

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

**APPLICATIONS OF MRC PERMIAN  
COMPANY FOR APPROVAL OF AN  
OVERLAPPING HORIZONTAL WELL SPACING  
UNIT AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

**CASE NOS. 23493 & 23494**

**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 (a) approving the proposed standard overlapping spacing units and (b) pooling all uncommitted interests in the Wolfcamp formation

underlying the referenced acreage all in Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, as follows:

- Under **Case No. 23493**, MRC seeks to pool a standard 640-acre, more or less, overlapping horizontal well spacing unit comprised of the N/2 of Sections 25 and 26 and initially dedicate this Wolfcamp spacing unit to the proposed **Whitby 2526 Fed Com #201H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 25 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 26; and the **Whitby 2526 Fed Com #202H** well, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 25 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 26. MRC understands these wells will be placed in the Carlsbad; Wolfcamp, East (Gas) [74160] pool and Lone Tree Draw; Wolfcamp [97208].
  - This 640-acre horizontal well spacing unit will overlap the following existing vertical well spacing units covering portions of the subject acreage:
    - 320-acre, more or less, vertical well spacing unit comprised of the W/2 of Section 25, Township 21 South, Range 27 East, dedicated to the Toothman Gas Com #1 well (API: 30-015-21566);
    - 320-acre, more or less, vertical well spacing unit comprised of the E/2 of Section 26, Township 21 South, Range 27 East, dedicated to the E J Garner Com #1 well (API: 30-015-22722); and
    - 40-acre, more or less, vertical well spacing unit comprised of the SE/4 NW/4 (Unit F) of Section 26, Township 21 South, Range 27 East, dedicated to the Baumgartner Federal Gas Com #2Y well (API: 30-015-31971).

- Under **Case No. 23494**, MRC seeks to pool a standard 640-acre, more or less, overlapping horizontal well spacing unit comprised of the S/2 of Sections 25 and 26 and initially dedicate this Wolfcamp spacing unit to the proposed **Whitby 2526 Fed Com #203H** well, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 25 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 26; and the **Whitby 2526 Fed Com #204H** well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 25 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 26. MRC understands these wells will be placed in the Carlsbad; Wolfcamp, East (Gas) [74160] pool.
  - This 640-acre horizontal well spacing unit will overlap the following existing vertical well spacing units covering portions of the subject acreage:
    - 320-acre, more or less, vertical well spacing unit comprised of the W/2 of Section 25, Township 21 South, Range 27 East, dedicated to the Toothman Gas Com #1 well (API: 30-015-21566); and
    - 320-acre, more or less, vertical well spacing unit comprised of the E/2 of Section 26, Township 21 South, Range 27 East, dedicated to the E J Garner Com #1 well (API: 30-015-22722).

The completed interval for each of the wells will comply with statewide perpendicular setbacks for gas wells. MRC will file separate applications for non-standard locations for its first and last take points for each of the wells. MRC has sought and been unable to obtain voluntary agreement for the development of these lands from all working interest owners in the subject acreage.

**APPLICANT'S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Hawks Holder, Landman	Affidavit	Approx. 9
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

By: 

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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
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QUESTIONS

Action 211384

**QUESTIONS**

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 211384
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<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>