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

APPLICATION OF MRC PERMIAN COMPANY FOR APPROVAL OF AN 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 1,200-acre, more or less, overlapping horizontal well spacing unit in a portion of the Bone Spring formation underlying the E/2 of Sections 11, 14 and 23, and NE/4 and N/2 SE/4 of Section 26, Township 22 South, Range 33 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 **ML Fed Com 123H** and **ML Fed Com 128H** wells, to be horizontally drilled from surface locations in the NW/4 NE/4 (Unit B) of Section 11, with first take points in the NW/4 NE/4 (Unit B) of Section 11, and last take points in the NW/4 SE/4 (Unit J) of Section 26; and **ML Fed Com 134H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of

Section 11, with a first take point in the NE/4 NE/4 (Unit A) of Section 11, and a last take point in the NE/4 SE/4 (Unit I) of Section 26.

4. The completed interval of the **ML Fed Com 134H** well is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal well spacing unit under 19.15.16.15.B(1)(b) NMAC.

5. This proposed horizonal well spacing unit will overlap the following existing spacing unit in the Bone Spring formation:

- An existing 160-acre, more or less, spacing unit comprised of the E/2 E/2 of Section 11, Township 22 South, Range 33 East, dedicated to the BEVO 11 Federal 004H well (API No. 30-025-41804), 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 September 3, 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

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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 1,200-acre, more or less, overlapping horizontal well spacing unit in a portion of the Bone Spring formation underlying the E/2 of Sections 11, 14 and 23, and NE/4 and N/2 SE/4 of Section 26, Township 22 South, Range 33 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 **ML Fed Com 123H** and **ML Fed Com 128H** wells, to be horizontally drilled from surface locations in the NW/4 NE/4 (Unit B) of Section 11, with first take points in the NW/4 NE/4 (Unit B) of Section 11, and last take points in the NW/4 SE/4 (Unit J) of Section 26; and **ML Fed Com 134H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 11, with a first take point in the NE/4 NE/4 (Unit A) of Section 11, and a last take point in the NE/4 SE/4 (Unit I) of Section 26. The completed interval of the ML Fed Com 134H well is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal well spacing unit under 19.15.16.15.B(1)(b) NMAC. 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 E/2 E/2 of Section 11, Township 22 South, Range 33 East, dedicated to the BEVO 11 Federal 004H well (API No. 30-025-41804), 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 33 miles east of Loving, New Mexico.