

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

**APPLICATION OF MRC HAT MESA, LLC  
FOR APPROVAL OF AN OVERLAPPING  
HORIZONTAL WELL SPACING UNIT  
AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

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

**APPLICATION**

MRC Hat Mesa, LLC (“MRC” or “Applicant”), through its 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 560.05-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the W/2 of Section 29, E/2 W/2 of Section 32, Township 21 South, Range 33 East, and Lot 3 and SE/4 NW/4 (E/2 NW/4 equivalent) of irregular Section 5, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in this acreage. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed overlapping 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 dedicate the above-referenced overlapping horizontal spacing unit to the proposed **Toddy Glosser State Com 110H** j-turn well, to be drilled from a surface hole location in the N/2 of irregular Section 5, T22S-R33E, to a first take point in the SE/4 NW/4 (Unit F) of irregular Section 5, T22S-R33E, and a last take point in the SW/4 NW/4 (Unit E) of Section 29, T21S-R33E.

4. This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation:

- An existing 160-acre spacing unit in the Bone Spring formation underlying the E/2 W/2 of Section 29, T21S-R33E, currently dedicated to the Fruit Loop 29 State 501H (API No. 30-025-41518), operated by EOG Resources Inc; and
- An existing 160-acre spacing unit in the Bone Spring formation underlying the W/2 W/2 of Section 29, T21S-R33E, currently dedicated to the Fruit Loop 29 State 503H (API No. 30-025-44501) and Fruit Loop 29 State 602H (API No. 30-025-44500), operated by EOG Resources Inc.

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 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 matter be set for hearing before an Examiner of the Oil Conservation Division on March 26, 2026, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed overlapping spacing unit and pooling all uncommitted interests therein;
- B. Designating Matador Production Company as operator of the overlapping horizontal spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing 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,

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**ATTORNEYS FOR MRC HAT MESA, LLC AND  
MATADOR PRODUCTION COMPANY**

CASE \_\_\_\_\_: **Application of MRC Hat Mesa, LLC 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 (1) approving a 560.05-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the W/2 of Section 29, E/2 W/2 of Section 32, Township 21 South, Range 33 East, and Lot 3 and SE/4 NW/4 (E/2 NW/4 equivalent) of irregular Section 5, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in this acreage. Applicant seeks to dedicate the above-referenced overlapping horizontal spacing unit to the proposed **Toddy Glosser State Com 110H** j-turn well, to be drilled from a surface hole location in the N/2 of irregular Section 5, T22S-R33E, to a first take point in the SE/4 NW/4 (Unit F) of irregular Section 5, T22S-R33E, and a last take point in the SW/4 NW/4 (Unit E) of Section 29, T21S-R33E. This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation:

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- An existing 160-acre spacing unit in the Bone Spring formation underlying the W/2 W/2 of Section 29, T21S-R33E, currently dedicated to the Fruit Loop 29 State 503H (API No. 30-025-44501) and Fruit Loop 29 State 602H (API No. 30-025-44500), operated by EOG Resources Inc.

Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 25 miles east of Eunice, New Mexico.