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November 18, 2014.

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 15244

Dear Florene:

Enclosed for filing, on behalf of MRC Permian Company, are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. Please set this matter for the December 18, 2014 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for MRC Permian Company

Parties Being Pooled

Cimarex Energy Co.
Suite 600
600 North Maricfeld
Midland, Texas 79701

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MRC PERMIAN COMPANY
FOR A NON-STANDARD SPACING AND
PRORATION UNIT, AN UNORTHODOX WELL
LOCATION AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

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Case No. 15244

APPLICATION

MRC Permian Company applies for an order (i) approving a 160 acre non-standard oil spacing and proration unit in the Wolfcamp formation comprised of the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 1, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, (ii) approving an unorthodox well location, and (iii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 1, and has the right to drill a well thereon.
2. Applicant proposes to drill the Dr. Scrivner 1-24S-28E RB Well No. 224H to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 1 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 or 320 acre spacing within that vertical extent. The well is a horizontal well with a surface location 250 feet from the south line and 350 feet from the east line of Section 1. The producing interval will be unorthodox, with the penetration point 330 feet from the south line and 350 feet from the east line, and the last perforation 330 feet from the north line and 350 feet from the east line, of Section 1.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 1 for the purposes set forth herein.

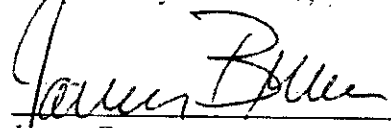
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½E½ of Section 1, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, the unorthodox well location, and the pooling of all mineral interests underlying the E½E½ of Section 1 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Wolfcamp formation in the E½E½ of Section 1;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the E½E½ of Section 1;
- C. Approving the unorthodox well location;
- D. Designating Matador Production Company as operator of the well;
- E. Considering the cost of drilling and completing the well, and allocating the costs among the well's working interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for MRC Permian Company

PROPOSED ADVERTISEMENT

Case No. 45244:

Application of MRC Permian Company for approval of a non-standard spacing and proration unit, an unorthodox well location, and compulsory pooling, Eddy County, New Mexico.

Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2E/2 of Section 1, Township 24 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 or 320 acre spacing within that vertical extent. The unit is to be dedicated to the Dr. Scrivner 1-24S-28E RB Well No. 224H, a horizontal well with a surface location 250 feet from the south line and 350 feet from the east line of Section 1. The producing interval will be unorthodox, with the penetration point 330 feet from the south line and 350 feet from the east line, and the last perforation 330 feet from the north line and 350 feet from the east line, of Section 1. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1 mile west of Harroun, New Mexico.

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