

**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 NM” or “Applicant”) applies for an order pooling all uncommitted interests in the Yeso formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the N/2 SE/4 of Section 31 and N/2 SW/4 of Section 32, Township 16 South, Range 32 East, Lea County, New Mexico (“Unit”). In support of this application, MR NM 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 **Shrek State Com #3H** well (“Well”), which will be drilled from a surface hole location in the NE/4 SW/4 (Unit K) of Section 32 to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31.
3. The completed interval of the Well will be orthodox.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. 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 Well and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2026, 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 Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- 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 Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

HARDY MCLEAN LLC

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