

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15245
ORDER NO. R-13970**

**APPLICATION OF MRC PERMIAN COMPANY FOR COMPULSORY
POOLING AND APPROVAL OF AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 18, 2014, and on March 19, 2015, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 2nd day of April, 2015, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) MRC Permian Company ("Applicant") seeks an order pooling all uncommitted interests in the Wolfcamp formation, Cass Draw-Wolfcamp (Gas) Pool (Pool code 74270), underlying the S/2 of Section 12, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit (the "Unit").

(3) The Unit will be dedicated to the Applicant's Tom Walters 12-23-27E RB Well No. 203H (the "proposed well"; API No. 30-015-pending), a horizontal well to be drilled from a surface location 2262 feet from the South line and 250 feet from the West line (Unit letter L) of Section 12, to a terminus 2263 feet from the South line, and 240 feet from the East line (Unit letter I) of Section 12.

(4) The Applicant further requests approval of this unorthodox gas well location. The location of the proposed well is unorthodox because the proposed completed interval is less than 660 feet from the outer boundaries of the project area.

(5) The proposed well is within the Cass Draw-Wolfcamp (Gas) Pool. Spacing in this pool is governed by statewide Rule 19.15.15.10 NMAC, which provides for standard 320-acre units, each comprising any two contiguous quarter governmental sections with the initial well located no closer than 660 feet to the outer boundary of the quarter section.

(6) Applicant appeared at the hearing through counsel on December 18, 2014, and presented land and geologic evidence to the effect that:

- (a) The Wolfcamp formation in this area is suitable for development by horizontal drilling;
- (b) the proposed orientation of the horizontal well West to East or East to West is appropriate for the proposed Unit;
- (c) all quarter-sections to be included in the Unit are expected to be productive in the Wolfcamp formation, so that formation of the Unit as requested will not impair correlative rights; and
- (d), notice was provided to parties affected by the unorthodox location.

(7) No other party appeared at the hearing, or otherwise opposed the granting of this application.

(8) At hearing on March 19, 2015, Applicant requested that the compulsory pooling portion of the original application for this case be dismissed since all interest owners in the Unit have agreed to participate.

The Division concludes that:

(9) Approval of the unorthodox gas well location will enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the unit, thereby preventing waste, and will not impair correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) MRC Permian Company's application for compulsory pooling of uncommitted mineral interests within the S/2 of Section 12, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, is hereby **dismissed**.

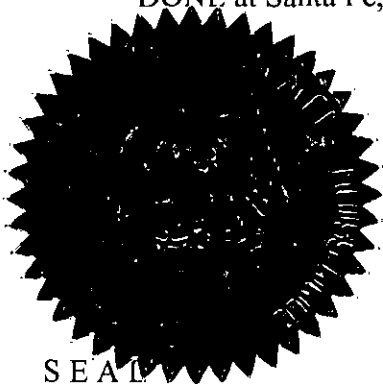
(2) The unorthodox location of the Applicant's proposed well (Tom Walters 12-23-27E RB Well No. 203H, a horizontal well to be drilled from a surface location

2262 feet from the South line, and 250 feet from the West line (Unit letter L) of Section 12, to a terminus 2263 feet from the South line and 240 feet from the East line (Unit letter I) of Section 12, Township 23 South, Range 27 East, NMPM) for production of gas from the Wolfcamp formation (in the Cass Draw-Wolfcamp (Gas) Pool) is approved.

(3) The S/2 of Section 12, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit in said pool.

(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

David R. Catanach

DAVID R. CATANACH
Director