

**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, hereby 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 479.6-acre, more or less, overlapping horizontal well spacing unit in an interval of the Bone Spring formation underlying Lot 1, SE4NE4, and the E2SE4 of Section 2, and the E2E2 of Sections 11 and 14, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, (b) pooling all uncommitted mineral interests the correlative stratigraphic interval from 11,915’ MD as shown in the Dual Laterolog of the Stevens 11 #1 well (API No. 30-025-34246) to the base of the Bone Spring formation. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed overlapping horizontal 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 overlapping horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced overlapping horizontal spacing unit to the proposed **Charles Ling Fed Com 138H** well, to be horizontally drilled from a surface location in the NE4NE4 (Unit A) of Section 2 to a bottom hole location in the SE4SE4 (Unit P) of Section 14.

4. This 479.6-acre horizontal well spacing unit will overlap the following existing horizontal well spacing units:

- 160-acre horizontal well spacing unit comprised of the N2N2 of Section 2, dedicated to the Macho State #1H (API: 30-025-39884);
- 160-acre horizontal well spacing unit comprised of the S2N2 of Section 2, dedicated to the Macho State #2H (API: 30-025-39885);
- 160-acre horizontal well spacing unit comprised of the N2S2 of Section 2, dedicated to the Trucker “Brk” State #1H (API: 30-025-26309);
- 160-acre horizontal well spacing unit comprised of the S2S2 of Section 2, dedicated to the Trucker “Brk” State #2H (API: 30-025-41972);
- 160-acre horizontal well spacing unit comprised of the E2E2 of Section 11, dedicated to the Roy Batty Federal Com #4H (API: 30-025-41334); and
- 160-acre horizontal well spacing unit comprised of the E2E2 of Section 14, dedicated to the Tyrell Fee #1H (API: 30-025-41026) and the Tyrell Fee #2H (API: 30-025-42789).

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 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 November 2, 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 overlapping horizontal spacing unit and the horizontal 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
Paula M. Vance
Post Office Box 2208
Santa Fe, NM 87504
505-988-4421
505-983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@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 a standard 479.6-acre, more or less, overlapping horizontal well spacing unit in an interval of the Bone Spring formation comprised of Lot 1, SE4NE4, and the E2SE4 of Section 2, and the E2E2 of Sections 11 and 14, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in the correlative stratigraphic interval from 11,915' MD as shown in the Dual Laterolog of the Stevens 11 #1 well (API No. 30-025-34246) to the base of the Bone Spring formation. Said unit will be initially dedicated to the proposed **Charles Ling Fed Com 138H** well, to be horizontally drilled from a surface location in the NE4NE4 (Unit A) of Section 2 to a bottom hole location in the SE4SE4 (Unit P) of Section 14. This 479.6-acre horizontal well spacing unit will overlap the following existing horizontal well spacing units:

- 160-acre horizontal well spacing unit comprised of the N2N2 of Section 2, dedicated to the Macho State #1H (API: 30-025-39884);
- 160-acre horizontal well spacing unit comprised of the S2N2 of Section 2, dedicated to the Macho State #2H (API: 30-025-39885);
- 160-acre horizontal well spacing unit comprised of the N2S2 of Section 2, dedicated to the Trucker "Brk" State #1H (API: 30-025-26309);
- 160-acre horizontal well spacing unit comprised of the S2S2 of Section 2, dedicated to the Trucker "Brk" State #2H (API: 30-025-41972);
- 160-acre horizontal well spacing unit comprised of the E2E2 of Section 11, dedicated to the Roy Batty Federal Com #4H (API: 30-025-41334); and
- 160-acre horizontal well spacing unit comprised of the E2E2 of Section 14, dedicated to the Tyrell Fee #1H (API: 30-025-41026) and the Tyrell Fee #2H (API: 30-025-42789).

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. Said area is located approximately 22 miles northwest of Jal, New Mexico.