

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

**APPLICATION OF MRC PERMIAN COMPANY  
FOR APPROVAL OF AN OVERLAPPING  
NON-STANDARD HORIZONTAL WELL  
SPACING UNIT AND COMPULSORY POOLING,  
EDDY 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 order (a) approving a non-standard 478.08-acre, more or less, overlapping horizontal well spacing unit in the Wolfcamp formation underlying the N/2 S/2 of Section 36, Township 22 South, Range 27 East, and Lots 3-4, E/2 SW/4, and SE/4 (S/2 equivalent) of irregular Section 31, Township 22 South, Range 28 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 non-standard horizontal well spacing unit.
3. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Betty Jones Federal Com 203H** well, to be horizontally drilled from a surface location in the W/2 W/2 of Section 36, T22S-R-27E, with a first take point in the NW/4 SW/4 (Unit L) of Section 36, T22S-R-27E, and a last take point in the SW/4 SW/4 (Unit M) of irregular Section 31, T22S-R28E.

4. This proposed non-standard horizontal well spacing unit will overlap the following existing spacing unit in the Wolfcamp formation (Purple Sage, Wolfcamp [98220]):

- An existing 320-acre, more or less, spacing unit comprised of the S/2 of Section 36, Township 22 South, Range 27 East, dedicated to the Scott Walker State 36 22S 27E RB 204H well (API No. 30-015-43162), operated by Matador Production Company (OGRID 228937).

5. MRC seeks administrative approval of a non-standard spacing unit to conform with its proposed “candy-cane” lateral configuration, which is necessary to prevent waste and protect correlative rights because the existing well indicated above is drilled (and producing) from the S/2 S/2 of Section 36 in the Wolfcamp formation and MRC’s proposed Betty Jones Federal Com 203H will ensure recovery of hydrocarbons in the N/2 S/2 of Section 36.

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 pooling of the uncommitted interest owners 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 July 9, 2026, hearing docket and after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping non-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 non-standard 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:  \_\_\_\_\_

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 PERMIAN COMPANY AND  
MATADOR PRODUCTION COMPANY**

CASE \_\_\_\_\_: **Application of MRC Permian Company for Approval of an Overlapping Non-Standard Horizontal Well Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a non-standard 478.08-acre, more or less, overlapping horizontal well spacing unit in the Wolfcamp formation underlying the N/2 S/2 of Section 36, Township 22 South, Range 27 East, and Lots 3-4, E/2 SW/4, and SE/4 (S/2 equivalent) of irregular Section 31, Township 22 South, Range 28 East, NMPM, Eddy 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 **Betty Jones Federal Com 203H** well, to be horizontally drilled from a surface location in the W/2 W/2 of Section 36, T22S-R-27E, with a first take point in the NW/4 SW/4 (Unit L) of Section 36, T22S-R-27E, and a last take point in the SW/4 SW/4 (Unit M) of irregular Section 31, T22S-R28E. This proposed non-standard horizontal well spacing unit will overlap the following existing or proposed horizontal well spacing units in the Wolfcamp formation:

- An existing 320-acre, more or less, spacing unit comprised of the S/2 of Section 36, Township 22 South, Range 27 East, dedicated to the Scott Walker State 36 22S 27E RB 204H well (API No. 30-015-43162), operated by Matador Production Company.

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 4.5 miles northwest of Loving, New Mexico.