

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING JUNE 5, 2025**

**CASE No. 25388**

*ED DRAKE FED COM 241H WELL*

**LEA COUNTY, NEW MEXICO**



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

**APPLICATION OF MRC PERMIAN COMPANY  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25388**

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# COMPULSORY POOLING APPLICATION CHECKLIST

**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

<b>Case: 25388</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date</b>	June 5, 2025
Applicant	MRC Permian Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company (OGRID No. 228937)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	<p><b>BEFORE THE OIL CONSERVATION DIVISION</b>  <b>Santa Fe, New Mexico</b>  <b>Exhibit No. A</b>  <b>Submitted by: Matador Production Company</b>  <b>Hearing Date: June 5, 2025</b>  <b>Case No. 25388</b></p> <p><b>APPLICATION OF MRC PERMIAN COMPANY COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.</b></p>
Entries of Appearance/Intervenors:	N/A
Well Family	Ed Drake
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Pennsylvanian
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code (Only if NSP is requested):	Dean; Permo Upper Penn [16720] pool
Well Location Setback Rules (Only if NSP is Requested):	Statewide oil rules
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	480
Building Blocks:	40 acres
Orientation:	Stand-up
Description: TRS/County	W/2 W/2 of Sections 11, 14, and 23, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit C-3
<b>Well(s)</b>	

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Ed Drake Fed Com 241H well (API: PENDING) SHL: 984' FSL & 1,094' FWL (Unit M) of Section 23 BHL: 110' FNL & 660' FWL (Unit D) of Section 11 Target: Pennsylvanian Orientation: Stand-up Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-4
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$10,000
Production Supervision/Month \$	\$1,000
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2; C-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit C-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit C-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3
Chronology of Contact with Non-Joined Working Interests	Exhibit C-5
Overhead Rates In Proposal Letter	Exhibit C-4
Cost Estimate to Drill and Complete	Exhibit C-4
Cost Estimate to Equip Well	Exhibit C-4
Cost Estimate for Production Facilities	Exhibit C-4

Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-2
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D; D-3
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-2
Cross Section (including Landing Zone)	Exhibit D-3
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Paula M. Vance
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	5/29/2025

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

**APPLICATION OF MRC PERMIAN COMPANY  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25388**

**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 pooling a standard 480-acre, more or less, horizontal well spacing unit in the Pennsylvanian formation underlying the W/2 W/2 of Sections 11, 14, and 23, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico. 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 **Ed Drake Fed Com #241H** well, with a surface location in the SW/4 SW/4 (Unit M) of Section 23, a first take point in the SW/4 SW/4 (Unit M) of Section 23, and a last take point in the NW/4 NW/4 (Unit D) of Section 11.
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.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. B  
Submitted by: Matador Production Company  
Hearing Date: June 5, 2025  
Case No. 25388**

5. 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. Pooling all uncommitted interests in the proposed horizontal well spacing unit;
- B. Designating Matador Production Company as operator of this horizontal well spacing unit and the well 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

By:   
\_\_\_\_\_  
Michael H. Feldewert  
Adam G. Rankin  
Paula M. Vance  
Post Office Box 2208  
Santa Fe, NM 87504  
505-988-4421  
505-983-6043 Facsimile  
mfeldewert@hollandhart.com  
agrarkin@hollandhart.com  
pmvance@hollandhart.com

ATTORNEYS FOR MRC PERMIAN COMPANY



CASE \_\_\_\_\_: **Application of MRC Permian Company for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling a standard 480-acre, more or less, horizontal well spacing unit in the Pennsylvanian formation underlying the W/2 W/2 of Sections 11, 14, and 23, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Ed Drake Fed Com #241H** well, with a surface location in the SW/4 SW/4 (Unit M) of Section 23, a first take point in the SW/4 SW/4 (Unit M) of Section 23, and a last take point in the NW/4 NW/4 (Unit D) of Section 11. 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 well, and a 200% charge for risk involved in drilling the well. The subject area is located approximately 6.5 miles northeast of Lovington, New Mexico.

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

**APPLICATION OF MRC PERMIAN COMPANY  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25388**

**SELF-AFFIRMED STATEMENT OF ADDISON COSTLEY**

Addison Costley, of lawful age and being first duly sworn, declares as follows:

1. My name is Addison Costley. I work for MRC Energy Company, an affiliate of MRC Permian Company ("MRC"), as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of public record.
3. I am familiar with the application filed by MRC in this case, and I am familiar with the status of the lands in the subject area.
4. In this case, MRC is seeking an order pooling all uncommitted interests in the Pennsylvanian formation in the standard 480-acre, more or less, horizontal well spacing unit underlying the W/2 W/2 of Sections 11, 14, and 23, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, and initially dedicate this Pennsylvanian spacing unit to the proposed **Ed Drake Fed Com #241H** well, with a surface location in the SW/4 SW/4 (Unit M) of Section 23, a first take point in the SW/4 SW/4 (Unit M) of Section 23, and a last take point in the NW/4 NW/4 (Unit D) of Section 11.
5. MRC understands this well will be placed in the Dean; Permo Upper Penn [16720] pool.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C  
Submitted by: Matador Production Company  
Hearing Date: June 5, 2025  
Case No. 25388**

6. **MRC Exhibit C-1** contains the Form C-102 for the proposed initial well.
7. The completed intervals for the proposed well will remain within the standard setbacks required by the statewide rules set forth in 19.15.16.15 NMAC.
8. **MRC Exhibit C-2** identifies the tracts of land comprising the proposed horizontal spacing unit. The land in the proposed spacing unit is comprised of fed, state, and fee lands.
9. **MRC Exhibit C-3** identifies the working interest owner that MRC is seeking to pool. The first page of Exhibit C-3 shows the parties MRC is seeking to pool on a unit basis. Behind the unit analysis, there are additional pages showing the working interest owner that MRC seeks to pool, on a tract by tract basis, along with their ownership interest in each of the tracts in the proposed horizontal spacing unit. The parties that MRC is seeking to pool are highlighted yellow.
10. There are no depth severances within the Pennsylvanian formation for this acreage.
11. While MRC was working to put this unit together, MRC proposed the above well to the working interest parties it seeks to pool. **MRC Exhibit C-4** contains a representative copy of the forms of well proposal letters that were sent to the working interest partner (to their predecessor in interest as explained in more detail in **MRC Exhibit C-5**), along with the AFE that was sent for the well. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area.
12. **MRC Exhibit C-5** contains a summary of MRC's contacts with the uncommitted working interest owner we seek to pool in this case. In my opinion, MRC has undertaken good faith efforts to reach an agreement with the uncommitted working interest owner that MRC seeks to pool in this case.

13. MRC has made an estimate of overhead and administrative costs for drilling and producing the proposed well. It is \$10,000/month while drilling, and \$1,000/month while producing. These costs are consistent with what other operators are charging in this area for these types of wells. MRC respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division in this case.

14. I provided MRC's outside counsel, Holland & Hart, a list of names and addresses for the parties that MRC is seeking to pool. In compiling this notice list, MRC conducted a diligent search of all public records in the county where the proposed wells are located, including computer searches.

15. **MRC Exhibits C-1 through C-5** were either prepared by me or compiled under my direction and supervision.

16. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

Addison Costley

Addison Costley

5/29/2025

Date

# Exhibit C-1

**BEFORE THE OIL CONSERVATION DIVISION**

**Santa Fe, New Mexico**

**Exhibit No. C-1**

**Submitted by: Matador Production Company**

**Hearing Date: June 5, 2025**

**Case No. 25388**

C-102  Submit Electronically Via OCD Permitting	State of New Mexico  Energy, Minerals & Natural Resources Department <b>OIL CONSERVATION DIVISION</b>	Revised July 9, 2024	
		Submittal Type:	<input type="checkbox"/> Initial Submittal
			<input type="checkbox"/> Amended Report
		<input type="checkbox"/> As Drilled	

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 16720	Pool Name DEAN; PERMO UPPER PENN
Property Code	Property Name ED DRAKE FED COM	Well Number 241H
OGRID No. 228937	Operator Name MATADOR PRODUCTION COMPANY	Ground Level Elevation 3874'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal

Surface Location

UL or lot no. M	Section 23	Township 15-S	Range 36-E	Lot Idn -	Feet from the N/S 984' S	Feet from the E/W 1094' W	Latitude N 32.9984693	Longitude W 103.2795345	County LEA
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Bottom Hole Location

UL or lot no. D	Section 11	Township 15-S	Range 36-E	Lot Idn -	Feet from the N/S 110' N	Feet from the E/W 660' W	Latitude N 33.0390180	Longitude W 103.2808995	County LEA
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Dedicated Acres 480.00	Infill or Defining Well ----	Defining Well API ----	Overlapping Spacing Unit (Y/N) ----	Consolidated Code ----
Order Numbers -----			Well Setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No	

Kick Off Point (KOP)

UL or lot no. M	Section 23	Township 15-S	Range 36-E	Lot Idn -	Feet from the N/S 50' S	Feet from the E/W 660' W	Latitude N 32.9959018	Longitude W 103.2809463	County LEA
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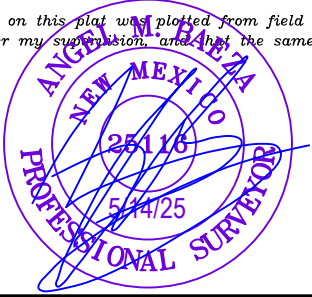
First Take Point (FTP)

UL or lot no. M	Section 23	Township 15-S	Range 36-E	Lot Idn -	Feet from the N/S 100' S	Feet from the E/W 660' W	Latitude N 32.9960392	Longitude W 103.2809461	County LEA
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Last Take Point (LTP)

UL or lot no. D	Section 11	Township 15-S	Range 36-E	Lot Idn -	Feet from the N/S 110' N	Feet from the E/W 660' W	Latitude N 33.0390180	Longitude W 103.2808995	County LEA
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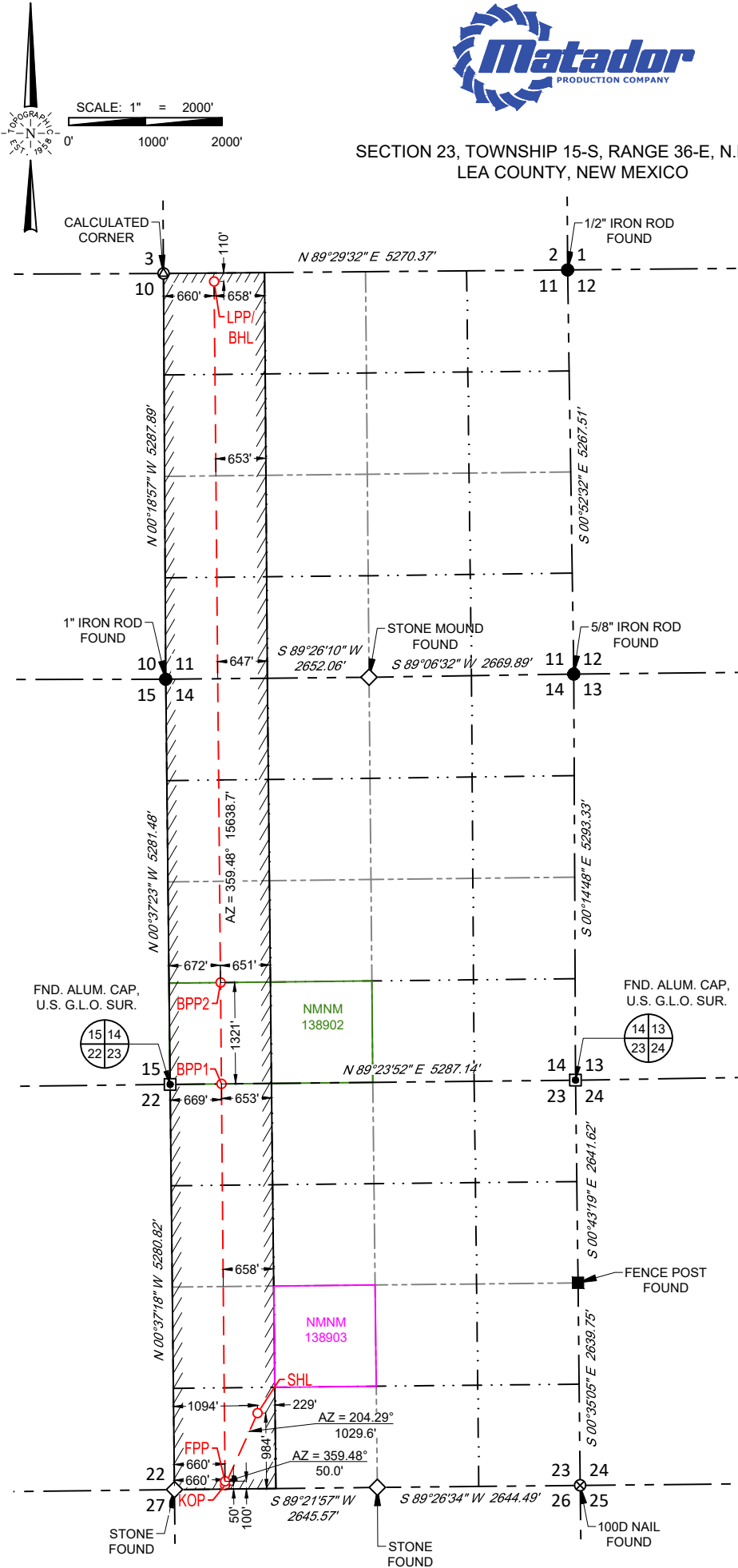
Unitized Area or Area of Uniform Interest ----	Spacing Unity Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation ,
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<b>OPERATOR CERTIFICATION</b>  <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief; and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>  <i>If this well is a horizontal well, I further certify that this organization has received The consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i>		<b>SURVEYORS CERTIFICATION</b>  <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>  	
Signature _____ Date _____		Signature and Seal of Professional Surveyor _____ Date _____	
Print Name _____		Certificate Number _____	Date of Survey 03/19/2025
E-mail Address _____			





SECTION 23, TOWNSHIP 15-S, RANGE 36-E, N.M.P.M.  
LEA COUNTY, NEW MEXICO



- SURFACE LOCATION (SHL)**  
NEW MEXICO EAST  
NAD 1983  
X=864421 Y=728598  
LAT.: N 32.9984693  
LONG.: W 103.2795345  
984' FSL 1094' FWL
- KICK OFF POINT (KOP)**  
NEW MEXICO EAST  
NAD 1983  
X=863997 Y=727659  
LAT.: N 32.9959018  
LONG.: W 103.2809463  
50' FSL 660' FWL
- FIRST PERF. POINT (FPP)**  
NEW MEXICO EAST  
NAD 1983  
X=863997 Y=727709  
LAT.: N 32.9960392  
LONG.: W 103.2809461  
100' FSL 660' FWL
- BLM PERF. POINT (BPP1)**  
NEW MEXICO EAST  
NAD 1983  
X=863949 Y=732890  
LAT.: N 33.0102764  
LONG.: W 103.2809308  
0' FNL 669' FWL
- BLM PERF. POINT (BPP2)**  
NEW MEXICO EAST  
NAD 1983  
X=863937 Y=734210  
LAT.: N 33.0139061  
LONG.: W 103.2809268  
1321' FSL 672' FWL
- LAST PERF. POINT (LPP)**  
**BOTTOM HOLE LOCATION (BHL)**  
NEW MEXICO EAST  
NAD 1983  
X=863854 Y=743347  
LAT.: N 33.0390180  
LONG.: W 103.2808995  
110' FNL 660' FWL

LEASE NAME & WELL NO.: ED DRAKE 2311 FED COM 241H

SECTION 23 TWP 15-S RGE 36-E SURVEY N.M.P.M.  
COUNTY LEA STATE NM  
DESCRIPTION 984' FSL & 1094' FWL

DISTANCE & DIRECTION  
FROM INT. OF US-82 E/PLAINS HWY & STATE HWY 206 S/TATUM HWY. GO  
NORTHEAST ON US ±2.0 MILES. THENCE NORTH (LEFT) ON A PROPOSED  
RD. ±822 FEET TO A POINT ±461 FEET SOUTHWEST OF THE LOCATION.



Angel M. Baeza, P.S. No. 25116

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET  
THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA PROVIDED BY MATADOR PRODUCTION COMPANY. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS THOSE FOR THIS TRANSACTION ONLY.  
AS OF THE DATE OF SURVEY, ALL ABOVE GROUND APPURTENANCES WITHIN 300' OF THE STAKED LOCATION ARE SHOWN HEREON.

**TOPOGRAPHIC**  
LOYALTY INNOVATION LEGACY

481 WINSOTT ROAD, Ste. 200 • BENBROOK, TEXAS 76126  
TELEPHONE: (817) 744-7512 • FAX: (817) 744-7554  
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705  
TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743  
WWW.TOPOGRAPHIC.COM



## Exhibit C-2

**BEFORE THE OIL CONSERVATION DIVISION**

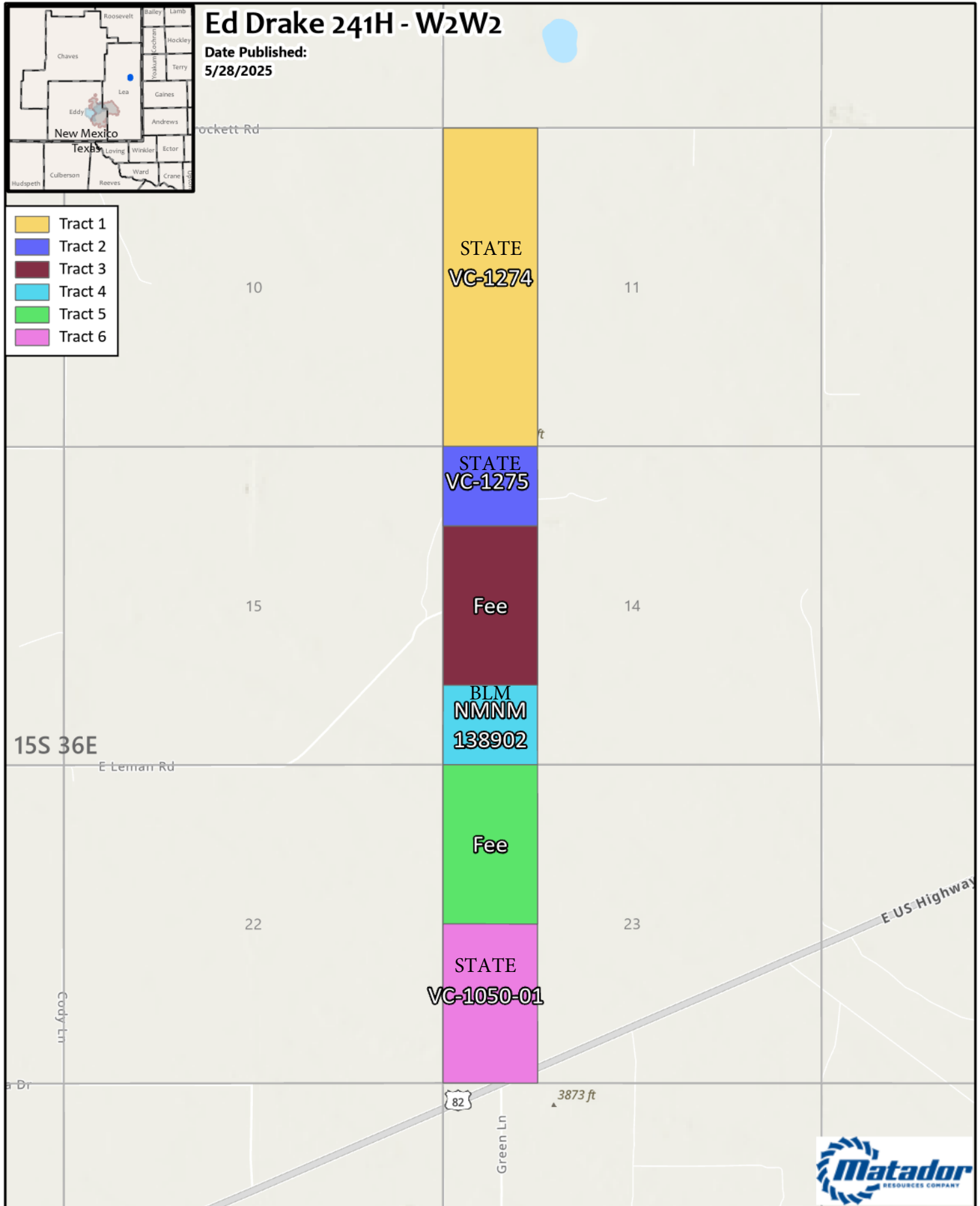
**Santa Fe, New Mexico**

**Exhibit No. C-2**

**Submitted by: Matador Production Company**

**Hearing Date: June 5, 2025**

**Case No. 25388**



## Exhibit C-3

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C-3  
Submitted by: Matador Production Company  
Hearing Date: June 5, 2025  
Case No. 25388

Ed Drake (W2/W2)			
Summary of Interests			
Matador Working Interest		66.6666667%	
Compulsory Pool Interest		33.3333333%	
Interest Owners:		Description:	Tract: Interest:
Wytex Drilling Ventures, LLC*		Uncommitted Working Interest	3 & 5 33.333333%

Ed Drake (W2W2)			
Summary of Interests			
Tract 1			
Interest Owners:	Description:	Net Mineral Acres:	Working Interest in Tract:
MRC Permian Company	Committed Working Interest	160.00000	100.000000%
Tract 2			
Interest Owners:	Description:	Net Mineral Acres:	Working Interest in Tract:
MRC Permian Company	Committed Working Interest	40.000000	100.000000%
Tract 3			
Interest Owners:	Description:	Net Mineral Acres:	Working Interest in Tract:
Wytex Drilling Ventures, LLC*	Uncommitted Working Interest	80.00000	100.000000%
Tract 4			
Interest Owners:	Description:	Net Mineral Acres:	Working Interest in Tract:
MRC Permian Company	Committed Working Interest	40.000000	100.000000%
Tract 5			
Interest Owners:	Description:	Net Mineral Acres:	Working Interest in Tract:
Wytex Drilling Ventures, LLC*	Uncommitted Working Interest	80.00000000	100.000000%
Tract 6			
Interest Owners:	Description:	Net Mineral Acres:	Working Interest in Tract:
MRC Permian Company	Committed Working Interest	80.0000000	100.000000%

\* MRC Permian is seeking to force pool the parties highlighted in yellow

\* Wytex Drilling Ventures is the successor in title to Thomas L. Alexander

## Exhibit C-4

**BEFORE THE OIL CONSERVATION DIVISION**

**Santa Fe, New Mexico**

**Exhibit No. C-4**

**Submitted by: Matador Production Company**

**Hearing Date: June 5, 2025**

**Case No. 25388**

# MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

Voice 972.371.5474

[addison.costley@matadorresources.com](mailto:addison.costley@matadorresources.com)

**Addison Costley  
Landman**

March 4, 2025

## VIA CERTIFIED RETURN RECEIPT MAIL

Thomas L. Alexander  
PO Box 2005  
Morro Bay, CA 93443

Re: Ed Drake Fed Com #241H & #242H and Ed Drake State Com #243H & #244H (the “Wells”)  
Participation Proposal  
Sections 23, 14 & 11, Township 15 South, Range 36 East  
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company (“MRC”) proposes the drilling of Matador Production Company’s wells, located in Sections 23, 14 and 11, Township 15 South, Range 36 East, Lea County, New Mexico:

Well Name	SHL	FTP	LTP	TVD	TMD	Formation
Ed Drake Fed Com #241H	SW4SW4 23-15S-36E	660’ FWL & 100’ FSL 23-15S-36E	660’ FWL & 100’ FNL 11-15S-36E	~11,400’	~26,834’	Wolfcamp D
Ed Drake Fed Com #242H	SW4SW4 23-15S-36E	1980’ FWL & 100’ FSL 23-15S-36E	1980’ FWL & 100’ FNL 11-15S-36E	~11,400’	~26,834’	Wolfcamp D
Ed Drake State Com #243H	SE4SE4 23-15S-36E	1980’ FEL & 100’ FSL 23-15S-36E	1980’ FEL & 100’ FNL 11-15S-36E	~11,400’	~26,834’	Wolfcamp D
Ed Drake State Com #244H	SE4SE4 23-15S-36E	660’ FEL & 100’ FSL 23-15S-36E	660’ FEL & 100’ FNL 11-15S-36E	~11,400’	~26,834’	Wolfcamp D

In connection with the above, please note the estimated cost of drilling, testing, completing, and equipping of each Well is itemized on the four (4) enclosed Authority for Expenditures (“AFE”) dated February 5, 2025.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

MRC requests that you indicate your election to participate in the drilling and completion of the Wells in the space provided below, sign and return one (1) copy of this letter to the undersigned.

MRC is proposing to drill the Wells under the terms of the modified 1989 AAPL form of Operating Agreement dated March 5, 2025, by and between Matador Production Company, as Operator and MRC Permian Company et al as Non-Operators covering All of Sections 23, 14 and 11, Township 15 South, Range 36 East, Lea County, New Mexico, and has the following general provisions:

- 100/300/300 Non-consenting penalty
- \$10,000/\$1,000 Drilling and Producing rate
- Matador Production Company named as Operator

If your election is to participate in the drilling and completion of the Wells, please sign and return a copy of the enclosed AFEs within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFEs are only an estimate of costs to be incurred and by electing to participate in the Wells, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,

**MRC PERMIAN COMPANY**



Addison Costley

**Thomas L. Alexander hereby elects to:**

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Ed Drake Fed Com #241H** well.

\_\_\_\_\_ Not to participate in the **Ed Drake Fed Com #241H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Ed Drake Fed Com #242H** well.

\_\_\_\_\_ Not to participate in the **Ed Drake Fed Com #242H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Ed Drake State Com #243H** well.

\_\_\_\_\_ Not to participate in the **Ed Drake State Com #243H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Ed Drake State Com #244H** well.

\_\_\_\_\_ Not to participate in the **Ed Drake State Com #244H**.

**Thomas L. Alexander**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Contact Number: \_\_\_\_\_



MATADOR PRODUCTION COMPANY  
ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240  
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	02/05/2025	AFE NO.:	0
WELL NAME:	Ed Drake Fed Com #241H	FIELD:	0
LOCATION:	Sections 23&14&11 15S-36E	MD/TVD:	26834/11400'
COUNTY/STATE:	Lea	LATERAL LENGTH:	about 15,000'
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp D		
REMARKS:	Drill and complete a 3-mile horizontal well in the Wolfcamp D formation with about 80 frac stages.		

INTANGIBLE COSTS		DRILLING COSTS		COMPLETION COSTS		PRODUCTION COSTS		FACILITY COSTS		TOTAL COSTS
Land / Legal / Regulatory	\$	67,500	\$		\$		\$	10,000	\$	77,500
Location, Surveys & Damages		128,250		13,000		15,000		37,500		193,750
Drilling		1,220,400								1,220,400
Cementing & Float Equip		447,000								447,000
Logging / Formation Evaluation		-		3,750						3,750
Mud Logging		43,500								43,500
Mud Circulation System		147,064								147,064
Mud & Chemicals		550,500		70,000						620,500
Mud / Wastewater Disposal		200,000		-				1,000		201,000
Freight / Transportation		28,000		39,000		7,500		-		67,000
Rig Supervision / Engineering		166,500		89,600				9,000		272,600
Drill Bits		132,500						-		132,500
Fuel & Power		211,200		545,127				-		756,327
Water		44,600		1,705,700				1,000		1,751,300
Drig & Completion Overhead		16,000		-				-		16,000
Plugging & Abandonment		-								-
Directional Drilling, Surveys		415,551								415,551
Completion Unit, Swab, CTU		-		245,000		25,000				270,000
Perforating, Wireline, Slickline		-		299,500		15,000				314,500
High Pressure Pump Truck		-		104,100				5,000		109,100
Stimulation		-		4,440,600						4,440,600
Stimulation Flowback & Disp		-		15,500		320,000				335,500
Insurance		21,467								21,467
Labor		191,500		61,250		110,000		-		362,750
Rental - Surface Equipment		162,593		355,440		70,000		10,000		598,033
Rental - Downhole Equipment		222,400		103,000				-		325,400
Rental - Living Quarters		51,285		36,955		-		5,000		93,240
Contingency		224,824		-		56,250		7,850		288,924
Operations Center		28,670								28,670
TOTAL INTANGIBLES >		4,721,303		8,127,522		618,750		86,350		13,553,925

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 96,750	\$	\$	\$	\$ 96,750
Intermediate Casing	373,063				373,063
Drilling Liner	-				-
Production Casing	1,020,054				1,020,054
Production Liner	-		134,400		134,400
Tubing	-		25,000		25,000
Wellhead	96,000		5,000		101,000
Packers, Liner Hangers	-	93,350			93,350
Tanks	-		-	81,833	81,833
Production Vessels	-		-	151,250	151,250
Flow Lines	-		-	177,750	177,750
Rod string	-				-
Artificial Lift Equipment	-		300,000		300,000
Compressor	-		-	26,250	26,250
Installation Costs	-		-	56,000	56,000
Surface Pumps	-		12,500	7,500	20,000
Non-controllable Surface	350		60,000	2,000	62,350
Non-controllable Downhole	-		10,000		10,000
Downhole Pumps	-		-		-
Measurement & Meter Installation	-		16,000	96,250	112,250
Gas Conditioning / Dehydration	-		-	-	-
Interconnecting Facility Piping			20,000	230,000	250,000
Gathering / Bulk Lines			-	-	-
Valves, Dumps, Controllers			5,000	\$ -	5,000
Tank / Facility Containment				17,500	17,500
Flare Stack			-	33,750	33,750
Electrical / Grounding			25,000	56,500	81,500
Communications / SCADA			2,500	15,000	17,500
Instrumentation / Safety			-	42,000	42,000
TOTAL TANGIBLES >		1,586,217	93,350	615,400	3,298,550
TOTAL COSTS >		6,307,520	8,220,872	1,234,150	16,842,475

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Patrick Walsh	Team Lead - WTX/NM	FM
Completions Engineer:	Garrett Hunt		
Production Engineer:	Josh Bryant		

MATADOR RESOURCES COMPANY APPROVAL:

President	VS	Chief Geologist	NLF
CFO	BW	COO	CC
EVP, Reservoir	WTE		

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	Yes	No	(mark one)

The costs on this AFE are estimates only and may not be contained as callings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, casing, regulatory, blowage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participant shall be covered by and billed proportionally for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spend.

## Exhibit C-5

**Summary of Communications Ed Drake Fed Com 241H (Slot 1- WFMP)**

**Uncommitted Working Interest Owner**

**1. Wyotex Drilling Ventures\***

Matador has had discussions with **Wyotex Drilling Ventures, LLC** regarding their acquired interest and we are continuing to discuss voluntary joinder.

- Proposal sent to Thomas L. Alexander March 5, 2025
- Phone Call with Thomas L. Alexander April 15, 2025
- Email correspondence with Thomas L. Alexander April 16, 2025
- Wyotex Drilling Ventures, LLC leased Thomas L. Alexander April 30, 2025
- Wyotex Drilling Ventures, LLC filed the lease with Thomas L. Alexander May 12, 2025
- Email correspondence with Wyotex Drilling Ventures, LLC May 12, 2025, acknowledging the June 5, 2025 hearing
- Email correspondence with Wyotex Drilling Ventures, LLC May 15, 2025
- Phone Call with Wyotex Drilling Ventures, LLC May 15, 2025

\* Wyotex Drilling Ventures, LLC is the successor in title to Thomas L. Alexander

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

**APPLICATION OF MRC PERMIAN  
COMPANY FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25388**

**SELF-AFFIRMED STATEMENT OF JOSHUA BURRUS**

1. My name is Joshua Burrus. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Senior Staff Geologist.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by MRC in this case, and I have conducted a geologic study of the lands in the subject area.

4. **MRC Exhibit D-1** is a locator map outlining the horizontal spacing unit with a black box shaded in yellow, with the larger area identified in a red box.

5. In this case, MRC intends to develop the Penn Shale of the upper Pennsylvanian formation.

6. **MRC Exhibit D-2** is a subsea structure map prepared off the top of the Pennsylvanian formation. The contour interval is 50 feet. The structure map shows the Pennsylvanian formation dipping to the east. The structure appears consistent across the proposed wellbore path. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.

7. Also included on MRC Exhibit D-2 is a line of cross section from A to A'.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. D  
Submitted by: Matador Production Company  
Hearing Date: June 5, 2025  
Case No. 25388

8. **MRC Exhibit D-3** is a structural cross-section displaying open-hole logs run over the Pennsylvanian formation (or at least portions thereof) from the four representative wells denoted from A to A'. For each well in the cross-section, the following logs are included: gamma ray, caliper, resistivity, and porosity, where available. The proposed target interval for the proposed well is labeled and marked with a yellow shaded area. The logs in the cross-section demonstrate that the targeted interval, within the Pennsylvanian formation, is consistent in thickness across the entirety of the proposed spacing unit.

9. In my opinion, the standup orientation is the preferred orientation for development in this area for the Penn Shale well based on the maximum horizontal stress orientation in this area.

10. Based on my geologic study of the area, I have not identified any geologic impediments to drilling horizontal wells within the Pennsylvanian formation in the area of the spacing unit proposed in this case.

11. In my opinion, each quarter-quarter section will be productive and contribute more-or-less equally to production from the horizontal spacing unit.

12. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery.

13. In my opinion, approving MRC's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

14. **MRC Exhibits D-1 through D-3** were either prepared by me or compiled under my direction and supervision.

15. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed

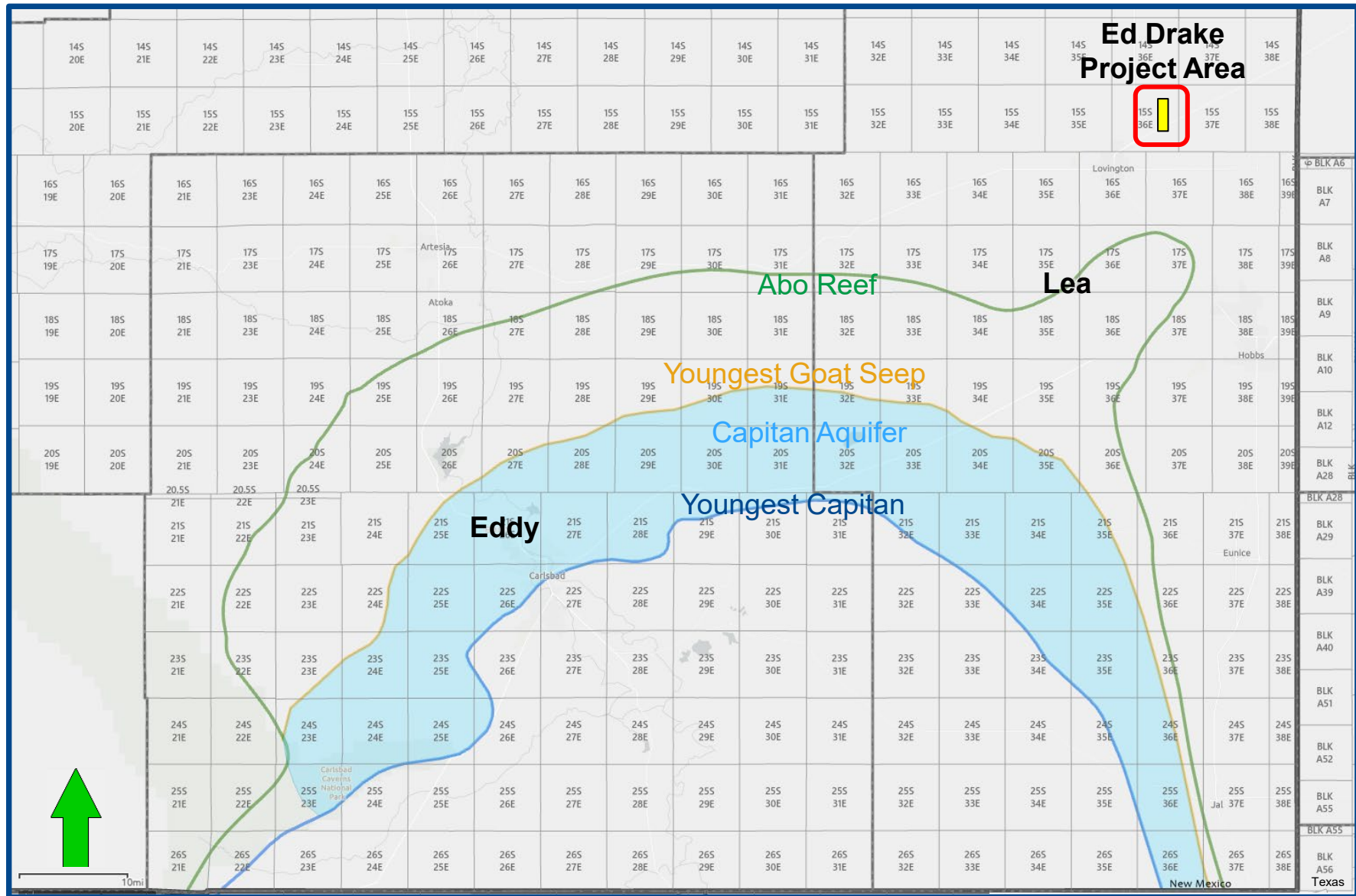
statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

  
Joshua Burrus

05/27/2025  
Date

# Locator Map

# Exhibit D-1



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D-1

Submitted by: Matador Production Company

Hearing Date: June 5, 2025

Case No. 25388

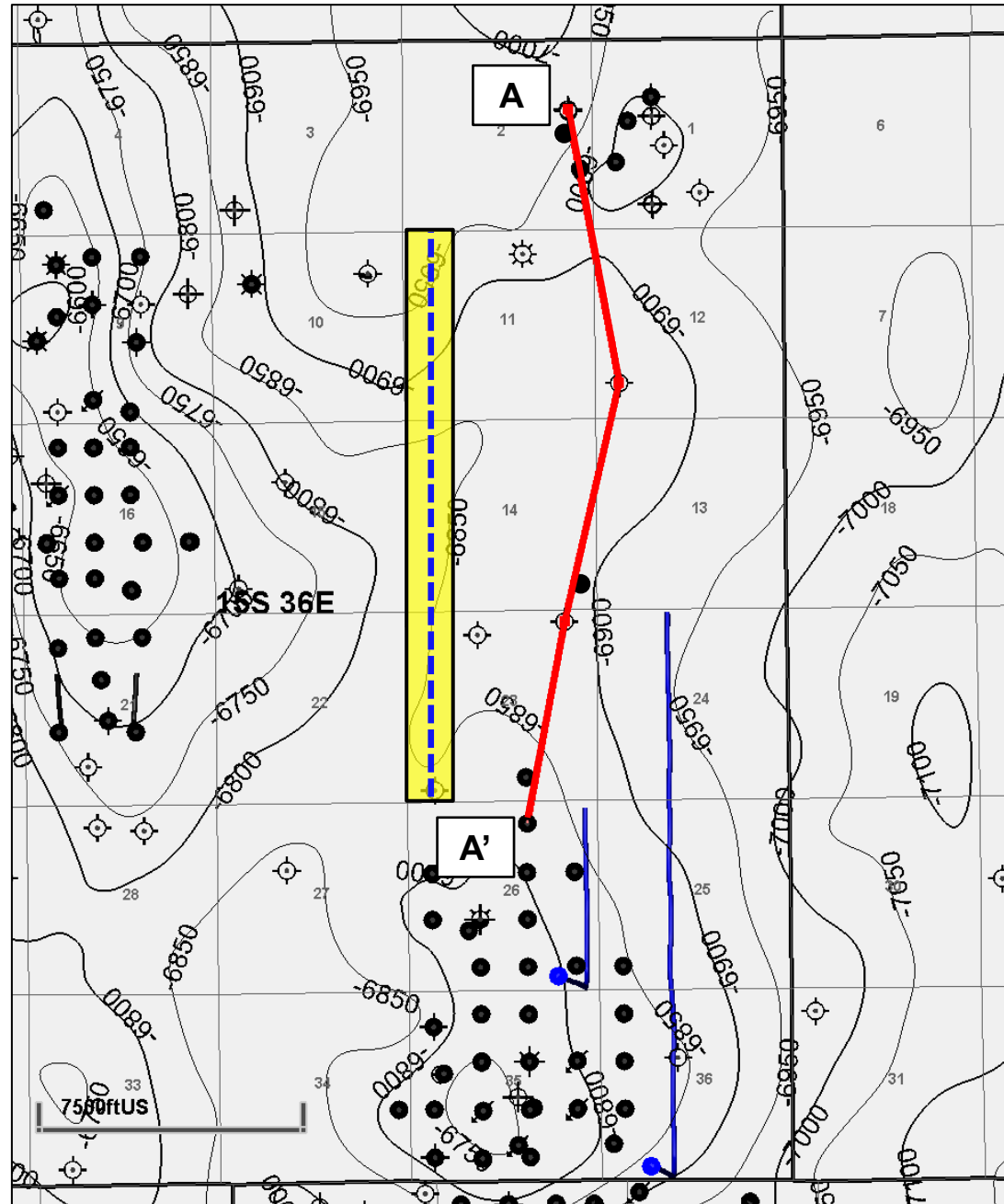


D-1



# Dean; Permo Upper Penn [Pool Code 16720] Structure Map (Top Pennsylvanian Subsea)

## Exhibit D-2



### Map Legend

#### Upper Penn Shale Wells

#### Ed Drake #241H

#### Project Area

C. I. = 50'

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. D-2  
Submitted by: Matador Production Company  
Hearing Date: June 5, 2025  
Case No. 25388



D-2



# Dean; Permo Upper Penn [Pool Code 16720] Structural Cross Section A – A' Reference Line

BEFORE THE OIL CONSERVATION DIVISION

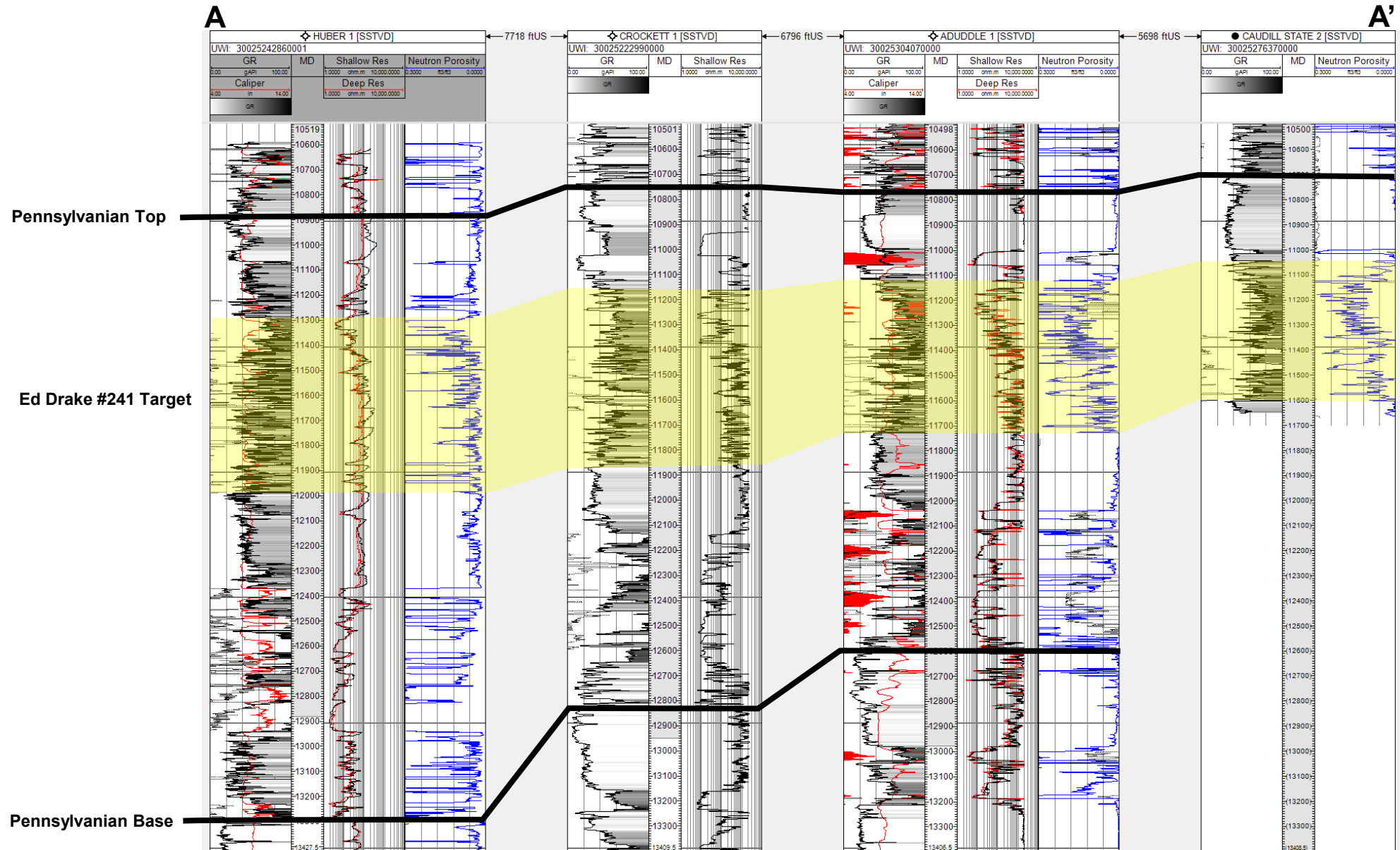
Santa Fe, New Mexico

Exhibit No. D-3

Submitted by: Matador Production Company

Hearing Date: June 5, 2025

Case No. 25388

**Exhibit D-3**

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

**APPLICATION OF MRC PERMIAN COMPANY  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25388**

**SELF-AFFIRMED STATEMENT OF  
PAULA M. VANCE**

1. I am attorney in fact and authorized representative of MRC Permian Company (“MRC”), the Applicant herein. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the locatable affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of May 23, 2025.

5. I caused a notice to be published to all parties subject to this compulsory pooling proceeding. An affidavit of publication from the publication’s legal clerk with a copy of the notice of publication is attached herein.

6. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. E  
Submitted by: Matador Production Company  
Hearing Date: June 5, 2025  
Case No. 25388**



Paula M. Vance

5/29/25

Date



**Adam G. Rankin**  
**Partner**  
**Phone** (505) 988-4421  
agrarkin@hollandhart.com

May 16, 2025

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED**

**TO: ALL AFFECTED INTEREST OWNERS**

**Re: Application of MRC Permian Company for Compulsory Pooling, Lea County,  
New Mexico: Ed Drake Fed Com #241H well**

Ladies & Gentlemen:

This letter is to advise you that MRC Permian Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on June 5, 2025, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>.

It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Addison Costley at (972) 371-5474 or at [addison.costley@matadorresources.com](mailto:addison.costley@matadorresources.com).

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. Rankin', with a stylized flourish at the end.

**Adam G. Rankin**  
**ATTORNEY FOR MRC PERMIAN COMPANY**

**Location**  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87501-1849

**Mailing Address**  
P.O. Box 2208  
Santa Fe, NM 87504-2208

**Contact**  
p: 505.988.4421 | f: 505.983.6043  
[www.hollandhart.com](http://www.hollandhart.com)

Holland & Hart LLP Anchorage Aspen Billings Boise Boulder Cheyenne Denver Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C.

MEC - Ed Drake 241H , 242H wells - Case nos. 25388 and 25390  
Postal Delivery Report

9214 8901 9403 8314 6881 56	THOMAS L ALEXANDER PO BOX 2005 MORRO BAY CA 93443	Delivered Signature Received
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# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
May 18, 2025  
and ending with the issue dated  
May 18, 2025.



Publisher

Sworn and subscribed to before me this  
18th day of May 2025.



Business Manager

My commission expires

January 29, 2027

(Seal)

STATE OF NEW MEXICO  
NOTARY PUBLIC  
GUSSIE RUTH BLACK  
COMMISSION # 1087526  
COMMISSION EXPIRES 01/29/2027

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

LEGAL	LEGAL
<b>LEGAL NOTICE</b> <b>May 18, 2025</b>	
<p><b>Case No. 25388: Application of MRC Permian Company for Compulsory Pooling, Lea County, New Mexico. Notice to all affected interest owners, including all heirs, devisees and successors of: Thomas L. Alexander.</b> The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearing 8:30 a.m. on June 5, 2025, to consider this application. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate in the hearings electronically, see the instructions posted on the docket for the hearing date: <a href="https://www.emnrd.nm.gov/ocd/hearing-info/">https://www.emnrd.nm.gov/ocd/hearing-info/</a> or contact Freya Tschantz, at Freya.Tschantz@emnrd.nm.gov. Applicant in the above-styled cause seeks an order pooling a standard 480-acre, more or less, horizontal well spacing unit in the Pennsylvanian formation underlying the W/2 W/2 of Sections 11, 14, and 23, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed <b>Ed Drake Fed Com #241H</b> well, with a surface location in the SW/4 SW/4 (Unit M) of Section 23, a first take point in the SW/4 SW/4 (Unit M) of Section 23, and a last take point in the NW/4 NW/4 (Unit D) of Section 11. 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 well, and a 200% charge for risk involved in drilling the well. The subject area is located approximately 6.5 miles northeast of Lovington, New Mexico.</p> <p><b>#00300992</b></p>	

67100754

00300992

HOLLAND & HART LLC  
110 N GUADALUPE ST., STE. 1  
SANTA FE, NM 87501

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. F  
Submitted by: Matador Production Company  
Hearing Date: June 5, 2025  
Case No. 25388