

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

**APPLICATION OF MRC PERMIAN
COMPANY TO AMEND ORDER NO. R-22559,
APPROVE A NON-STANDARD SPACING
UNIT, AND DISMISS ORDER NO. R-22560,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

MRC Permian Company (“MRC” or “Applicant”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division (“Division”) to amend pooling Order No. R-22559, to incorporate the acreage under Order No. R-22560 to create a non-standard horizontal well spacing unit, and dismiss Order No. R-22560. In support of its application, MRC states:

1. Matador Production Company (OGRID No. 228937) is the designated operator under Order No. R-22559 and Order No. R-22560, both of which were entered on March 30, 2023.
2. Order No. R-22559, under Case No. 23065, pooled uncommitted mineral interests in the Wolfcamp formation (Burton Flat; Wolfcamp, East (oil) [98315]) underlying a standard 280-acre horizontal well spacing unit comprised of the N/2 S/2 of Section 21 and the N/2 SW/4 and NW/4 SE/4 of Section 22, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. This standard horizontal well spacing unit, based on 40-acre building blocks, is dedicated to the **Michael K&B 2122 Fed Com #203H** well (API No. 30-015-53686), which was horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 20 to a bottomhole location in the NW/4 SE/4 (Unit J) of Section 22.

3. Order No. R-22560, under Case No. 23066, pooled uncommitted mineral interests in the Wolfcamp formation (Burton Flat; Wolfcamp, East (oil) [98315]) underlying a standard 280-acre horizontal well spacing unit comprised of the S/2 S/2 of Section 21 and the S/2 SW/4 and SW/4 SE/4 of Section 22, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. This standard horizontal well spacing unit, based on 40-acre building blocks, is dedicated to the **Michael K&B 2122 Fed Com #204H** well (API No. 30-015-53685), which was horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 20 to a bottomhole location in the SW/4 SE/4 (Unit O) of Section 22.

4. Applicant was originally informed by the Division's District geologist that the acreage in both cases would be assigned to an oil pool subject to 40-acre standard spacing; however, Matador was subsequently informed by the Division that the acreage is in a gas pool (Burton Flat; Wolfcamp, East (gas) [73480]) subject to 320-acre standard spacing.

5. Thus, Applicant seeks to amend Order R-22559 by combining the dedicated acreage from the two original units to form a non-standard 560-acre, more or less, horizontal well spacing unit in the Wolfcamp formation comprised of the S/2 of Section 21 and the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

6. The owners and their proportionate interests are uniform between Order Nos. R-22559 and R-22560 will remain unchanged in the proposed larger, non-standard horizontal well spacing unit.

7. As explained in the cases underlying Order Nos. R-22559 and 22560, the E/2 SE/4 of Section 22 was excluded in an agreement with Devon Energy Corporation to resolve competing development plans whereby Devon will include the excluded acreage in its development along with the S/2 of Sections 23 and 24.

8. Approval of the non-standard spacing unit is necessary to prevent waste and protect correlative rights.

9. All other provisions under Order No. R-22559 are proposed to remain unchanged.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 1, 2023, and, after notice and hearing as required by law, the Division enter an order approving this Application.

Respectfully submitted,

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ATTORNEYS FOR MRC PERMIAN COMPANY

CASE _____: **Application of MRC Permian Company to Amend Order No. R-22559, Approve a Non-Standard Spacing Unit, and Dismiss Order No. R-22560, Eddy County, New Mexico.** Applicant seeks to amend pooling Order No. R-22559, to incorporate the acreage under Order No. R-22560 to create a non-standard horizontal well spacing unit, and dismiss Order No. R-22560. The units under the existing orders are comprised as follows:

- Order No. R-22559 pooled uncommitted mineral interests in the Wolfcamp formation (Burton Flat; Wolfcamp, East (oil) [98315]) underlying a standard N/2 S/2 of Section 21 and the N/2 SW/4 and NW/4 SE/4 of Section 22, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. This standard horizontal well spacing unit, based on 40-acre building blocks, is dedicated to the **Michael K&B 2122 Fed Com #203H** well (API No. 30-015-53686), which was horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 20 to a bottomhole location in the NW/4 SE/4 (Unit J) of Section 22.
- Order No. R-22560 pooled uncommitted mineral interests in the Wolfcamp formation (Burton Flat; Wolfcamp, East (oil) [98315]) underlying a standard 280-acre horizontal spacing unit comprised of the S/2 S/2 of Section 21 and the S/2 SW/4 and SW/4 SE/4 of Section 22, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. This standard horizontal well spacing unit, based on 40-acre building blocks, is dedicated to the **Michael K&B 2122 Fed Com #204H** well (API No. 30-015-53685), which was horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 20 to a bottomhole location in the SW/4 SE/4 (Unit O) of Section 22.

The Oil Conservation Division has since dedicated the acreage to a gas pool subject to 320-acre spacing. Thus, Applicant seeks to amend Order No. R-22559, combining the dedicated acreage under the two original units to form a non-standard 560-acre, more or less, horizontal well spacing unit in the Wolfcamp formation comprised of the S/2 of Section 21 and the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. Approval of the non-standard horizontal well spacing unit is necessary to prevent waste and protect correlative rights. All other provisions under Order No. R-22559 are proposed to remain unchanged. This area is located about 13.5 miles northeast of Carlsbad, New Mexico.