

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

**APPLICATIONS OF FRANKLIN MOUNTAIN ENERGY 3, LLC FOR
COMPULSORY POOLING AND NOTICE OF OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO**

**Case Nos. 23833, 23835,
23838, and 23839.**

**Case Nos. 24110-24115
(Replacing Cases 23834,
23836, 23837 and 23840)**

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

Case Nos. 23961- 23964

**APPLICATIONS OF MRC PERMIAN COMPANY FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

**Case Nos. 24142-24145
(Replacing Cases 23885-
23888)**

**MOTION TO VACATE PRE-HEARING ORDER
IN FAVOR OF A STATUS CONFERENCE**

MRC Permian Company ("MRC") moves to vacate the Pre-Hearing Order setting these matters for a Special Hearing on February 8, 2024, and to instead hold a status conference at the earliest available time to address deficiencies in the filed applications and legal notices. In support of this motion, MRC states:

1. These consolidated cases present competing development plans for the Bone Spring and the Wolfcamp formations underlying Section 36, Township 18 South, Range 34 East, and Section 1, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico.
2. Under an Amended Prehearing Order, these matters are set to be heard at a Special Hearing commencing on February 8, 2024.

3. In preparing for the hearing in these matters, counsel has discovered the following deficiencies in the filed applications and legal notices that prevent these consolidated matters from proceeding to hearing on February 8th:

a. The applications filed by Franklin Mountain in Cases 23833, 23835, 23838, and 23839 seek approval of four 320-acre standup, overlapping horizontal well spacing units in the Wolfcamp formation covering Section 36, Township 18 South, Range 34 East, and Section 1, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico, for the proposed “Cross State” wells.

b. While each of these cases seek approval of overlapping horizontal well spacing units, neither the filed applications nor the published legal notices identify the spacing units or wells overlapped by the proposed “Cross State” development plan. Instead, the applications and the legal notices vaguely state: “The spacing unit proposed in this application will partially overlap a spacing unit in Section 36.”

c. Counsel for MRC Permian has recently been informed that this vague reference to “a spacing unit in Section 36” is intended to refer to four standup 360-acre horizontal well spacing units covering the N2N2 of Section 36 and all of Sections 25 and 24, Township 18 South, Range 34 East, for Franklin Mountain’s “Satellite State” wells. The four overlapping 360-acre horizontal well spacing units for the Satellite State wells were recently approved by Division Orders R-22963, 22964, 22067 & 22968 issued in Cases 23829-23832.

d. While Franklin Mountain represented at the hearing on the Satellite wells that notice of the overlapping units was provide to the “Cross State” working interest owners, the notice records from Cases 23829-23832 reflect the working interest owners

in the proposed overlapping Cross State spacing units did not received notice of the hearing on the Satellite State wells. *Compare* Exhibit B (land affidavit) at para. 10 with Exhibit B-10 (notice list).

e. Division records for Cases 23829-23832 indicate the Wolfcamp target zones for the Satellite State wells are the same as those proposed for the Cross State wells, thereby doubling the number of wells that are proposed to drain these zones in the N2N2 of Section 36.

4. The affected working interest owners in the proposed Cross State spacing units had no means of determining from the available public records what Franklin Mountain was referencing in vaguely stating in the applications and public notice that: “The spacing unit proposed in this application will partially overlap a spacing unit in Section 36.”

5. The working interest owners in the proposed Cross State units have not been provided sufficient notice of the nature and extent of the proposed overlapping spacing units.

6. Counsel for Franklin Mountain has been contacted and stated that they oppose this motion.

WHEREFORE, MRC respectfully requests that the Division vacate the amended prehearing order setting these matters for a Special Hearing on February 8, 2024, and instead hold a status at the earlier available time to address the deficiencies in the filed applications and legal notices.

Respectfully submitted,

HOLLAND & HART LLP

A handwritten signature in blue ink, appearing to read "Michael H. Feldewert", is positioned above a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that on January 25, 2024, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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