

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 15926

PRIME ROCK's PRE-HEARING STATEMENT

Prime Rock Resources, LLC ("Prime Rock") submits this pre-hearing statement as required by the Oil Conservation Division Rule 19.15.4.13.B.

APPEARANCES

APPLICANT

Mewbourne Oil Company

ATTORNEY

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OPPONENT

Prime Rock Resources, LLC

ATTORNEY

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STATEMENT OF THE CASE

Mewbourne Oil Company ("Mewbourne") seeks an order from the Division (1) creating a non-standard 320-acre spacing and proration unit in the Bone Spring formation, comprised of the

E/2 W/2 of Section 20 and the E/2 W/2 of Section 29, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico; (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. Mewbourne proposes to dedicate the above-referenced spacing and proration unit as the project area for the proposed Caper 20/29 B2CN Fed. Com. Well No. 1H.

Prime Rock objects to Mewbourne's application on the grounds that 1) Prime Rock has a competing development proposal covering the same acreage; and 2) Mewbourne has failed to engage in good faith efforts to reach a voluntary agreement with Prime Rock. The totality of Mewbourne's good faith effort has been to propose a two-section development plan, followed up by a pooling application and a voicemail. This does not satisfy the Division's good faith negotiation requirement.

EOG's PROPOSED EVIDENCE

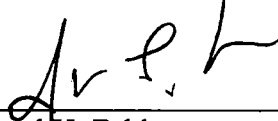
| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|--|-----------------------|-----------------|
| Jason South, VP of Land and Business Development | Approx. 15 minutes | Approx. 5 |
| David DaGian, VP of Exploration | Approx. 15 minutes | Approx. 5 |
| Manny Sirgo, President and CEO | Approx. 10 minutes | Approx. 3 |

PROCEDURAL MATTERS

Prime Rock has filed a motion to continue this matter.

Respectfully submitted,

HOLLAND & HART LLP



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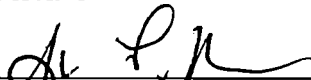
**ATTORNEYS FOR EOG Y RESOURCES, INC. AND
EOG RESOURCES, INC.**

CERTIFICATE OF SERVICE

I hereby certify that on January 4, 2018, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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