

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

**APPLICATION OF MRC PERMIAN COMPANY
FOR APPROVAL OF AN OVERLAPPING
HORIZONTAL WELL SPACING UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

MRC Permian Company (“MRC” or “Applicant”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the W/2 of Section 34, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in this acreage. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed overlapping horizontal 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 dedicate the above-referenced overlapping horizontal spacing unit to the proposed **Art Smith State Com 130H** u-turn well, to be drilled from a surface hole location in the S/2 SW/4 of Section 27, to a first take point in the NE/4 NW/4 (Unit C) of Section 34 and a last take point in the NW/4 NW/4 (Unit D) Section 34.
4. This proposed horizontal well spacing unit will overlap the following spacing units in the Bone Spring formation with approved pooling orders (permits pending):

- An existing 320-acre spacing unit in the Bone Spring formation underlying the W/2 W/2 of Section 34, T18S-R34E, and the W/2 W/2 of Section 3, T19S-R34E, currently dedicated to the Art Smith State Com 121H, operated by Matador Production Company; and
- An existing 320-acre spacing unit in the Bone Spring formation underlying the E/2 W/2 of Section 34, T18S-R34E, and the E/2 W/2 of Section 3, T19S-R34E, currently dedicated to the Art Smith State Com 122H, operated by Matador Production.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all mineral owners in the subject spacing unit.

6. The pooling of interests in the proposed horizontal well 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 matter be set for hearing before an Examiner of the Oil Conservation Division on September 11, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed overlapping spacing unit and pooling all uncommitted interests therein;
- B. Designating Matador Production Company as operator of the overlapping horizontal spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing 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

CASE _____: **Application of MRC Permian Company for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) approving a 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying W/2 of Section 34, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in this acreage. Applicant seeks to dedicate the above-referenced overlapping horizontal spacing unit to the proposed **Art Smith State Com 130H** u-turn well, to be drilled from a surface hole location in the S/2 SW/4 of Section 27, to a first take point in the NE/4 NW/4 (Unit C) of Section 34 and a last take point in the NW/4 NW/4 (Unit D) Section 34. This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation with approved pooling orders (permits pending):

- An existing 320-acre spacing unit in the Bone Spring formation underlying the W/2 W/2 of Section 34, T18S-R34E, and the W/2 W/2 of Section 3, T19S-R34E, currently dedicated to the Art Smith State Com 121H, operated by Matador Production Company; and
- An existing 320-acre spacing unit in the Bone Spring formation underlying the E/2 W/2 of Section 34, T18S-R34E, and the E/2 W/2 of Section 3, T19S-R34E, currently dedicated to the Art Smith State Com 122H, operated by Matador Production Company.

Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 16 miles southeast of Maljamar, New Mexico.