

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

**APPLICATION OF
MRC PERMIAN COMPANY
TO AMEND ORDER R-22559
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23552
ORDER NO. R-22559-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on June 15, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. On March 30, 2023, OCD issued Order R-22559 to MRC Permian Company (“Operator”) to pool the uncommitted oil and gas interests within the specified spacing unit.
2. On March 30, 2023, OCD issued Order R-22560 to Operator to pool the uncommitted oil and gas interests within the specified spacing unit.
3. Subsequent to the above Orders, Operator has revised its development plans and seeks to amend Order R-22559 unit so that it consists of a 560-acre more or less, spacing unit (“Unit”) described in Exhibit A.
4. On May 3, 2023, Operator filed an application (“Application”) with OCD to amend Order R-22559, and to vacate Order R-22560.
5. The Application also seeks approval of a Non-Standard horizontal spacing unit for production from all Division-designated pools underlying the Unit.
6. Operator provided evidence that it gave notice of the Application and the hearing to the previously unidentified interest owner(s) and the previously pooled interest owners.
7. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
9. Operator is the owner of an oil and gas working interest within the Unit.

10. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
11. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
12. Operator has the right to drill the Well to a common source of supply at the depth and location in the Unit described in Exhibit A.
13. This Order affords to each owner of an uncommitted interest the opportunity to produce its just and equitable share of the oil or gas in the pool.
14. OCD's rules allow the approval of a non-standard horizontal spacing unit, after notice and opportunity for hearing, "if necessary to prevent waste or protect correlative rights" 19.15.16.15(B)(5)(a) NMAC.
15. While the OCD is authorized to approve a non-standard spacing unit, Rutter & Wilbanks Corp. v. Oil Conservation Comm'n, 1975-NMSC-006, OCD lacks the authority to approve unitization and will disapprove an application if it determines that it is actually unitization. Order R-13554 (May 18, 2012) (disapproving application for a non-standard spacing unit consisting of 16 standard spacing units).
16. Approval of the Non-Standard Spacing Unit promotes effective well spacing and allows the Operator to therefore prevent waste and protect correlative rights.

ORDER

17. Order R-22560 is hereby vacated.
18. The Unit is approved as a non-standard horizontal spacing unit.
19. The uncommitted interests in the Unit are pooled as set forth in Exhibit A attached to this Order which replaces Exhibit A attached to Order R-22559.
20. The Unit shall be dedicated to the Well(s) set forth in Exhibit A
21. Operator is designated as operator of the Unit and the Well(s).
22. Order R-22559, as previously amended, shall remain in full force and effect.
23. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**DYLAN M. EDGE
DIRECTOR**

DMF/jag

Date: 2/21/23

Exhibit A

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COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23549	APPLICANT'S RESPONSE
Date	June 15, 2023
Applicant	MRC Permian Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company (OGRID No. 228937)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF MRC PERMIAN COMPANY TO AMEND ORDER NO. R-21271, AS AMENDED, AND DISMISS ORDER NO. R-21272, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Michael K&B
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Burton Flat; Wolfcamp, East (gas) (73480)
Well Location Setback Rules:	Statewide gas rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640
Building Blocks:	320 acres
Orientation:	West-East
Description: TRS/County	N/2 of Sections 21 and 22, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C-3, C-4
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. A
 Submitted by: MRC Permian Company
 Hearing Date: June 15, 2023
 Case No. 23549

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Well #1 <i>Received by OCD: 6/13/2023 4:18:56 PM</i>	Michael K 2122 Feder Com #201H well SHL: 1,096' FNL, 443' FEL (Unit A) of Section 20 BHL: 660' FNL, 110' FEL (Unit A) of Section 22 Target: Wolfcamp Orientation: West-East Completion: Non-Standard Standard
Well #2	Michael K 2122 Feder Com #202H well SHL: 1,093' FNL, 413' FEL (Unit A) of Section 20 BHL: 1,976' FNL, 110' FEL (Unit H) of Section 22 Target: Wolfcamp Orientation: West-East Completion: Non-Standard Standard
Horizontal Well First and Last Take Points	Exhibit C-2
Completion Target (Formation, TVD and MD)	Exhibit C-1
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C-1
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-3
Tract List (including lease numbers and owners)	Exhibit C-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit C-1, C-3, C-4
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-1
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3, C-4
Chronology of Contact with Non-Joined Working Interests	Exhibit C-1
Overhead Rates In Proposal Letter	Exhibit C-1
Cost Estimate to Drill and Complete	Exhibit C-1
Cost Estimate to Equip Well	Exhibit C-1

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<i>Received by OCD: 6/13/2023 4:18:56 PM</i> Cost Estimate for Production Facilities	Exhibit C-1	<i>Page 5 of 6</i>
Geology		
Summary (including special considerations)	Exhibit D	
Spacing Unit Schematic	Exhibit D-1	
Gunbarrel/Lateral Trajectory Schematic	N/A	
Well Orientation (with rationale)	Exhibit D	
Target Formation	Exhibit D, D-3	
HSU Cross Section	Exhibit D-3	
Depth Severance Discussion	N/A	
Forms, Figures and Tables		
C-102	Exhibit C-2	
Tracts	Exhibit C-3	
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3, C-4	
General Location Map (including basin)	Exhibit D-1	
Well Bore Location Map	Exhibit D-1	
Structure Contour Map - Subsea Depth	Exhibit D-2	
Cross Section Location Map (including wells)	Exhibit D-3	
Cross Section (including Landing Zone)	Exhibit D-3	
Additional Information		
Special Provisions/Stipulations	N/A	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.		
Printed Name (Attorney or Party Representative):	Paula M. Vance	
Signed Name (Attorney or Party Representative):		
Date:		6/13/2023

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