

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

**APPLICATION OF MRC PERMIAN COMPANY
FOR 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 pooling a standard 480-acre, more or less, horizontal well spacing unit in upper Pennsylvanian Shale comprised of the E2W2 of Sections 24, 25 and 36, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed 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 horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Gaines Baty State Com 242H** well to be horizontally drilled in the upper Pennsylvanian Shale from a surface location in the SW4 of Section 36, with a first take point in the SE4SW4 (Unit N) of Section 36 and a last take point in the NE4NW4 (Unit C) of Section 24.
4. The Division’s district office has indicated that the proposed depth of this well places it in within the Dean Permo Upper Penn Pool (16720), an oil pool created under Commission Order R-892.

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 this horizontal spacing unit 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 June 13, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the proposed horizontal well spacing unit;
- B. Designating Matador Production Company as operator of this 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% 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,

HOLLAND & HART LLP

By:  _____

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ATTORNEYS FOR MRC PERMIAN COMPANY

CASE _____ : **Application of MRC Permian Company for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling a standard 480-acre, more or less, horizontal well spacing unit in the upper Pennsylvanian Shale [Dean Permo Upper Penn Pool (16720)] comprised of the E2W2 of Sections 24, 25 and 36, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Gaines Baty State Com 242H** well to be horizontally drilled from a surface location in the SW4 of Section 36, with a first take point in the SE4SW4 (Unit N) of Section 36 and a last take point in the NE4NW4 (Unit C) of Section 24. 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 6 miles northeast of Lovington, New Mexico.