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September 17, 2004
HAND-DELIVERED

Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

13357

Re: ***Application of Matrix New Mexico Holdings, LLC Compulsory Pooling, Lea County, New Mexico***

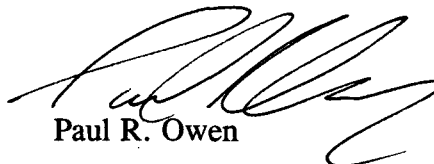
Dear Mr. Fesmire:

Enclosed please find the original and two copies of the Application for Compulsory Pooling of Matrix New Mexico Holdings, LLC. Matrix respectfully requests that this case be placed on the docket for the October 7, 2004 Examiner hearing.

Also enclosed is a legal advertisement for this case. The advertisement is also on the enclosed disk, in both MSWord and WordPerfect formats.

If you have any questions, please let me know.

Very truly yours,


Paul R. Owen

2004 SEP 17 PM 3 49

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

**IN THE MATTER OF THE APPLICATION
OF MATRIX NEW MEXICO HOLDINGS,
LLC FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.**

CASE NO.

2009 SEP 17

13357

PM 3:19

APPLICATION FOR COMPULSORY POOLING

MATRIX NEW MEXICO HOLDINGS, LLC ("Matrix"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests for all formations and/or pools from the surface to the bottom of the Wolfcamp formation, under the following acreage in Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, in the following manner:

The E/2 of said Section 10 to form a standard 320-acre gas spacing and proration unit for all pools formations spaced on 320-acre spacing within that vertical extent;

The NE/4 of said Section 10 to form a standard 160-acre spacing and proration unit for all pools and formations spaced on 160-acres within that vertical extent;

The E/2 NE/4 of said Section 10 to form a standard 80-acre spacing and proration unit for all pools and formations spaced on 80-acres within that vertical extent, including, but not necessarily limited to, the East Stallion-Devonian Oil Pool; and,

The NE/4 NE/4 of said Section 10 to form a standard 40-acre spacing and proration unit for all pools and formations spaced on 40-acres within that vertical extent, including, but not necessarily limited to, the Bronco-Mississippian Oil Pool; the Bronco-Siluro Devonian Oil Pool; and the Bronco-Wolfcamp Oil Pool.

Said spacing and proration units are to be dedicated to Matrix's proposed Townsend Well No.

1-A, to be drilled at standard location in the NE/4 NE/4 of said Section 10. In support of its Application, Matrix states:

1. Matrix is a working interest owner in said Section 10 and has the right to drill thereon.

2. Matrix proposes to dedicate the above-referenced spacing or proration units to a well to be drilled at a standard location in the NE/4 NE/4 of said Section 10, to a depth sufficient to test the Wolfcamp formation.

3. Matrix has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units from those interest owners identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Matrix New Mexico Operating Company, LLC should be designated the operator of the well to be drilled.

WHEREFORE, Matrix New Mexico Holdings, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 7, 2004, and after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Matrix New Mexico Operating Company, LLC operator of these spacing and proration units, and authorizing Matrix to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including

overhead charges, imposing a risk factor for the risk assumed by Matrix in drilling, completing and equipping the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: 

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ATTORNEYS FOR MATRIX NEW MEXICO
HOLDINGS, LLC

EXHIBIT A
NOTIFICATION LIST
APPLICATION OF MATRIX NEW MEXICO HOLDINGS, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

SECTION 10, TOWNSHIP 13 SOUTH, RANGE 38 EAST,
NMPM, LEA COUNTY, NEW MEXICO

Jackie Lynn Townsend
aka Jackie Strickland
2310 SW 59th Street East
Oklahoma City, Oklahoma 73159

Land Services
2310 SW 89th Street, Suite E
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Estate of Calvin D. Townsend
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Mr. Leroy Townsend
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550 West Texas, Suite 1300
Midland, Texas 79701

Steven W. Horn
Post Office Box 2755
Midland, Texas 79702

Katherine Cecilia Walker, S&S
317 Jefferson Avenue
Indianapolis, Indiana 46201

CASE 13357:

Application of Matrix New Mexico Holdings, LLC, for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the bottom of the Wolfcamp formation under the following acreage in Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, in the following manner: The E/2 of said Section 10 to form a standard 320-acre gas spacing and proration unit for all pools formations spaced on 320-acre spacing within that vertical extent; The NE/4 of said Section 10 to form a standard 160-acre spacing and proration unit for all pools and formations spaced on 160-acres within that vertical extent; The E/2 NE/4 of said Section 10 to form a standard 80-acre spacing and proration unit for all pools and formations spaced on 80-acres within that vertical extent, including, but not necessarily limited to, the East Stallion-Devonian Oil Pool; and, The NE/4 NE/4 of said Section 10 to form a standard 40-acre spacing and proration unit for all pools and formations spaced on 40-acres within that vertical extent, including, but not necessarily limited to, the Bronco-Mississippian Oil Pool; the Bronco-Siluro Devonian Oil Pool; and the Bronco-Wolfcamp Oil Pool. Applicant proposes to dedicate these pooled units to its proposed Townsend #1-A Well, to be drilled at a standard gas well location in the NE/4 NE/4 of said Section 10. Also to be considered will the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matrix New Mexico Operating Company, LLC as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles Southwest of Bronco, Texas.