

**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

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Paula M. Vance
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
pmvance@hollandhart.com

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

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
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: 

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Paula M. Vance
Post Office Box 2208
Santa Fe, NM 87504
505-988-4421
505-983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
pmvance@hollandhart.com

ATTORNEYS FOR MRC PERMIAN COMPANY

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 211382

QUESTIONS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 211382
	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>