

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

**APPLICATION OF MRC HAT MESA, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

MRC Hat Mesa, LLC (“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 pooling all uncommitted interests in the Wolfcamp formation underlying a standard 800-acre, more or less, horizontal well spacing unit comprised of the W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 of Section 31 and the SW/4 of Section 30, Township 21 South, Range 33 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 spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal well spacing unit to the proposed **Paul Flowers State Com 205H** well to be horizontally drilled from a surface hole location in the SW/4 of Section 6, with a first take point in Lot 7 (SW/4 SW/4 equivalent) of Section 6 and a last take point in Lot 3 (NW/4 SW/4 equivalent) of Section 30.
4. The completed interval of the **Paul Flowers State Com 205H** 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 spacing unit under 19.15.16.15.B(1)(b) NMAC.

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 application 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 February 1, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the proposed horizontal well spacing unit;
- 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 well;
- 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 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 HAT MESA, LLC

CASE _____: **Application of MRC Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 800-acre, more or less, horizontal well spacing unit comprised of the W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 of Section 31 and the SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Paul Flowers State Com 205H** well to be horizontally drilled from a surface hole location in the SW/4 of Section 6, with a first take point in Lot 7 (SW/4 SW/4 equivalent) of Section 6 and a last take point in Lot 3 (NW/4 SW/4 equivalent) of Section 30. The completed interval of the **Paul Flowers State Com 205H** 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 spacing unit under 19.15.16.15.B(1)(b) NMAC. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 well. The subject area is located approximately 26 miles west of Eunice, New Mexico.