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

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

Case No. 25053

PREHEARING STATEMENT

FE Permian Owner I, LLC, ("Applicant"), in conjunction with its designated operator Flat Creek Resources, LLC, ("Flat Creek Resources") OGRID No. 374034 (collectively "Flat Creek"), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division"), pursuant to the Division's rules.

APPEARANCES

ATTORNEY

Darin C. Savage

APPLICANT

FE Permian Owner I, LLC in conjunction with its designated operator Flat Creek Resources, LLC

Andrew D. Schill William E. Zimsky 214 McKenzie Street Santa Fe, New Mexico 87501 Telephone: 970.385.4401 Facsimile: 970.385.4901 darin@abadieschill.om andrew@abadieschill.com bill@abadieschill.com

APPLICANT'S STATEMENT OF THE CASE

In Case No. 25053, Flat Creek seeks an order pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a non-standard 960-acre, more or less, spacing and proration unit comprised of the S/2 NW/4 and SW/4 of Section 13, the S/2 N/2 and S/2 of Section 14, and the S/2 NE/4 and SE/4 of Section 15, all in Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico.

Flat Creek proposes and dedicates to the HSU the Cardigan Fed com 132H Well, the Cardigan Fed com 133H Well, and the Cardigan Fed com 134H Well, as the initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

The proposed wells will be orthodox in their location, and their take points and completed intervals will comply with setback requirements under the statewide rules.

Flat Creek will apply separately for administrative approval of the non-standard spacing unit.

APPLICANT'S PROPOSED EVIDENCE

| WITNESS | ESTIMATED TIME | EXHIBITS |
|-------------------------------|----------------|-----------|
| Landman: Mike Gregory | Approx. 10 min | Approx. 5 |
| Geologist: Thomas M. Anderson | Approx. 10 min | Approx. 5 |

PROCEDURAL MATTERS

No protests or objections have been filed, and Flat Creek does not anticipate any at this time; consequently, Flat Creek plans to conduct the hearing by affidavit or self-affirmed statements.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage
Darin C. Savage

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Attorneys for Applicant

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

QUESTIONS

Action 416588

QUESTIONS

| Operator: | OGRID: |
|---------------------------|--|
| Flat Creek Resources, LLC | 374034 |
| 777 Main St. | Action Number: |
| Fort Worth, TX 76102 | 416588 |
| | Action Type: |
| | [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

| Testimony | | |
|---|----|--|
| Please assist us by provide the following information about your testimony. | | |
| Number of witnesses | 2 | |
| Testimony time (in minutes) | 20 | |