

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

**APPLICATION OF MR NM OPERATING
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25642

**MR NM OPERATING LLC'S RESPONSE TO
MACK ENERGY CORP'S NOTICE OF INTERVENTION
AND OBJECTION TO PROCEEDING BY AFFIDAVITS**

MR NM Operating LLC ("MR NM") submits the following response to Mack Energy Corp's ("Mack") *Notice of Intervention and Objection to Proceeding by Affidavits*. As discussed below, Mack's intervention is improper because it lacks standing to intervene in this compulsory pooling proceeding. In support of its response, MR NM states as follows:

1. In this case, MR NM seeks an order from the Oil Conservation Division ("OCD" or "Division"), pooling all uncommitted interests in the Yeso formation underlying a 320-acre, standard horizontal spacing unit comprised of the SE/4 of Section 31 and SW/4 of Section 32, Township 16 South, Range 32 East, Lea County, New Mexico ("Unit"). The proposed Unit will be dedicated to the **Shrek State Com 1H** well, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 31, and the **Shrek State Com 2H** well, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31 ("Wells").

2. MR NM did not include in its application a request for approval of an overlapping spacing unit because at the time of filing, MR NM did not believe any existing spacing units would fully or partially overlap with MR NM's current proposed Unit and development plans.

3. MR NM did not provide notice of its application to Mack because Mack does not own an interest in its proposed Shrek Unit. *See* Exhibit 1 at ¶ 4.

4. On May 14, 2025, Mack submitted Applications for Permits to Drill (“APD”) its “Devils Tower” wells, which are located in the SE/4 of Section 36, Township 16 South, Range 31 East, and the S/2 of Section 31, Township 16 South, Range 32 East. *See* Exh. A to Mack’s Notice of Intervention.

5. In the APDs, Mack certified that it “has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well’s completed interval will be located or obtained a compulsory pooling order from the division.” *See id.* However, as Mack concedes in its Notice of Intervention, it does not own an interest or have an agreement with any interest owner in the SE/4 of Section 31. Neither has Mack obtained a compulsory pooling order from the Division. Accordingly, Mack’s APDs were improperly submitted.

6. On July 1, 2025, OCD approved Mack’s Devils Tower APDs. *See* Exhibit C to Exhibit 1 (10/3/25 E-mail from J. Garcia).

7. On August 12, 2025, MR NM submitted its Shrek APDs to OCD. *See* Exhibit 1 at ¶ 6.

8. OCD rejected MR NM’s Shrek APDs on September 22, 2025, on the ground that MR NM had not provided notice to Mack of the overlapping spacing unit. *See* Exhibit 1 at ¶ 8.

9. MR NM provided Mack with notice of the overlapping spacing unit, as requested by OCD, on September 24, 2025. *See* Exhibit A to Exhibit 1 (12/24/25 Letter from MR NM to Mack).

10. After receiving notice of the overlapping spacing unit, Mack objected to the proposed Shrek Unit as overlapping with its Devils Tower wells and filed a Notice of Intervention in Case No. 25642. *See* Exhibit A at ¶ 10.

11. An overlapping spacing unit is created when there is “a horizontal well that will have a completed interval partially in an *existing* well’s spacing unit, and in the same pool or formation...” 19.15.16.15.(B)(9)(b)(i) NMAC (emphasis added).

12. Under 19.15.2.7(E)(7) NMAC, an “existing spacing unit” is a “spacing unit containing a producing well.”

13. For this reason, OCD determined that the Shrek APDs had been improperly rejected because Mack’s Devils Tower wells were not producing and, therefore, did not meet the definition of an “existing spacing unit” that would result in an overlapping spacing unit. *See* Exhibit C to Exhibit 1.

14. Rule 19.15.4.11(A) NMAC provides that a party “with standing with respect to the case’s subject matter may intervene by filing a written notice of intervention with the division....” “The division examiner...may strike a notice of intervention on a party’s motion if the intervenor fails to show that the intervenor has standing....” 19.15.4.11(C) NMAC.

15. Further, to intervene properly in this matter, a party must first establish standing under 19.15.4.11 NMAC.

16. Mack lacks standing to intervene in this matter.

17. A potential intervenor must meet the following elements to establish standing: (1) injury in fact, (2) causation, and (3) redressability. *See, e.g., ACLU v. City of Albuquerque*, 2008-NMSC-045, ¶ 1, 144 N.M. 471. To establish an “injury in fact,” a complainant must “show that he is injured or threatened with injury in a direct and concrete way....” *Id.* at ¶ 19. Mack fails to

satisfy this requirement. As Mack admits in its Notice of Intervention, “it does not own an interest in the SE/4 of Section 31...,” Notice of Intervention at ¶ 3, nor does it own an interest in the remainder of the Shrek Unit. *See* Exhibit 1 at ¶ 4. Mack also fails to show injury in fact because there is no overlapping spacing unit. *See* Exhibit C to Exhibit 1. Without a valid objection to an overlapping spacing unit, Mack cannot use the overlapping spacing unit as a basis to intervene.

18. Mack also cannot rely on its Devils Tower APDs as a basis to intervene because Mack does not own or control an interest in every tract it proposes to develop and has not obtained a compulsory pooling order from the Division. Accordingly, Mack improperly submitted its APDs and they should be rescinded.

19. Accordingly, MR NM requests that the Division reject Mack’s Notice of Intervention in this proceeding.

Respectfully submitted,

HARDY McLEAN LLC

/s/ Jaclyn M. McLean

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

125 Lincoln Ave, Ste. 223

Santa Fe, NM 87501

Phone: (505) 230-4410

dhardy@hardymclean.com

jmclean@hardymclean.com

ypena@hardymclean.com

Counsel for MR NM Operating LLC

CERTIFICATE OF SERVICE

I hereby certify that on October 8, 2025, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

Adam G. Rankin
Paula M. Vance
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421
(505) 983-6043 Facsimile
agrarkin@hollandhart.com
pmvance@hollandhart.com
Attorneys for Mack Energy Corp

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

**APPLICATION OF MR NM OPERATING
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25642

**SUPPLEMENTAL SELF-AFFIRMED
STATEMENT OF BLAKE SIMMONS**

1. I am a Land Advisor with MR NM Operating LLC (“MR”). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the land matters involved in the above-referenced matter.

3. In Case No. 25642, MR NM seeks an order from the Oil Conservation Division (“OCD”), pooling all uncommitted interests in the Yeso formation underlying a 320-acre, standard horizontal spacing unit comprised of the SE/4 of Section 31 and SW/4 of Section 32, Township 16 South, Range 32 East, Lea County, New Mexico (“Shrek Unit”). The proposed Shrek Unit will be dedicated to the **Shrek State Com 1H** well, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 31, and the **Shrek State Com 2H** well, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31 (“Wells”).

4. Mack does not have any ownership interest in the proposed Shrek Unit. Therefore, MR NM is not seeking to pool Mack and MR NM did not provide MR NM notice of Case No. 25642.

EXHIBIT 1

5. MR NM did not include a request for approval of an overlapping spacing unit, as MR NM did not believe there were any existing producing wells within the proposed Shrek spacing unit.

6. MR NM submitted its Shrek Applications for Permits to Drill (“APDs”) to the OCD on August 12, 2025.

7. MR NM became aware of Mack’s Devil Tower wells after MR NM’s APDs were rejected by the OCD on September 22, 2025.

8. The OCD rejected MR NM’s APDs on the grounds that MR NM had not provided notice to Mack of the overlapping spacing unit located in the SE/4 of Section 31.

9. MR NM provided Mack with notice of the overlapping spacing unit pursuant to 19.15.16.16(B)(9) and 19.15.15.12(B) NMAC on September 24, 2025. *See* 12/24/25 Letter to Mack (Exhibit A).

10. On October 1, 2025, Mack informed MR NM that it objected to the proposed Shrek Unit. *See* 10/1/25 E-mail from P. Vance (Exhibit B). Simultaneously, Mack filed its Notice of Intervention into Case No. 25642.

11. On October 3, 2025, MR NM and Mack was notified by the OCD that it would accept the Shrek State Com #003H, Shrek State Com #002H, and Shrek State Com #001H APDs because Mack’s Devils Towers wells were not producing wells and therefore, did not meet the definition of an “existing spacing unit” that would result in an overlapping spacing unit under the Rule. *See* 10/3/25 E-mail from J. Garcia (Exhibit C).

12. I understand this Supplemental Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under

penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my electronic signature below.

/s/ Blake Simmons
BLAKE SIMMONS

10/8/2025
Date

**MR NM OPERATING LLC
5950 Berkshire | Suite 1000
Dallas, Texas 75225
(469) 899-8600**

September 24, 2025

VIA Certified Mail

Mack Energy Corporation
11344 Lovington Hwy
Artesia, NM 88210

Re: Notice of Overlapping Spacing Unit
Shrek State Com #1H and 2H
Lea County, New Mexico

To Whom It May Concern:

MR NM Operating LLC ("MR NM") has proposed the above-referenced wells for the initial development of the Yeso formation under the SE/4 of Section 31 and the SW/4 of Section 32, Township 16 South, Range 32 East, NMPM, Lea County, New Mexico.

This letter is to advise you that this proposed development plan will require the formation of a 320 acre, more or less, spacing unit comprised of the SE/4 of Section 31 and the SW/4 of Section 32, Township 16 South, Range 32 East, NMPM, Lea County, New Mexico, which will initially be dedicated to:

- i. MR NM's Shrek State Com #1H, to be drilled from a surface location within the SE/4 SW/4 of Section 32, T16S-R32E, to a bottom hole location within the SW/4 SE/4 of Section 31, T16S-R32E. This well is targeting the Yeso formation, with an approximate TVD of 5,707'.

MR NM's proposed 320-acre spacing unit will overlap the following proposed spacing unit and well:

- ii. Mack Energy Corporation's Devils Tower State Com #1H (API No. 30-015-56931), drilled from a surface location within the SE/4 SW/4 of Section 36, T16S, R31E to a bottom hole location within the SE/4 SE/4 of Section 31, T16S, R32E. This well is targeting the Yeso formation, with an approximate TVD of 5,502'.

Pursuant to NMAC 19.15.16.15.B(9) and 19.15.15.12.B, you have a right to object to the overlapping spacing unit by delivering a written statement of objection to our office within twenty (20) days of the mailing of this notice. If no objection is received within this period, we will proceed with obtaining any remaining approvals for the proposed spacing unit.

Should you have questions or concerns, please contact the undersigned directly at (214) 354-5414 or via email at blake@mr-nm.com.

Regards,

Blake Simmons

Blake Simmons
Land Manager

EXHIBIT A

From: Paula M. Vance <PMVance@hollandhart.com>

Sent: Wednesday, October 1, 2025 5:03 PM

To: OCD.Engineer@emnrd.nm.gov

Cc: Blake Simmons <blake@mr-nm.com>

Subject: MR NM Shrek Overlapping Development

*** EXTERNAL EMAIL ***

To Whom It May Concern,

Mack Energy Corporation objects to MR NM's proposed overlapping development.



**Holland
& Hart**

Paula Vance

Her / Hers / She [\(What's this?\)](#)

Associate

HOLLAND & HART LLP

110 North Guadalupe Street, Suite 1, Santa Fe, NM 87501

pmvance@hollandhart.com | **T:** (505) 954-7286 | **M:** (337) 280-9055

CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this email.

EXHIBIT B

From: Garcia, John, EMNRD <JohnA.Garcia@emnrd.nm.gov>
Sent: Friday, October 3, 2025 12:25 PM
To: Paula M. Vance <pmvance@hollandhart.com>; Blake Simmons <Blake@mr-nm.com>;
jeanette@permitswest.com; cory@permitswest.com
Cc: Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>; Wrinkle, Justin, EMNRD
<Justin.Wrinkle@emnrd.nm.gov>
Subject: Mack and MR NM Wells
Importance: High

*** EXTERNAL EMAIL ***

Mack / MR NM,

Recently there has been a lot of activity and discussion around Macks “Devils Tower” wells and MR NM “Shrek” wells, so we would like to clean up the situation.

- On May 14, 2025, OCD received Macks “Devils Tower” APDs
- On July 1, 2025, OCD approved Macks “Devils Tower” APDs
- On August 12, 2025, OCD received MR NMs “Shrek” APDs
- On September 22, 2025, OCD rejected MR NMs “Shrek” APDs

The September 22, 2025, rejection of MR NM APDs came from OCD staff based on guidance, after doing a deeper dive we believe was incorrect and will explain below.

Originally, we had given guidance to staff to reject these MR NM APDs as we were aware of Macks spacing unit and at first glance it appeared MR NM had not provided proper notice to Macks overlapping spacing units. However, it appears the guidance was incorrect after reviewing the rule in more detail.

19.15.16.15.B.(9).(b) NMAC references:

- (i) a horizontal well that will have a completed interval partially in an **existing well's** spacing unit, and in the same pool or formation, may be drilled only with the approval of, or, in the absence of approval, after notice to, all operators and working interest owners of record or known to the applicant in the existing and new well's spacing units;
- (ii) any subsequent well, horizontal or otherwise, with a completed interval located wholly within an **existing well's** horizontal spacing unit, and in the same pool or

EXHIBIT C

formation, if not designated as an infill horizontal well, may be drilled only with the approval of, or, in the absence of approval, after notice to, all operators and working interest owners of record or known to the applicant in the existing and new well's spacing units;

However, 19.15.2.7.E.(7) NMAC says:

“Existing spacing unit” means a spacing unit containing a producing well.

With this in mind Macks “Devils Tower” wells do not meet the definition of existing spacing unit as they are not producing. Therefore, MR NMs APDs should not have been rejected. In addition, OCD has received an objection from Mack to MR NMs APDs, due to the overlap. Again, these wells do not overlap per the rules at this time and OCD recommends if the objection still stands Mack will need to file an application for hearing.

What OCD is going to do going forward is:

1. Pull back our rejection of MR NM APDs for the following wells:

- a. Shrek State Com #003H (Action ID 395214)
- b. Shrek State Com #002H (Action ID 395212)
- c. Shrek State Com #001H (Action ID 395211)

Note: this does not mean OCD is automatically approving the APDs. We will review in the same manner every APD gets, however you will not be rejected due to overlapping notice as you previously were.

2. OCD highly recommends that the party negotiates with each other prior to drilling as if these wells are drilled and objections are still present, and a hearing is in fact held it could result in plugging of wells which were drilled.

Note: OCD is now aware of a Compulsorily pooling case (case 25642) which appears to involve these parties and wells. Operators should note that early drilling does not assist in evaluation of cases.

If you have any questions, please let me know. Note any questions regarding case 25642 shall be saved for the hearing process.

Thank you,
John Garcia
Petroleum Specialist Supervisor
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

