

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

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

CASE NO. _____

APPLICATION

MRC Delaware Resources, LLC (“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 480-acre, more or less, overlapping horizontal well spacing unit in a portion of the Bone Spring formation, from the base of the Second Bone Spring interval to the base of the Bone Spring formation, underlying the SE/4 of Section 19 and the S/2 of Section 20, Township 19 South, Range 30 East, NMPM, 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 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 **Shoffner Fed Com 139H** u-turn well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 19, with a first take point in the SW/4 SE/4 (Unit O) of Section 19, and a last take point in the NW/4 SE/4 (Unit J) of Section 19.

4. Applicant seeks to pool the uncommitted interest owners from the base of the Second Bone Spring interval at a stratigraphic equivalent of 8,408' measured depth, as defined in the Antweil Anu Federal #001 (30-015-23561), to the base of Bone Spring formation.

5. This proposed horizontal well spacing unit will overlap the following existing spacing unit in the Bone Spring formation (Turkey Track, Bone Spring [60660]):

- An existing 160-acre, more or less, spacing unit comprised of the W/2 E/2 of Section 19, Township 19 South, Range 30 East, dedicated to the Antweil Anu Federal #003H well (API No. 30-015-40523), operated by EOG Resources, Inc. (OGRID 7377).

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. 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 May 7, 2026, hearing docket and after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interest owners in the horizontal spacing unit;
- B. Designating Matador Production Company as operator of this horizontal spacing unit and the horizontal 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:  _____

A. Raylee Starnes
Paula M. Vance
A. Raylee Starnes
Post Office Box 2208
Santa Fe, NM 87504
505-988-4421
505-983-6043 Facsimile
agrankin@hollandhart.com
pmvance@hollandhart.com
arstarnes@hollandhart.com

**ATTORNEYS FOR MRC DELAWARE RESOURCES,
LLC AND MATADOR PRODUCTION COMPANY**

CASE _____: **Application of MRC Delaware Resources, LLC 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 480-acre, more or less, overlapping horizontal well spacing unit in a portion of the Bone Spring formation, from the base of the Second Bone Spring interval to the base of the Bone Spring formation, underlying the SE/4 of Section 19 and the S/2 of Section 20, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico; and (b) pooling the uncommitted interest owners in this acreage. Applicant seeks to pool the uncommitted interest owners from the base of the Second Bone Spring interval at a stratigraphic equivalent of 8,408' measured depth, as defined in the Antweil Anu Federal #001 (30-015-23561), to the base of Bone Spring formation. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Shoffner Fed Com 139H** u-turn well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 19, with a first take point in the SW/4 SE/4 (Unit O) of Section 19, and a last take point in the NW/4 SE/4 (Unit J) of Section 19. This proposed standard horizontal well spacing unit will overlap the following existing or proposed horizontal well spacing units in the Bone Spring formation:

- An existing 160-acre, more or less, spacing unit comprised of the W/2 E/2 of Section 19, Township 19 South, Range 30 East, dedicated to the Antweil Anu Federal #003H well (API No. 30-015-40523), operated by EOG Resources, Inc.

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 21 miles northeast of Carlsbad, New Mexico.