

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

**APPLICATION OF MRC PERMIAN COMPANY
FOR APPROVAL OF AN OVERLAPPING HORIZONTAL
WELL SPACING UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

MRC Permian Company (“MRC” or “Applicant”), through 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 480-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the W2W2 of Section 2, Township 23 South, Range 35 East, and Sections 35 and 26, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed 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 spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal well spacing unit to the proposed **Uncle Don State Com 111H** well to be horizontally drilled from the SW4 of Section 2, with a first take point in the SW4SW4 (Unit M) of Section 2 and a last take point in the NW4NW4 (Unit D) of Section 26.

4. This proposed horizontal well spacing unit will overlap a 40-acre spacing unit comprised of the SW4SW4 (Unit M) of Section 35 dedicated to the Matador Uncle Don State No. 1 (30-015-45622), a vertical well producing from the Bone Spring formation.

5. 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.

6. Approval of this overlapping horizontal well spacing unit the pooling of interests 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 September 7, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving this overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Matador Production Company as operator of this horizontal well spacing unit and the wells 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% penalty 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,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Paula M. Vance
Post Office Box 2208
Santa Fe, NM 87504
505-988-4421
505-983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
pmvance@hollandhart.com

ATTORNEYS FOR MRC PERMIAN COMPANY

CASE _____:

Application of MRC Permian Company for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (a) approving an overlapping 480-acre, more or less, standard horizontal well spacing unit in the Bone Spring formation underlying the W2W2 of Section 2, Township 23 South, Range 35 East, and Sections 35 and 26, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico. This unit will be initially dedicated to the proposed **Uncle Don State Com 111H** well to be horizontally drilled from the SW4 of Section 2, with a first take point in the SW4SW4 (Unit M) of Section 2 and a last take point in the NW4NW4 (Unit D) of Section 26. This proposed horizontal well spacing unit will overlap a 40-acre spacing unit comprised of the SW4SW4 (Unit M) of Section 35 dedicated to the Matador Uncle Don State No. 1 (30-025-45622), a vertical well producing from the Bone Spring formation. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well, and a 200% charge for risk involved in drilling said well. The subject area is located approximately 12 miles southwest of Eunice, New Mexico.