

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

**APPLICATION OF MRC PERMIAN  
COMPANY TO AMEND ORDER NO. R-21271,  
AS AMENDED, AND DISMISS ORDER NO. R-  
21272, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 23549**

**APPLICATION OF MRC PERMIAN  
COMPANY TO AMEND ORDER NO. R-22559,  
APPROVE A NON-STANDARD SPACING  
UNIT, AND DISMISS ORDER NO. R-22560,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 23552**

**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 to amend pooling orders underlying the referenced acreage all in Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, as follows:

**I. Case No. 23549**

Under Case No. 23549, MRC seeks to amend pooling Order No. R-21271, as amended, to incorporate the acreage under Order No. R-21272, and dismiss Order No. R-21272. Matador Production Company ("Matador") (OGRID No. 228937) is the designated operator under Order No. R-21271, as amended, and Order No. R-21272, as amended, both of which were entered on April 30, 2020.

Order No. R-21271, under Case No. 20908, pooled uncommitted mineral interests in the Wolfcamp formation (Burton Flat; Wolfcamp, East (oil) [98315]) underlying a standard 320-acre horizontal well spacing unit comprised of the N/2 N/2 of Sections 21 and 22. This standard horizontal well spacing unit, based on 40-acre building blocks, is dedicated to the **Michael K&B 2122 Fed Com #201H** well (API No. 30-015-53688), which was horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 20 to a bottomhole location in the NE/4 NE/4 (Unit A) of Section 22.

Order No. R-21272, under Case No. 20909, pooled uncommitted mineral interests in the Wolfcamp formation (Burton Flat; Wolfcamp, East (oil) [98315]) underlying a standard 320-acre horizontal well spacing unit comprised of the S/2 N/2 of Sections 21 and 22. This standard horizontal well spacing unit, based on 40-acre building blocks, is dedicated to the **Michael K&B 2122 Fed Com #202H** well (API No. 30-015-53687), which was horizontally drilled from a

surface location in the NE/4 NE/4 (Unit A) of Section 20 to a bottomhole location in the SE/4 NE/4 (Unit H) of Section 22.

Applicant was originally informed by the Division's District geologist that the acreage in both cases would be assigned to an oil pool subject to 40-acre standard spacing; however, Matador was subsequently informed by the Division that the acreage is in a gas pool (Burton Flat; Wolfcamp, East (gas) [73480]) subject to 320-acre standard spacing. Thus, Applicant seeks to amend Order No. R-21271, as amended, by combining the dedicated acreage from the two original units to form a standard 640-acre, more or less, spacing unit in the Wolfcamp formation comprised of the N/2 of Sections 21 and 22.

The owners and their proportionate interests are uniform between Order Nos. R-21271 and R-21272 and will remain unchanged in the proposed larger, horizontal well spacing unit. MRC requests that all other provisions under Order No. R-21271, as amended, remain unchanged.

The first and last take points are at a non-standard location; therefore, Applicant will file for administrative approval.

## **II. Case No. 23552**

Under Case No. 23552, MRC seeks to amend pooling Order No. R-22559, to incorporate the acreage under Order No. R-22560 to create a non-standard horizontal well spacing unit, and dismiss Order No. R-22560. Matador is the designated operator under Order No. R-22559 and Order No. R-22560, both of which were entered on March 30, 2023.

Order No. R-22559, under Case No. 23065, pooled uncommitted mineral interests in the Wolfcamp formation (Burton Flat; Wolfcamp, East (oil) [98315]) underlying a standard 280-acre horizontal well spacing unit comprised of the N/2 S/2 of Section 21 and the N/2 SW/4 and NW/4 SE/4 of Section 22. This standard horizontal well spacing unit, based on 40-acre building blocks,

is dedicated to the **Michael K&B 2122 Fed Com #203H** well (API No. 30-015-53686), which was horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 20 to a bottomhole location in the NW/4 SE/4 (Unit J) of Section 22.

Order No. R-22560, under Case No. 23066, pooled uncommitted mineral interests in the Wolfcamp formation (Burton Flat; Wolfcamp, East (oil) [98315]) underlying a standard 280-acre horizontal well spacing unit comprised of the S/2 S/2 of Section 21 and the S/2 SW/4 and SW/4 SE/4 of Section 22. This standard horizontal well spacing unit, based on 40-acre building blocks, is dedicated to the **Michael K&B 2122 Fed Com #204H** well (API No. 30-015-53685), which was horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 20 to a bottomhole location in the SW/4 SE/4 (Unit O) of Section 22.

Applicant was originally informed by the Division's District geologist that the acreage in both cases would be assigned to an oil pool subject to 40-acre standard spacing; however, Matador was subsequently informed by the Division that the acreage is in a gas pool (Burton Flat; Wolfcamp, East (gas) [73480]) subject to 320-acre standard spacing. Thus, Applicant seeks to amend Order R-22559 by combining the dedicated acreage from the two original units to form a non-standard 560-acre, more or less, horizontal well spacing unit in the Wolfcamp formation comprised of the S/2 of Section 21 and the SW/4 and W/2 SE/4 of Section 22.

The owners and their proportionate interests are uniform between Order Nos. R-22559 and R-22560 and will remain unchanged in the proposed larger, non-standard horizontal well spacing unit. MRC requests that all other provisions under Order No. R-22559, remain unchanged.

The first and last take points are at a non-standard location; therefore, Applicant will file for administrative approval.

**APPLICANT'S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Hawks Holder, Landman	Affidavit	Approx. 5
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**  
**1220 S. St Francis Dr.**  
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QUESTIONS

Action 225615

**QUESTIONS**

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 225615
	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>