

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

**APPLICATION OF MRC PERMIAN  
COMPANY TO AMEND ORDER NO. R-21271,  
AS AMENDED, AND DISMISS ORDER NO. R-  
21272, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 23549**

**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. 23552**

**MRC'S CONSOLIDATED PRE-HEARING STATEMENT**

MRC Permian Company ("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 Permian Company  
("MRC")

**ATTORNEY**

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### APPLICANT'S STATEMENT OF THE CASE

Under these consolidated cases, MRC seeks orders to amend pooling orders underlying the referenced acreage all in Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, as follows:

#### **I. Case No. 23549**

Under Case No. 23549, MRC seeks to amend pooling Order No. R-21271, as amended, to incorporate the acreage under Order No. R-21272, and dismiss Order No. R-21272. Matador Production Company ("Matador") (OGRID No. 228937) is the designated operator under Order No. R-21271, as amended, and Order No. R-21272, as amended, both of which were entered on April 30, 2020.

Order No. R-21271, under Case No. 20908, pooled uncommitted mineral interests in the Wolfcamp formation (Burton Flat; Wolfcamp, East (oil) [98315]) underlying a standard 320-acre horizontal well spacing unit comprised of the N/2 N/2 of Sections 21 and 22. This standard horizontal well spacing unit, based on 40-acre building blocks, is dedicated to the **Michael K&B 2122 Fed Com #201H** well (API No. 30-015-53688), which was horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 20 to a bottomhole location in the NE/4 NE/4 (Unit A) of Section 22.

Order No. R-21272, under Case No. 20909, pooled uncommitted mineral interests in the Wolfcamp formation (Burton Flat; Wolfcamp, East (oil) [98315]) underlying a standard 320-acre horizontal well spacing unit comprised of the S/2 N/2 of Sections 21 and 22. This standard horizontal well spacing unit, based on 40-acre building blocks, is dedicated to the **Michael K&B 2122 Fed Com #202H** well (API No. 30-015-53687), which was horizontally drilled from a

surface location in the NE/4 NE/4 (Unit A) of Section 20 to a bottomhole location in the SE/4 NE/4 (Unit H) of Section 22.

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. Thus, Applicant seeks to amend Order No. R-21271, as amended, by combining the dedicated acreage from the two original units to form a standard 640-acre, more or less, spacing unit in the Wolfcamp formation comprised of the N/2 of Sections 21 and 22.

The owners and their proportionate interests are uniform between Order Nos. R-21271 and R-21272 and will remain unchanged in the proposed larger, horizontal well spacing unit. MRC requests that all other provisions under Order No. R-21271, as amended, remain unchanged.

The first and last take points are at a non-standard location; therefore, Applicant will file for administrative approval.

## **II. Case No. 23552**

Under Case No. 23552, MRC 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. Matador is the designated operator under Order No. R-22559 and Order No. R-22560, both of which were entered on March 30, 2023.

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. 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, 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. 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.

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. 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.

The owners and their proportionate interests are uniform between Order Nos. R-22559 and R-22560 and will remain unchanged in the proposed larger, non-standard horizontal well spacing unit. MRC requests that all other provisions under Order No. R-22559, remain unchanged.

The first and last take points are at a non-standard location; therefore, Applicant will file for administrative approval.

**APPLICANT'S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Hawks Holder, Landman	Affidavit	Approx. 5
Andrew Parker, 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 225611

QUESTIONS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 225611
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.