

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

**APPLICATIONS OF MRC HAT MESA, LLC FOR
APPROVAL OF AN OVERLAPPING HORIZONTAL
WELL SPACING UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 23993 & 23994

MRC HAT MESA, LLC'S CONSOLIDATED PRE-HEARING STATEMENT

MRC Hat Mesa, LLC ("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

MRC Hat Mesa, LLC
("MRC")

ATTORNEY

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APPLICANT'S STATEMENT OF THE CASE

Under these consolidated cases, MRC seeks orders pooling all uncommitted interests in the Bone Spring formation (WC-025 G-07 S213330F; BONE SPRING [97927] for the acreage in Sections 30 & 31 and LEGG; BONE SPRING [37870] for the acreage in Section 6) formation as follows:

- Under **Case No. 23993**, MRC seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the W/2 W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 W/2 of Section 31 and the W/2 SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and (b) pooling this proposed horizontal well spacing unit. This spacing unit will be initially dedicated to the proposed **Paul Flowers State Com 111H, Paul Flowers State Com 131H and Paul Flowers State Com 151H** wells to be horizontally drilled from a surface hole location in the SW/4 of Section 6, with a first take point in the SW/4 SW/4 equivalent (Lot 7) of section 6 and a last take point in the NW/4 SW/4 (Unit L) of Section 30. This proposed horizontal well spacing unit will overlap the following existing Bone Spring spacing units:
 - A 156.33-acre horizontal well spacing unit comprised of the S/2 S/2 of Section 6 dedicated to Matador's AO6 502H (API 30-025-45012) and Matador's AO 6 State Com 501H (API 30-025-45026);
 - A 156.35-acre horizontal well spacing unit comprised of the N/2 S/2 of Section 6 dedicated to Matador's AO 6 State Com 001H (API 30-025-40519);
 - A 156.38-acre horizontal well spacing unit comprised of the S/2 N/2 of Section 6 dedicated to Matador's COOP 6 State 002H (API 30-025-41981);
 - A 156.55-acre horizontal well spacing unit comprised of the N/2 N/2 of Section 6 dedicated to Matador's COOP 6 State 001H (API 30-025-41177); and
 - A 156.34-acre horizontal well spacing unit comprised of the S/2 N/2 of Section 31 dedicated to Matador's Dagger State Unit 002H (API 30-025-41178).
- Under **Case No. 23994**, MRC seeks and order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the E/2 W/2 of Section 6, Township 22 South, Range 33 East, and the E/2 W/2 of Section 31 and the E/2 SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and (b) pooling this proposed horizontal well spacing unit. This spacing unit will be initially dedicated to the proposed **Paul Flowers State Com 112H, Paul Flowers**

State Com 132H and Paul Flowers State Com 152H wells to be horizontally drilled from a surface hole location in the SW/4 of Section 6, with a first take point in the SE/4 SW/4 (Unit N) of section 6 and a last take point in the NE/4 SW/4 (Unit K) of Section 30. This proposed horizontal well spacing unit will overlap the following existing Bone Spring spacing units:

- A 156.33-acre horizontal well spacing unit comprised of the S/2 S/2 of Section 6 dedicated to Matador’s AO6 502H (API 30-025-45012) and Matador’s AO 6 State Com 501H (API 30-025-45026);
- A 156.35-acre horizontal well spacing unit comprised of the N/2 S/2 of Section 6 dedicated to Matador’s AO 6 State Com 001H (API 30-025-40519);
- A 156.38-acre horizontal well spacing unit comprised of the S/2 N/2 of Section 6 dedicated to Matador’s COOP 6 State 002H (API 30-025-41981);
- A 156.55-acre horizontal well spacing unit comprised of the N/2N/2 of Section 6 dedicated to Matador’s COOP 6 State 001H (API 30-025-41177); and
- A 156.34-acre horizontal well spacing unit comprised of the S/2 N/2 of Section 31 dedicated to Matador’s Dagger State Unit 002H (API 30-025-41178).

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
David Johns, Landman	Affidavit	Approx. 7
Blake Herber, Geologist	Affidavit	Approx. 4

PROCEDURAL MATTERS

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

Respectfully submitted,

HOLLAND & HART LLP

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 289729

QUESTIONS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 289729
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

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>