

**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,  
EDDY 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, overlapping horizontal well spacing unit in the Wolfcamp formation underlying the W2 of Section 10, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico, and (b) pooling the uncommitted mineral owners in this spacing unit. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed horizontal well spacing units 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 units.
3. Applicant seeks to initially dedicate the above-referenced spacing unit the proposed **Tony La Russa State Com 200H** “u-turn” well to be horizontally drilled from a surface location in the SW4 of Section 10, with a first take point in the SW4SW4 (Unit M) of Section 10 and a last take point in the SE4SW4 (Unit N) of Section 10.
4. This proposed spacing unit will overlap a 640-acre spacing unit in the Wolfcamp formation underlying the W2 of Sections 3 and 10 currently dedicated to the Tony La Russa 0310

State Com 225H (30-015-49520) and Tony La Russa 0310 State Com 226H (30-015-49601) wells operated by Matador Production Company.

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 units.

6. The granting of this application 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 the November 7, 2024, hearing docket and after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interest owners therein;
- B. Designating Matador Production Company as operator of the horizontal well spacing unit and the horizontal 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% charge 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 well.

Respectfully submitted,

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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, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 320-acre, more or less, overlapping horizontal well spacing unit in the Wolfcamp formation underlying the W2 of Section 10, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico, and (b) pooling the uncommitted mineral owners in the spacing unit. Applicant seeks to initially dedicate the above-referenced spacing unit the proposed **Tony La Russa State Com 200H** “u-turn” well to be horizontally drilled from a surface location in the SW4 of Section 10, with a first take point in the SW4SW4 (Unit M) of Section 10 and a last take point in the SE4SW4 (Unit N) of Section 10. This proposed spacing unit will overlap a 640-acre spacing unit in the Wolfcamp formation underlying the W2 of Sections 3 and 10 currently dedicated to the Tony La Russa 0310 State Com 225H (30-015-49520) and Tony La Russa 0310 State Com 226H (30-015-49601) wells operated by Matador Production Company. 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 proposed spacing unit, and a 200% charge for risk involved in drilling the proposed well. The subject area is located approximately 6 miles west of Malaga, New Mexico.