

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

**APPLICATION OF MRC PERMIAN COMPANY
FOR APPROVAL OF A STANDARD OVERLAPPING
HORIZONTAL WELL SPACING UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 26166

MRC'S PRE-HEARING STATEMENT

MRC Permian Company ("MRC" or "Applicant"), the applicant in the above-referenced matter, submits this 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 **Case No. 26166**, MRC seeks an order (a) approving a standard 639.84-acre, more or less, overlapping horizontal well spacing unit in the Wolfcamp formation (WC-025 S223203A; Lwr Wolfcamp (Gas) [98258]) underlying Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of irregular Section 3, and the E/2 of Section 10, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico; and (b) pooling the uncommitted interest owners in this acreage.

MRC seeks to initially dedicate the spacing unit to the proposed **Nina Cortell Federal**

Com 243H well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 10, with a first take point in the SW/4 SE/4 (Unit O) of Section 10, and a last take point in Lot 2 (NW/4 NE/4 equivalent) of irregular Section 3; and **Nina Cortell Federal Com 244H** well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 10, with a first take point in the SE/4 SE/4 (Unit P) of Section 10, and a last take point in Lot 1 (NE/4 NE/4 equivalent) of irregular Section 3.

The well names have been swapped since filing the application and MRC sent an update to interest owners that will be included as an exhibit to the hearing packet. No changes were made to MRC's proposed spacing.

This proposed standard horizontal well spacing unit will overlap the following existing horizontal well spacing units in the Wolfcamp formation:

- A 319.92-acre, more or less, spacing unit comprised of Lot 2, the SW/4 NE/4, and the W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 3 and the W/2 E/2 of Section 10, dedicated to the Nina Cortell Federal Com 203H well, operated by Matador Production Company ("Matador") (API No. 30-025-49628); and
- A 320-acre, more or less, spacing unit comprised of Lot 1, the SE/4 NE/4, and the E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 3 and the E/2 E/2 of Section 10, dedicated to the Nina Cortell Federal Com 204H well, operated by Matador Production Company ("Matador") (API No. 30-025-49629).

The completed first and last take points for the wells will be at a non-standard location under the statewide setbacks for gas wells; therefore, MRC has filed separate administrative applications for approval of non-standard well locations.

MRC has sought but been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing units. The pooling of uncommitted interest owners in the proposed spacing units will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Clay Wooten, Landman	Self-Affirmed Statement	Approx. 7
Blake Herber, Geologist	Self-Affirmed Statement	Approx. 3

PROCEDURAL MATTERS

MRC intends to present this case by self-affirmed statement if there is no opposition at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP



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Oil Conservation Division
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QUESTIONS

Action 598382

QUESTIONS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 598382
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

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