

**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,
LEA 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 (a) approving a standard 639.84-acre, more or less, overlapping horizontal well spacing unit in the Wolfcamp formation (WC-025 S223203A; Lwr Wolfcamp (Gas) [98258]) underlying Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of irregular Section 3, and the E/2 of Section 10, Township 22 South, Range 32 East, NMPM, Lea 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 **Nina Cortell Federal Com 243H** well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 10, with a first take point in the SE/4 SE/4 (Unit P) of Section 10, and a last take point in Lot 1 (NE/4 NE/4 equivalent) of irregular Section 3, and **Nina Cortell**

Federal Com 244H well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 10, with a first take point in the SW/4 SE/4 (Unit O) of Section 10, and a last take point in Lot 2 (NW/4 NE/4 equivalent) of irregular Section 3.

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

- A 319.92-acre, more or less, spacing unit comprised of Lot 2, the SW/4 NE/4, and the W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 3 and the W/2 E/2 of Section 10, dedicated to the Nina Cortell Federal Com 203H well, operated by Matador Production Company (“Matador”) (API No. 30-025-49628); and
- A 320-acre, more or less, spacing unit comprised of Lot 1, the SE/4 NE/4, and the E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 3 and the E/2 E/2 of Section 10, dedicated to the Nina Cortell Federal Com 204H well, operated by Matador Production Company (“Matador”) (API No. 30-025-49629).

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 June 4, 2026, 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 in the horizontal spacing unit;

- 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 wells;
- 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 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 AND
MATADOR PRODUCTION COMPANY**

CASE _____: **Application of MRC Permian Company for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 639.84-acre, more or less, overlapping horizontal well spacing unit in the Wolfcamp formation (WC-025 S223203A; Lwr Wolfcamp (Gas) [98258]) underlying Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of irregular Section 3, and the E/2 of Section 10, Township 22 South, Range 32 East, NMPM, Lea 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 **Nina Cortell Federal Com 243H** well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 10, with a first take point in the SE/4 SE/4 (Unit P) of Section 10, and a last take point in Lot 1 (NE/4 NE/4 equivalent) of irregular Section 3, and **Nina Cortell Federal Com 244H** well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 10, with a first take point in the SW/4 SE/4 (Unit O) of Section 10, and a last take point in Lot 2 (NW/4 NE/4 equivalent) of irregular Section 3. This proposed standard horizontal well spacing unit will overlap the following existing horizontal well spacing units in the Wolfcamp formation:

- A 319.92-acre, more or less, spacing unit comprised of Lot 2, the SW/4 NE/4, and the W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 3 and the W/2 E/2 of Section 10, dedicated to the Nina Cortell Federal Com 203H well, operated by Matador Production Company (“Matador”) (API No. 30-025-49628); and
- A 320-acre, more or less, spacing unit comprised of Lot 1, the SE/4 NE/4, and the E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 3 and the E/2 E/2 of Section 10, dedicated to the Nina Cortell Federal Com 204H well, operated by Matador Production Company (“Matador”) (API No. 30-025-49629).

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 wells. The subject area is located approximately 27 miles northeast of Malaga, New Mexico.