

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

**APPLICATION OF MR NM OPERATING
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25642

PRE-HEARING STATEMENT

MR NM Operating LLC (“Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPLICANT

MR NM Operating LLC

ATTORNEYS

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INTERESTED PARTY

None.

ATTORNEYS

STATEMENT OF THE CASE

Applicant applies for an order pooling all uncommitted interests in the Yeso formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the SE/4 of Section 31 and SW/4 of Section 32, Township 16 South, Range 32 East, Lea County, New Mexico. The Unit will be dedicated to the following wells (“Wells”): the **Shrek State Com 1H**, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 31; and the **Shrek State Com 2H**, which will be

drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31.

The completed intervals of the Wells will be orthodox. The completed interval of the Shrek State Com 2H well will be located within 330' of the quarter-quarter section line separating the N/2 SE/4 from the S/2 SE/4 of Section 31 and the N/2 SW/4 from the S/2 SW/4 of Section 32 to allow for the creation of a standard 320-acre horizontal spacing unit.

Also to be considered will be the cost of drilling and completing the Wells, the allocation of the costs, the designation of Applicant as the operator of the Units and Wells, and a 200% charge for the risk involved in drilling and completing the Wells.

PROPOSED EVIDENCE

Witness	Occupation	Estimated Time	Exhibits
Blake Simmons	Landman	Affidavit	Approx. 5
James G. Keenan	Geologist	Affidavit	Approx. 5

PROCEDURAL MATTERS

Applicant intends to present this case by affidavit if there is no opposition to its application.

Respectfully submitted,

HARDY McLEAN LLC

/s/ Dana S. Hardy

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