

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

**APPLICATION OF MRC PERMIAN COMPANY  
FOR APPROVAL OF A STANDARD OVERLAPPING  
HORIZONTAL WELL SPACING UNIT AND  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. \_\_\_\_\_

**APPLICATION**

MRC Permian Company (“MRC” or “Applicant”), through its 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 316.61-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the S/2 SE/4 of Section 35 and the S/2 S/2 of Section 36, Township 22 South, Range 28 East, and Lot 4 and the SE/4 SW/4 (S/2 SW/4 equivalent) of irregular Section 31, Township 22 South, Range 29 East, Eddy County, New Mexico; and (b) pooling the uncommitted interest owners in this acreage. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed overlapping horizontal well 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 well spacing unit.
3. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Mama Jo 3531 Fed Com #134H** well to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 28, T22S-R28E, with a first take point in the SW/4 SE/4 (Unit O) of Section 28, T22S-R28E, and a last take point in the SE/4 SW/4 (Unit N) of irregular Section 31, T22S-R29E.

4. This proposed standard horizontal well spacing unit will overlap the following existing or proposed horizontal well spacing units in the Bone Spring formation (Culebra Bluff; Bone Spring, South [15011]):

- An existing 320-acre spacing unit in the Bone Spring formation underlying the E/2 W/2 of Section 36, T22S-R28E, currently dedicated to the Pinnacle State 36 #32H (30-015-41587), operated by WPX Energy Permian, LLC (“WPX”);
- An existing 320-acre spacing unit in the Bone Spring formation underlying the W/2 E/2 of Section 36, T22S-R28E, currently dedicated to the Pinnacle State #35H (30-015-40836), operated by WPX;
- An existing 40-acre spacing unit in the Bone Spring formation underlying the SE/4 SW/4 of Section 36, T22S-R28E, currently dedicated to the Pinnacle State #16 (30-015-35828), operated by WPX;
- An existing 40-acre spacing unit in the Bone Spring formation underlying the SW/4 SW/4 of Section 36, T22S-R28E, currently dedicated to the Pinnacle State #25 (30-015-36333), operated by WPX;
- An existing 80-acre spacing unit in the Bone Spring formation underlying the E/2 SE/4 of Section 36, T22S-R28E, currently dedicated to the Pinnacle State #29 (30-015-38526), operated by WPX;
- An existing 160-acre spacing unit in the Bone Spring formation underlying Lots 1-4 (W/2 W/2 equivalent) of irregular Section 31, T22S-R29E, currently dedicated to the Longview Federal 31 #001H (30-015-42049), operated by WPX; and

- An existing 160-acre spacing unit in the Bone Spring formation underlying the E/2 W/2 of irregular Section 31, T22S-R29E, currently dedicated to the Longview Federal 31 #003H (30-015-42050), operated by WPX.

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 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 March 13, 2025, hearing docket and after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping, standard horizontal well spacing unit and pooling all uncommitted interest owners therein;
- 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

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**ATTORNEYS FOR MRC PERMIAN COMPANY**

**CASE \_\_\_\_\_:** **Application of MRC Permian Company for Approval of a Standard 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 316.61-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the S/2 SE/4 of Section 35 and the S/2 S/2 of Section 36, Township 22 South, Range 28 East, and Lot 4 and the SE/4 SW/4 (S/2 SW/4 equivalent) of irregular Section 31, Township 22 South, Range 29 East, Eddy County, New Mexico; and (b) pooling the uncommitted interest owners in this acreage. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Mama Jo 3531 Fed Com #134H** well to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 28, T22S-R28E, with a first take point in the SW/4 SE/4 (Unit O) of Section 28, T22S-R28E, and a last take point in the SE/4 SW/4 (Unit N) of irregular Section 31, T22S-R29E. This proposed standard horizontal well spacing unit will overlap the following existing or proposed horizontal wells spacing units in the Bone Spring formation (Culebra Bluff; Bone Spring, South [15011]):

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- An existing 40-acre spacing unit in the Bone Spring formation underlying the SW/4 SW/4 of Section 36, T22S-R28E, currently dedicated to the Pinnacle State #25 (30-015-36333), operated by WPX;
- An existing 80-acre spacing unit in the Bone Spring formation underlying the E/2 SE/4 of Section 36, T22S-R28E, currently dedicated to the Pinnacle State #29 (30-015-38526), operated by WPX;
- An existing 160-acre spacing unit in the Bone Spring formation underlying Lots 1-4 (W/2 W/2 equivalent) of Section 31, T22S-R29E, currently dedicated to the Longview Federal 31 #001H (30-015-42049), operated by WPX; and
- An existing 160-acre spacing unit in the Bone Spring formation underlying the E/2 W/2 of Section 31, T22S-R29E, currently dedicated to the Longview Federal 31 #003H (30-015-42050), operated by WPX.

Also, to be considered will be the cost of drilling and completing the well and the allocation of the costs 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 5 miles northeast of Loving, New Mexico.