

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

**APPLICATION OF MR NM OPERATING  
LLC FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

Pursuant to NMSA 1978, Section 70-2-17, MR NM Operating LLC (OGRID No. 330506) (“MR” or “Applicant”) applies for an order pooling all uncommitted interests in the Yeso formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the SE/4 of Section 31 and SW/4 of Section 32, Township 16 South, Range 32 East, Lea County, New Mexico (“Unit”). In support of this application, MR states the following.

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”):
  - a. **Shrek State Com 1H**, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 31; and
  - b. **Shrek State Com 2H**, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31.
3. The completed intervals of the Wells will be orthodox.
4. The completed interval of the Shrek State Com 2H well will be located within 330’ of the quarter-quarter section line separating the N/2 SE/4 from the S/2 SE/4 of Section 31 and the

N/2 SW/4 from the S/2 SW/4 of Section 32 to allow for the creation of a standard 320-acre horizontal spacing unit.

5. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.

6. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated as the operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 9, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- E. Approving the actual operating charged and costs of supervision while drilling and after completion, together with a provision adjusting the rated pursuant to the COPAS accounting procedures; and

- F. 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,

HARDY McLEAN LLC

/s/ Dana S. Hardy

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