

**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, files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral owners in a standard 640-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the W2 of Sections 20 and 29, Township 24 South, Range 36 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 **K. Stewart Fed Com 135H** well to be horizontally drilled from a surface hole location in the S2SW4 of Section 29, with a first take point located in the SW4SW4 (Unit M) of Section 29 and a last take point in the NW4NW4 (Unit D) Section 20. The completed interval for this well is expected to remain within 330 feet of the quarter-quarter line to allow the inclusion of the offsetting 40-acre tracts in the proposed 640-acre spacing unit.

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 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 October 5, 2023, 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 well spacing unit and the 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% 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,

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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 all uncommitted mineral owners in a standard 640-acre horizontal well spacing unit in the Bone Spring formation underlying the W2 of Sections 20 and 29, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **K. Stewart Fed Com 135H** well to be horizontally drilled from a surface hole location in the S2SW4 of Section 29, with a first take point located in the SW4SW4 (Unit M) of Section 29 and a last take point in the NW4NW4 (Unit D) Section 20. The completed interval for this well is expected to remain within 330 feet of the quarter-quarter line to allow the inclusion of the offsetting 40-acre tracts in the proposed 640-acre spacing unit. 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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 9 miles northwest of Jal, New Mexico.