

**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 322.53-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying Lots 1, 8, 9, & 16, and the E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 1, Township 21 South, Range 31 East, NMPM, Eddy County, New Mexico, as well as the W/2 SW/4 of Section 36, Township 20 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 **Susan Lancaster Federal Com 131H** well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of irregular Section 7, T21S-R32E, with a first take point in the SE/4 SE/4 (Unit P) of irregular Section 1, T21S-R31E, and a last take point in the NW/4 SW/4 (Unit L) of Section 36, T20S-R32E.

4. 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.

5. The granting 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 the November 13, 2025, hearing docket and after notice and hearing as required by law, the Division enter an order:

- A. Approving the standard horizontal well spacing unit and pooling all uncommitted interest owners therein;
- B. Designating Matador Production Company as operator of this horizontal spacing unit and the horizontal well 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% charge 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,

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

CASE _____: **Application of MRC Permian Company for Compulsory Pooling, Lea and Eddy Counties, New Mexico.** Applicant in the above-styled cause seeks an order pooling the uncommitted interest owners in a standard 322.53-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying Lots 1, 8, 9, & 16, and the E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 1, Township 21 South, Range 31 East, NMPM, Eddy County, New Mexico, as well as the W/2 SW/4 of Section 36, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Susan Lancaster Federal Com 131H** well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of irregular Section 7, T21S-R32E, with a first take point in the SE/4 SE/4 (Unit P) of irregular Section 1, T21S-R31E, and a last take point in the NW/4 SW/4 (Unit L) of Section 36, T20S-R32E. 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 30 miles northeast of Carlsbad, New Mexico.