

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

**APPLICATION OF MRC PERMIAN
COMPANY FOR COMPULSORY POOLING
AND APPROVAL OF OVERLAPPING WELL
UNITS, EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

MRC PERMIAN COMPANY (“MRC”) files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, horizontal well spacing unit comprised of the E/2 of Section 28, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, states:

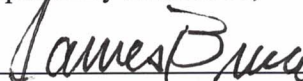
1. MRC is a working interest owner in the proposed horizontal spacing unit and has the right to drill a well thereon.
2. MRC seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed Anderson Laing Fed. Well No. 129H, to be horizontally drilled from a surface location in the SE/4SE/4 (Unit P) of Section 28 to a bottom hole location in the SW/4SE/4 (Unit M) of Section 28. The well is a U-turn well; The E2/E/2 of the well will contain the south-north lateral, and the W/2E/2 will contain the north-south lateral.
3. MRC has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.
4. The pooling of interests will allow MRC 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.
5. MRC requests approval for the well unit requested herein to overlap the following wells: Cypress 28 Federal #001H (30-015-37249), Cypress 28 Federal #002H (30-

015-37331), Cypress 28 Federal #003H (30-015-38287, and Cypress 28 Federal #004H (30-015-39330).

WHEREFORE, MRC requests that this application be set for hearing before an Examiner of the Oil Conservation Division and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring horizontal spacing unit (Pool Code 96857/ LAGUNA SALADO; BONE SPRING, SOUTH), and approving the overlapping well units;
- B. Designating Matador Production Company as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing MRC to recover its costs of drilling, completing, testing, 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;
- E. Imposing a 200% risk charge assumed by MRC in drilling, completing, testing, and equipping the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,



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