

**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 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the E2E2 of Sections 16 and 21, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted minerals owners in this 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 **Iggles State Com 124H** and **Iggles State Com 134H** wells to be horizontally drilled from surface locations in the SE4 of Section 21, with first take points in the SE4SE4 (Unit P) of Section 21 and last take points in the NE4NE4 (Unit A) of Section 16.

4. This standard 320-acre horizontal well spacing unit will overlap a 40-acre vertical well spacing unit comprised of the NE4NE4 (Unit A) of Section 16 that is currently dedicated to the TP State No. 1 well (API No. 30-15-20597) operated by Maverick Permian LLC.

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 approval of this overlapping horizontal well spacing unit and 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 October 5, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed 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 wells;
- 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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**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 a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the E2E2 of Sections 16 and 21, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted minerals owners in this horizontal well spacing unit. This unit will be initially dedicated to the proposed **Iggle State Com 124H** and **Iggle State Com 134H** wells to be horizontally drilled from surface locations in the SE4 of Section 21, with first take points in the SE4SE4 (Unit P) of Section 21 and last take points in the NE4NE4 (Unit A) of Section 16. This standard 320-acre horizontal well spacing unit will overlap a 40-acre vertical well spacing unit comprised of the NE4NE4 (Unit A) of Section 16 that is currently dedicated to the TP State No. 1 well (API No. 30-15-20597) operated by Maverick Permian LLC. Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the wells, and a 200% charge for risk involved in drilling and completing said wells. The subject area is located approximately 15 miles northeast of Halfway, New Mexico.