

**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 order (a) approving a standard 318.4-acre, more or less, overlapping horizontal well spacing unit in a portion of the Bone Spring formation underlying Lots 1-4 and E/2 W/2 (W/2 equivalent) of irregular Section 18, Township 24 South, Range 34 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 **Mark M Federal Com 130H** u-turn well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) and SW/4 SE/4 (Unit O) of irregular Section 7, with a first take point in the NE/4 NW/4 (Unit C) of irregular Section 18, and a last take point in Lot 1 (NW/4 NW/4 equivalent) of irregular Section 18.

4. An ownership depth severance exists in the Bone Spring formation, within the proposed horizontal well spacing unit. Accordingly, Applicant seeks to pool only a portion of the Bone Spring formation, which is limited to a depth of 11,044 feet total vertical depth to the base of the Bone Spring formation. MRC will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

5. This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation (Red Hills, Bone Spring, North [96434]):

- An existing 158.40-acre, more or less, spacing unit comprised of Lots 1-4 (W/2 W/2 equivalent) of irregular Section 18, Township 24 South, Range 34 East, dedicated to the Sebastian Federal Com 1H well (API No. 30-025-41687), operated by COG Operating LLC (OGRID 229137); and
- An existing 160-acre, more or less, spacing unit comprised of the E/2 W/2 of irregular Section 18, Township 24 South, Range 34 East, dedicated to the Sebastian Federal Com 2H well (API No. 30-025-41666), operated by COG Operating LLC (OGRID 229137).

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 proposed overlapping spacing unit;
- B. Pooling all uncommitted interest owners in the horizontal spacing unit;

- C. Designating Matador Production Company as operator of this horizontal spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- E. 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
- F. 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: 

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**ATTORNEYS FOR MRC PERMIAN COMPANY AND  
MATADOR PRODUCTION COMPANY**

CASE \_\_\_\_\_: **Application of MRC Permian Company for Approval of a Standard Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 318.4-acre, more or less, overlapping horizontal well spacing unit in a portion of the Bone Spring formation underlying Lots 1-4 and E/2 W/2 (W/2 equivalent) of irregular Section 18, Township 24 South, Range 34 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 **Mark M Federal Com 130H** u-turn well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) and SW/4 SE/4 (Unit O) of irregular Section 7, with a first take point in the NE/4 NW/4 (Unit C) of irregular Section 18, and a last take point in Lot 1 (NW/4 NW/4 equivalent) of irregular Section 18. Accordingly, Applicant seeks to pool only a portion of the Bone Spring formation, which is limited to a depth of 11,044 feet total vertical depth to the base of the Bone Spring formation. 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 158.40-acre, more or less, spacing unit comprised of Lots 1-4 (W/2 W/2 equivalent) of irregular Section 18, Township 24 South, Range 34 East, dedicated to the Sebastian Federal Com 1H well (API No. 30-025-41687), operated by COG Operating LLC (OGRID 229137); and
- An existing 160-acre, more or less, spacing unit comprised of the E/2 W/2 of irregular Section 18, Township 24 South, Range 34 East, dedicated to the Sebastian Federal Com 2H well (API No. 30-025-41666), operated by COG Operating LLC (OGRID 229137).

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 19 miles northwest of Jal, New Mexico.