

**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 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 W2W2 of Sections 8 and 17, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. 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 spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal well spacing unit to the proposed **Leslie 17&8 Fed Com 111H** and the **Leslie 17&8 Fed Com 121H** wells to be horizontally drilled from the SW4SW4 (Unit M) of Section 17 to a bottom hole location in the NW4NW4 (Unit D) of Section 8.
4. This proposed horizontal well spacing unit will overlap a horizontal spacing unit in the WC-025 G-09 S243532M; Wolfbone Pool (98098), an interval and pool different from that

targeted by the proposed wells, comprised of the W2 of Sections 5 and 8, Township 25 South, Range 35 East, dedicated to the COG Deer Stalker Fed Com 606H (30-025-47204) and the COG Deer Stalker Fed Com 705H (30-025-47206) wells.

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. Approval of this overlapping horizontal well spacing unit the pooling of interests 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 September 7, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving this overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Matador Production Company as operator of this horizontal well spacing unit and the 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% penalty 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

CASE _____:

Application of MRC Permian Company for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (a) approving an overlapping 320-acre, more or less, standard horizontal well spacing unit in the Bone Spring formation underlying the W2W2 of Sections 8 and 17, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. Said unit will be initially dedicated to the proposed **Leslie 17&8 Fed Com 111H** and the **Leslie 17&8 Fed Com 121H** wells to be horizontally drilled from the SW4SW4 (Unit M) of Section 17 to a bottom hole location in the NW4NW4 (Unit D) of Section 8. This proposed horizontal well spacing unit will overlap a horizontal spacing unit in the WC-025 G-09 S243532M; Wolfbone Pool (98098), an interval and pool different from by that targeted by the proposed wells, comprised of the W2 of Sections 5 and 8, Township 25 South, Range 35 East, dedicated to the COG Deer Stalker Fed Com 606H (30-025-47204) and the COG Deer Stalker Fed Com 705H (30-025-47206) wells. Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 11 miles west of Jal, New Mexico.