

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 20265

APPLICATION

Matador Production Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2 of Section 36 and the SE/4 of Section 25, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the E/2 of Section 36 and the SE/4 of Section 25, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells in the E/2 of Section 36 and the SE/4 of Section 25 to test the Wolfcamp formation:
 - (a) the Ray State Com. Well No.203H, with a first take point in the SW/4SE/4 of Section 36 and a final take point in the NW/4SE/4 of Section 25;
 - (b) the Ray State Com. Well No.204H, with a first take point in the SE/4SE/4 of Section 36 and a final take point in the NE/4SE/4 of Section 25;
 - (c) the Ray State Com. Well No.217H, with a first take point in the SW/4SE/4 of Section 36 and a final take point in the NW/4SE/4 of Section 25;
 - (d) the Ray State Com. Well No.223H, with a first take point in the SW/4SE/4 of Section 36 and a final take point in the NW/4SE/4 of Section 25; and
 - (e) the Ray State Com. Well No.224H, with a first take point in the SE/4SE/4 of Section 36 and a final take point in the NE/4SE/4 of Section 25.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2 of Section 36 and the SE/4 of Section 25 for the purposes set forth herein.

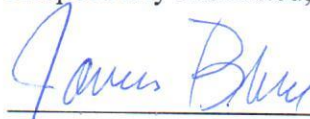
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the E/2 of Section 36 and the SE/4 of Section 25, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the E/2 of Section 36 and the SE/4 of Section 25 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 36 and the SE/4 of Section 25;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost thereof among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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