

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

**APPLICATION OF MRC PERMIAN COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

MRC Permian Company (“MRC” or “Applicant”), through undersigned attorneys, hereby files this application with the Oil Conservation Division for an order pooling a standard 360-acre, more or less, horizontal well spacing unit in the Wolfbone formation (WC-025 G-09 S243532M; Wofbone Pool [98098]) comprised of the E2 of Section 21 and the NW4NE4 of Section 28, Township 24 South, Range 35 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 horizontal spacing unit to the following proposed “U-turn” wells:
 - **John Callahan Fed Com 139H** and **John Callahan Fed Com 219H** wells, to be horizontally drilled from a surface location in the NW4NE4 (Unit B) of Section 28, with a first take point located in the NW4NE4 (Unit B) of Section 28 and a last take point located SE4SE4 (Unit P) of Section 21; and

- **John Callahan Fed Com 209H** well to be horizontally drilled from a surface location in the SE4SE4 (Unit P) of Section 21, with a first take point located in the SE4SE4 (Unit P) of Section 21 and a last take point located in the NW4NE4 (Unit B) of Section 28.

4. The completed interval of the proposed wells will penetrate each of the governmental quarter-quarter sections included in the proposed spacing unit.

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 in the proposed spacing unit 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 March 7, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interest owners in the proposed horizontal well 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% 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 Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling a standard 360-acre, more or less, horizontal well spacing unit in the Wolfbone formation (WC-025 G-09 S243532M; Wolfbone Pool [98098]) comprised of the E2 of Section 21 and the NW4NE4 of Section 28, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the following proposed “U-turn” wells:

- **John Callahan Fed Com 139H** and **John Callahan Fed Com 219H** wells, to be horizontally drilled from a surface location in the NW4NE4 (Unit B) of Section 28, with a first take point located in the NW4NE4 (Unit B) of Section 28 and a last take point located SE4SE4 (Unit P) of Section 21; and
- **John Callahan Fed Com 209H** well to be horizontally drilled from a surface location in the SE4SE4 (Unit P) of Section 21, with a first take point located in the SE4SE4 (Unit P) of Section 21 and a last take point located in the NW4NE4 (Unit B) of Section 28.

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 12 miles northwest of Jal, New Mexico.