

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

**APPLICATION OF  
MRC PERMIAN COMPANY  
TO AMEND ORDER R-21271  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23549  
ORDER NO. R-21271-D**

**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 April 30, 2020, OCD issued Order R-21271 to MRC Permian Company (“Operator”) to pool the uncommitted oil and gas interests within the specified spacing unit.
2. On April 30, 2020, OCD issued Order R-21272 to Operator to pool the uncommitted oil and gas interests within the specified spacing unit.
3. On December 5, 2022, OCD issued Order R-21271-C and Order R-21272-C to Operator to extend the time to commence drilling operations until April 30, 2023.
4. Subsequent to the above Orders, Operator has revised its development plans and seeks to amend Order R-21271 unit so that it consists of a 640-acre more or less, spacing unit (“Unit”) described in Exhibit A.
5. On May 2, 2023, Operator filed an application (“Application”) with OCD to amend Order R-21271, and to vacate Order R-21272.
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.

**ORDER**

14. Order R-21272 is hereby vacated.
15. 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-21271.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A
17. Operator is designated as operator of the Unit and the Well(s).
18. Order R-21271, as previously amended, shall remain in full force and effect.
19. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
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**DYLAN M FUSE**  
**DIRECTOR**  
DMF/jag

Date: 7/21/23

# Exhibit A


COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
<b>Case: 23549</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date</b>	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
<b>Formation/Pool</b>	
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
<b>Spacing Unit</b>	
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 and is approval of non-standard unit requested in this application?	Yes
<b>Other Situations</b>	
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
<b>Well(s)</b>	
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	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
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C-1
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
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
<b>Ownership Determination</b>	
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
<b>Joinder</b>	
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	<b>Exhibit C-1</b>	<i>Page 5 of 6</i>
<b>Geology</b>		
Summary (including special considerations)	<b>Exhibit D</b>	
Spacing Unit Schematic	<b>Exhibit D-1</b>	
Gunbarrel/Lateral Trajectory Schematic	<b>N/A</b>	
Well Orientation (with rationale)	<b>Exhibit D</b>	
Target Formation	<b>Exhibit D, D-3</b>	
HSU Cross Section	<b>Exhibit D-3</b>	
Depth Severance Discussion	<b>N/A</b>	
<b>Forms, Figures and Tables</b>		
C-102	<b>Exhibit C-2</b>	
Tracts	<b>Exhibit C-3</b>	
Summary of Interests, Unit Recapitulation (Tracts)	<b>Exhibit C-3, C-4</b>	
General Location Map (including basin)	<b>Exhibit D-1</b>	
Well Bore Location Map	<b>Exhibit D-1</b>	
Structure Contour Map - Subsea Depth	<b>Exhibit D-2</b>	
Cross Section Location Map (including wells)	<b>Exhibit D-3</b>	
Cross Section (including Landing Zone)	<b>Exhibit D-3</b>	
<b>Additional Information</b>		
Special Provisions/Stipulations	<b>N/A</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>		
<b>Printed Name</b> (Attorney or Party Representative):	<b>Paula M. Vance</b>	
<b>Signed Name</b> (Attorney or Party Representative):		
<b>Date:</b>		<b>6/13/2023</b>

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