

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

**APPLICATION OF MRC HAT MESA, LLC  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

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

**APPLICATION**

MRC Hat Mesa, 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 pooling the uncommitted interest owners in a standard 480-acre, more or less, horizontal well spacing unit in the Wolfcamp formation underlying the E/2 W/2 of Section 35, Township 21 South, Range 33 East, and the E/2 W/2 of Sections 2 and 11, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. 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 **Merchant State Unit Fed Com 242H** well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 11, with a first take points in the SE/4 SW/4 (Unit N) of Section 11, T22S-R33E, and a last take point in the NE/4 NW/4 (Unit C) of Section 35, T21S-R33E.
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. 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. 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 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,

HOLLAND & HART LLP

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

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

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

CASE \_\_\_\_\_: **Application of MRC Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks order pooling the uncommitted interest owners in a standard 480-acre, more or less, horizontal well spacing unit in the Wolfcamp formation underlying the E/2 W/2 of Section 35, Township 21 South, Range 33 East, and the E/2 W/2 of Sections 2 and 11, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Merchant State Unit Fed Com 242H** well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 11, with a first take points in the SE/4 SW/4 (Unit N) of Section 11, T22S-R33E, and a last take point in the NE/4 NW/4 (Unit C) of Section 35, T21S-R33E. Also, to be considered will be the cost of drilling and completing the wells 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 22.5 miles southwest of Eunice, New Mexico.