

**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,
EDDY COUNTY, 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 399.46-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the S/2 S/2 of Sections 13 and 14, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, and Lot 4 and SE/4 SW/4 (S/2 SW/4 equivalent) of irregular Section 18, Township 23 South, Range 28 East, NMPM, 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 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. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Steve Ohnimus Fee 124H** well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 14, T23S-R27E, with a first take point in the SW/4 SW/4 (Unit

M) of Section 14, T23S-R27E, and a last take point in the SE/4 SW/4 (Unit N) of irregular Section 18.

4. This proposed horizontal well spacing unit will overlap the following existing spacing unit in the Bone Spring formation:

- An existing 160-acre, more or less, spacing unit comprised of the E/2 W/2 of irregular Section 18, Township 23 South, Range 28 East, dedicated to the Gravel Grinder Fee 23 28 18 TB 6H well (API No. 30-015-44629), operated by Marathon Oil Permian LLC (OGRID 372098).

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. The pooling of interests will 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 October 8, 2026, hearing docket and after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed overlapping spacing unit;
- B. Pooling all uncommitted interest owners in the horizontal spacing unit;
- C. Designating Matador Production Company as operator of this horizontal spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- E. 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

- F. 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, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 399.46-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the S/2 S/2 of Sections 13 and 14, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, and Lot 4 and SE/4 SW/4 (S/2 SW/4 equivalent) of irregular Section 18, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and (b) pooling the uncommitted interest owners in this acreage. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Steve Ohnimus Fee 124H** well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 14, T23S-R27E, with a first take point in the SW/4 SW/4 (Unit M) of Section 14, T23S-R27E, and a last take point in the SE/4 SW/4 (Unit N) of irregular Section 18. This proposed horizontal well spacing unit will overlap the following existing spacing unit in the Bone Spring formation:

- An existing 160-acre, more or less, spacing unit comprised of the E/2 W/2 of irregular Section 18, Township 23 South, Range 28 East, dedicated to the Gravel Grinder Fee 23 28 18 TB 6H well (API No. 30-015-44629), operated by Marathon Oil Permian LLC (OGRID 372098).

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 a mile northwest of Loving, New Mexico.