

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

**APPLICATION OF MATADOR PRODUCTION COMPANY  
FOR A NON-STANDARD SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 16464

**APPLICATION**

Matador Production Company, ("Matador") (OGRID No. 228937), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) creating, if necessary, a 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Section 11 and the N/2 S/2 of Section 12, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted mineral interests in the Bone Spring formation underlying this acreage. In support of its application, Matador states:

1. Matador Production Company's affiliate entity is a working interest owner in the proposed non-standard spacing unit has the right to drill thereon.
2. Matador proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **David Edelstein State Com No. 123H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 12 to a standard bottom hole location in the NW/4 SW/4 (Unit L) of Section 11.
3. The completed interval for this well will remain within the standard offset required by the statewide rules set forth in 19.15.15 NMAC.

4. Matador has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

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

6. In order to permit Matador to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this spacing unit should be pooled and Matador Production Company should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Matador requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 18, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating, if necessary, the proposed non-standard spacing unit;
- B. Pooling all uncommitted interests in the spacing and proration unit;
- C. Designating Matador Production Company operator of this spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Matador Production Company to recover its costs of drilling, completing, and equipping the well;
- E. 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
- F. Imposing a 200% penalty for the risk assumed by Matador in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: \_\_\_\_\_

  
Michael H. Feldewert  
Adam G. Rankin  
Jordan L. Kessler  
Julia Broggi  
Post Office Box 2208  
Santa Fe, NM 87504  
505-998-4421  
505-983-6043 Facsimile  
mfeldewert@hollandhart.com  
arankin@hollandhart.com  
jlkessler@hollandhart.com  
jbroggi@hollandhart.com

**ATTORNEYS FOR  
MATADOR PRODUCTION COMPANY**

CASE 16464

**Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating, if necessary, a 320-acre, more or less, non-standard spacing and proration unit in the comprised of the N/2 S/2 of Section 11 and the N/2 S/2 of Section 12, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico; and (3) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **David Edelstein State Com No. 123H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 12 to a standard bottom hole location in the NW/4 SW/4 (Unit L) of Section 11. The completed interval for this well will remain within the standard statewide offsets for oil wells. Also to be considered will be 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 4 miles southwest of Loving, NM.