

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

**APPLICATION OF MRC PERMIAN COMPANY
FOR APPROVAL OF A 983.65-ACRE NON-
STANDARD 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 (1) approving a 983.65-acre, more or less, non-standard horizontal well spacing unit in the Pennsylvanian formation underlying the W/2 of Sections 26 and 35, Township 15 South, Range 36 East, and Lots 3-6 and 11-14 (NW/4 equivalent) of Section 5, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico; and (2) pooling all 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 proposed **Steve Ruschell State Com #241H** well, with a surface location in the SW/4 SW/4 (Unit M) of Section 23, T15S-R36E, a first take point in the NW/4 NW/4 (Unit D) of Section 26, T15S-R36E, and a last take point in Lot 13 of Section 5, T16S-R37E, and the **Steve Ruschell State Com #242H** well, with a surface location in the SW/4 SW/4 (Unit M) of Section 23, T15S-R36E

a first take point in the NE/4 NW/4 (Unit C) of Section 26, T15S-R36E, and a last take point in Lot 14 of Section 5, T16S-R37E.

4. 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.

5. Approval of the non-standard unit is necessary to allow Applicant to locate its completed wellbores for the efficient recovery of oil and gas underlying the subject lands thereby preventing waste.

6. The pooling of interests in the proposed horizontal well 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 5, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard spacing unit;
- B. Pooling all uncommitted interests in the proposed horizontal well spacing unit;
- C. Designating Matador Production Company as operator of this horizontal well spacing unit and the wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- E. 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

- F. 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 a 983.65-acre Non-Standard Horizontal Well Spacing Unit Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) approving a 983.65-acre, more or less, non-standard horizontal well spacing unit in the Pennsylvanian formation underlying the W/2 of Sections 26 and 35, Township 15 South, Range 36 East, and Lots 3-6 and 11-14 (NW/4 equivalent) of Section 5, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted mineral owners in this acreage. Said non-standard unit will be initially dedicated to the proposed **Steve Ruschell State Com #241H** well, with a surface location in the SW/4 SW/4 (Unit M) of Section 23, T15S-R36E, a first take point in the NW/4 NW/4 (Unit D) of Section 26, T15S-R36E, and a last take point in Lot 13 of Section 5, T16S-R37E, as well as the **Steve Ruschell State Com #242H** well, with a surface location in the SW/4 SW/4 (Unit M) of Section 23, T15S-R36E a first take point in the NE/4 NW/4 (Unit C) of Section 26, T15S-R36E, and a last take point in Lot 14 of Section 5, T16S-R37E. 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 4.5 miles northeast of Lovington, New Mexico.