

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

**APPLICATIONS OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO**

CASE NOS. 25283-25284

MRC'S CONSOLIDATED PRE-HEARING STATEMENT

MRC Permian Company and MRC Delaware Resources (collectively "MRC") submits this consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

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APPLICANT

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MRC'S STATEMENT OF THE CASE

In these consolidated cases, Permian seeks to pool standard horizontal well spacing units for two-mile laydown laterals in the Bone Spring formation underlying the S/2 of Sections 7 and 8, Township 20 South, Range 27 East, Eddy County, New Mexico, as follows:

- Under **Case No. 25283**, Permian seeks to pool a standard 320-acre horizontal spacing unit in the Bone Spring formation underlying the N/2 S/2 of Sections 7 and 8, for the proposed **Fiero 7 Fed Com 133H**; and
- Under **Case No. 25284**, Permian seeks to pool a standard 320-acre horizontal spacing unit in the Bone Spring formation underlying the S/2 S/2 of Sections 7 and 8, for the proposed **Fiero 7 Fed Com 134H**.

MRC understands that the initial wells proposed in Permian's applications are for the Third Bone Spring of the Bone Spring formation.

Permian's applications overlap with MRC's Becky development in the SE/4 of Section 8. MRC's title information shows that 100% of this acreage is committed to a joint operating agreement ("JOA") under which MRC owns an interest and its affiliate, Matador Production Company, is the designated operator. MRC's JOA also covers the SW/4 and NW/4 SE/4 of Section 9, which is also 100% committed, among other lands. Therefore, MRC does not need to force pool

any working interest owners in its current Becky project, which is the reason MRC has not filed competing applications in this case.

Since MRC owns and/or controls 100% of the working interest in the overlapping acreage, Permian's applications should be denied unless Permian can demonstrate with convincing evidence that its applications are necessary to prevent waste. *See* NMSA 1978 § 70-2-17(E) (" . . . the division, upon hearing and after notice, may subsequently modify any such plan to the extent necessary to prevent waste as prohibited by this act."). The evidence MRC presents will demonstrate that:

- The SE/4 of Section 8 is already fully committed to MRC's JOA;
- Permian is a party already committed under MRC's JOA by way of its predecessor in interest;
- MRC owns a much larger interest than Permian in the SE/4 of Section 8;
- The SE/4 of Section 8 is part of a larger development project that MRC has for this area;
- Permian's applications may potentially strand MRC's acreage in the S/2 SW/4 of Section 9 and leave reserves in the ground; and
- It would be prudent for Permian to drill 1.5-mile wells (or 3-mile U-turn wells) in the S/2 of Section 7 and the SW/4 of Section 8, which would allow MRC to drill its Becky development in the SE/4 of Section 8 and the SW/4 and NW/4 SE/4 of Section 9 and would allow Permian to meet any lease expiration within its acreage.

Permian's application should therefore be denied so that MRC can develop its acreage that it owns and controls.

MRC believes the following facts are undisputed and material to the issues presented in these consolidated cases:

1. MRC owns and/or controls 100% of the working interest in the overlapping acreage.
2. There are no faults, pinch outs, or other geologic impediments preventing MRC from efficiently and effectively developing the Bone Spring formation under the subject acreage in accordance with its own plans.

FILED EVIDENCE

Pursuant to the Prehearing Order entered for these consolidated matters, MRC has filed the following with this prehearing statement:

- MRC Exhibit A: Self-Affirmed Statement of Clay Wooten, Landman
 - MRC Exhibit A-1 through A-6: Slides referenced by the testifying witness
- MRC Exhibit B: Self-Affirmed Statement of Andrew Parker, Geologist
 - MRC Exhibit B-1 through B-4: Slides referenced by the testifying witness
- MRC Exhibit C: Self-Affirmed Statement of Tanner Schulz, Reservoir Engineer
 - MRC Exhibit C-1 through C-3: Slides referenced by the testifying witness


The qualifications and direct testimony for each witness are contained in the self-affirmed statements filed with this prehearing statement.

PROCEDURAL MATTERS

MRC reserves the right to call these or other witnesses to address issues that arise with the filing of additional information or at the hearing.

Respectfully submitted,

HOLLAND & HART LLP

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**ATTORNEYS FOR MRC PERMIAN COMPANY AND
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CERTIFICATE OF SERVICE

I hereby certify that on May 20, 2025, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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QUESTIONS

Action 465085

QUESTIONS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 465085
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	3
Testimony time (in minutes)	60