

**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 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the S/2 N/2 of Sections 16 and 17, Township 18 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 **Tess Sleeper Federal Com 122H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 18, with a first take point in the SW/4 NW/4 (Unit E) of Section 17, and a last take point in the SE/4 NE/4 (Unit H) of Section 16.
4. This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation:

- An existing 40-acre, more or less, spacing unit comprised of the SE/4 NE/4 of Section 16, Township 18 South, Range 32 East, dedicated to the Mitchell 16 State 1H well (API No. 30-025-30735), operated by V-F Petroleum, Inc. (OGRID 24010);
- An existing 160-acre, more or less, spacing unit comprised of the E/2 W/2 of Section 16, Township 18 South, Range 32 East, dedicated to the Young 16 NC State 1H well (API No. 30-025-41376), operated by Mewbourne Oil Company (OGRID 14744); and
- An existing 40-acre, more or less, spacing unit comprised of the SW/4 NW/4 of Section 17, Township 18 South, Range 32 East, dedicated to the Inca Federal 12H well (API No. 30-025-31756), operated by NSP Resources, LLC (OGRID 333426).

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 pooling of interests will 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 November 5, 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,

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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 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the S/2 N/2 of Sections 16 and 17, Township 18 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 **Tess Sleeper Federal Com 122H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 18, with a first take point in the SW/4 NW/4 (Unit E) of Section 17, and a last take point in the SE/4 NE/4 (Unit H) of Section 16. This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation:

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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 8 miles south of Maljamar, New Mexico.