

**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 799.19-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the E2 of Sections 3 and 10, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico, and (b) pooling the uncommitted mineral owners in this acreage. 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 following proposed wells:

- **Electra Special 0310 Fed Com 123H and Electra Special 0310 Fed Com 137H** wells to be horizontally drilled from a surface location in the NE4 of Section 3, with first take points in the NW4NE4 (Lot 2) of irregular Section 3 and last take points in the SW4SE4 (Unit O) of Section 10; and

- **Electra Special 0310 Fed Com 124H, Electra Special 0310 Fed Com 133H**

and **Electra Special 0310 Fed Com 138H** wells to be horizontally drilled from a surface location in the NE4 of Section 3, with first take points in the NE4NE4 (Lot 1) of irregular Section 3 and last take points in the SE4SE4 (Unit P) of Section 10.

4. The completed interval of the Electra Special 0310 Fed Com 133H well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to allow inclusion of this acreage in a standard horizontal well spacing unit.

5. This proposed horizontal well spacing unit will overlap an existing spacing unit in the Bone Spring formation underlying the E2E2 of Section 10 dedicated to the Hat Mesa 10 Fed Com 2H (30-025-40365) well currently operated by Cimarex Energy Company of Colorado.

6. 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.

7. Approval of this overlapping horizontal well spacing unit and the pooling of interests therein 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 January 9, 2025, 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 the uncommitted mineral owners 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% 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 wells.

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, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 799.19-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the E2 of Sections 3 and 10, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico, and (b) pooling the uncommitted mineral owners therein. Said unit will be initially dedicated to the following proposed wells:

- **Electra Special 0310 Fed Com 123H and Electra Special 0310 Fed Com 137H** wells to be horizontally drilled from a surface location in the NE4 of Section 3, with first take points in the NW4NE4 (Lot 2) of irregular Section 3 and last take points in the SW4SE4 (Unit O) of Section 10; and
- **Electra Special 0310 Fed Com 124H, Electra Special 0310 Fed Com 133H and Electra Special 0310 Fed Com 138H** wells to be horizontally drilled from a surface location in the NE4 of Section 3, with first take points in the NE4NE4 (Lot 1) of irregular Section 3 and last take points in the SE4SE4 (Unit P) of Section 10.

The completed interval of the Electra Special 0310 Fed Com 133H well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to allow inclusion of this acreage in a standard horizontal well spacing unit. This proposed horizontal well spacing unit will overlap an existing spacing unit in the Bone Spring formation underlying the E2E2 of Section 10 dedicated to the Hat Mesa 10 Fed Com 2H (30-025-40365) well currently operated by Cimarex Energy Company of Colorado. 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 the wells. The subject area is located approximately 33 miles northeast of Carlsbad, New Mexico.