

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

**APPLICATION OF MRC PERMIAN COMPANY
FOR APPROVAL OF A STANDARD OVERLAPPING
HORIZONTAL WELL SPACING UNIT
AND COMPULSORY POOLING,
LEA AND EDDY COUNTIES, NEW MEXICO.**

CASE NO. _____

APPLICATION

MRC Permian Company ("MRC" or "Applicant"), through its undersigned attorneys, files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a standard 482.46-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation, save and except the Second Bone Spring interval, underlying the W/2 SW/4 of Section 26 and the W/2 W/2 of Section 35, Township 20 South, Range 32 East, Lea County, New Mexico, as well as Lots 1, 8, 9, & 16, the NE/4 SE/4, and the SE/4 SE/4 (E/2 E/2 equivalent) of irregular Section 2, Township 21 South, Range 31 East, Eddy County, New Mexico; and (b) pooling the uncommitted interest owners in this acreage. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed overlapping horizontal well spacing unit and has the right to drill thereon.
2. Applicant seeks to designate Matador Production Company (OGRID No. 228937) as the operator of the proposed horizontal well spacing unit.
3. Due to ownership differences in the Bone Spring formation underlying this acreage, Applicant seeks to exclude from pooling the Second Bone Spring interval defined as the stratigraphic equivalent of the depths between 9,206 feet total vertical depth and 9,992 feet total

vertical depth, as shown in the logs of the Sam H. Snoddy Federal 001 well (API No. 30-025-27812).

4. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Twinkle 2601 Federal Com 131H** well, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 26, T20S-R32E, with a first take point in the NW/4 SW/4 (Unit L) of Section 26, T20S-R32E, and a last take point in the SE/4 SE/4 (Unit P) of irregular Section 2, T21S-R31E.

5. This proposed standard horizontal well spacing unit will overlap the following existing or proposed horizontal well spacing units in the Bone Spring formation:

- A proposed 482-acre spacing unit comprised of this same acreage in the Second Bone Spring interval to be dedicated to the Twinkle 2601 Federal Com 121H well proposed by MRC; and
- An existing 640-acre spacing unit in the Bone Spring formation underlying All of Section 26, T20S-R32E, currently dedicated to the Snoddy Federal 020H (30-025-40447), Snoddy Federal 021H (30-025-40838), and Snoddy Federal 023H (30-025-40837), operated by Cimarex Energy Company (“Cimarex”).

6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

7. The granting of this application will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on the November 13, 2025, hearing docket and after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping, standard horizontal well spacing unit and pooling all uncommitted interest owners therein;
- B. Designating Matador Production Company as operator of this horizontal spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR MRC PERMIAN COMPANY AND
MATADOR PRODUCTION COMPANY**

CASE _____: **Application of MRC Permian Company for Approval of a Standard Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea and Eddy Counties, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 482.46-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation, save and except the Second Bone Spring interval, underlying the W/2 SW/4 of Section 26 and the W/2 W/2 of Section 35, Township 20 South, Range 32 East, Lea County, New Mexico, as well as Lots 1, 8, 9, & 16, the NE/4 SE/4, and the SE/4 SE/4 (E/2 E/2 equivalent) of irregular Section 2, Township 21 South, Range 31 East, Eddy County, New Mexico; and (b) pooling the uncommitted interest owners in this acreage. Due to ownership differences in the Bone Spring formation underlying this acreage, Applicant seeks to exclude from pooling the Second Bone Spring interval defined as the stratigraphic equivalent of the depths between 9,206 feet total vertical depth and 9,992 feet total vertical depth, as shown in the logs of the Sam H. Snoddy Federal 001 well (30-025-27812). Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Twinkle 2601 Federal Com 131H** well, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 26, T20S-R32E, with a first take point in the NW/4 SW/4 (Unit L) of Section 26, T20S-R32E, and a last take point in the SE/4 SE/4 (Unit P) of irregular Section 2, T21S-R31E. This proposed standard horizontal well spacing unit will overlap the following existing or proposed horizontal well spacing units in the Bone Spring formation:

- A proposed 482-acre spacing unit comprised of this same acreage in the Second Bone Spring interval to be dedicated to the Twinkle 2601 Federal Com 121H well proposed by MRC; and
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Also, to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the proposed spacing unit, and a 200% charge for risk involved in drilling the proposed well. The subject area is located approximately 32 miles east of Carlsbad, New Mexico.