 and a last take point in the NW/4 NW/4 (Unit D) of Section 21.

• Under Case No. 24621, MRC seeks to pool the uncommitted interests in a standard 320-acre, more or less, horizontal well spacing unit comprised of the S/2 N/2 of Sections 21 and 22, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico and initially dedicate this Bone Spring spacing unit to the proposed Bill Wilshusen Fed Com #122H well, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 22, with a first take point in the SE/4 NE/4 (Unit H) of Section 22 and a last take point in the SW/4 NW/4 (Unit E) of Section 21.

The completed interval for each of the wells will comply with statewide setbacks for oil wells. MRC has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject acreage.

APPLICANT'S PROPOSED EVIDENCE

| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|----------------------------|-------------------------|-----------|
| Hawks Holder, Landman | Self-Affirmed Statement | Approx. 5 |
| Andrew Parker, Geologist | Self-Affirmed Statement | Approx. 3 |

PROCEDURAL MATTERS

MRC requests that these matters be consolidated for hearing and intends to present these cases by self-affirmed statement if there is no opposition at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP

By:

Michael H. Feldewert Adam G. Rankin Paula M. Vance Post Office Box 2208 Santa Fe, NM 87504 505-988-4421 505-983-6043 Facsimile mfeldewert@hollandhart.com

mfeldewert@hollandhart.com agrankin@hollandhart.com pmvance@hollandhart.com

ATTORNEYS FOR MRC PERMIAN COMPANY

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720 District III

1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

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 369335

QUESTIONS

| Operator: | OGRID: |
|----------------------------|--|
| MATADOR PRODUCTION COMPANY | 228937 |
| One Lincoln Centre | Action Number: |
| Dallas, TX 75240 | 369335 |
| | Action Type: |
| | [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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