

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

**APPLICATION OF MRC PERMIAN
COMPANY FOR COMPULSORY POOLING,
EDDY AND LEA COUNTIES, 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 pooling the uncommitted interest owners in a standard 320.96-acre, more or less, horizontal well spacing unit in a portion of the Bone Spring formation underlying the S/2 N/2 of Section 13, Township 18 South, Range 31 East, NMPM, Eddy County, and Lot 2, SE/4 NW/4, and S/2 NE/4 (S/2 N/2 equivalent) of irregular Section 18, Township 18 South, Range 32 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 **R Fenlaw 1318 Federal Com 132H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of irregular Section 18, T18S-R32E, with a first take point in the SE/4 NE/4 (Unit H) of irregular Section 18, T18S-R32E, and a last take point in the SW/4 NW/4 (Unit E) of Section 13, T18S-R31E.

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 from a depth of 9,500 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. 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. 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 wells 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,

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

CASE _____: **Application of MRC Permian Company for Compulsory Pooling, Eddy and Lea Counties, New Mexico.** Applicant in the above-styled cause seeks an order pooling the uncommitted interest owners in a standard 320.96-acre, more or less, horizontal well spacing unit in a portion of the Bone Spring formation underlying the S/2 N/2 of Section 13, Township 18 South, Range 31 East, NMPM, Eddy County, and Lot 2, SE/4 NW/4, and S/2 NE/4 (S/2 N/2 equivalent) of irregular Section 18, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **R Fenlaw 1318 Federal Com 132H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of irregular Section 18, T18S-R32E, with a first take point in the SE/4 NE/4 (Unit H) of irregular Section 18, T18S-R32E, and a last take point in the SW/4 NW/4 (Unit E) of Section 13, T18S-R31E. Applicant seeks to pool only a portion of the Bone Spring formation, which is limited from a depth of 9,500 feet total vertical depth to the base of the Bone Spring formation. 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 southwest of Maljamar, New Mexico.