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May 12, 2015

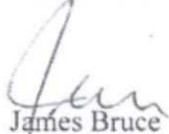
Case 15320

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Matador Production Company, is an application for compulsory pooling, *etc.*, together with a proposed advertisement. Please set this matter for the June 11, 2015 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Matador Production Company

Parties Being Pooled

Chevron U.S.A. Inc.
1400 Smith Street
Houston, Texas 77002

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 15320

APPLICATION

Matador Production Company (OGRID No. 228937) applies for an order (i) approving a 160 acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E½E½ of Section 8, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an operator in the E½E½ of Section 8, and has the right to drill a well thereon.
2. Applicant proposes to drill the Hibiscus State Com. 08-19S-35E RN Well No. 124H (API No. 30-025-42502) to a depth sufficient to test the Bone Spring formation (Scharb-Bone Spring Pool; Pool Code 55610). Applicant seeks to dedicate the E½E½ of Section 8 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 or 80 acre spacing within that vertical extent.
3. The well is a horizontal well with a surface location 200 feet from the south line and 352 feet from the east line of adjoining Section 5. The penetration point will be 330 feet from the north line and 350 feet from the east line, with a final perforation 330 feet from the south line and 350 feet from the east line, and a terminus 260 feet from the south line and 350 feet from the ~~south~~ ^{east} line, of Section 8. The well location is unorthodox under the special pool

rules for the Scharb-Bone Spring Pool, and applicant has obtained approval of the unorthodox location by Division Administrative Order NSL-7270.

4. Applicant has in good faith sought the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 8 for the purposes set forth herein.

5. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, 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 E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 8, pursuant to NMSA 1978 §§70-2-17, 18.

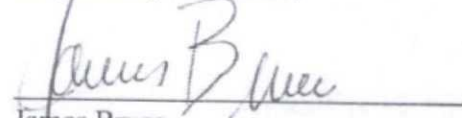
6. Approval of the non-standard unit, and the pooling of all mineral interests in the Bone Spring formation underlying the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 8, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that this application be set for hearing on June 11, 2015 and, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 8;
- B. Pooling all mineral interests in the Bone Spring formation underlying the non-standard oil spacing and proration unit (project area);
- C. Designating Matador Production Company as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the costs among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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Matador Production Company
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Dallas, Texas 75240
(972) 371-5284

Attorneys for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. 15320 :

Application of Matador Production Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2E/2 of Section 8, Township 19 South, Range 35 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 or 80 acre spacing within that vertical extent. The unit will be dedicated to the Hibiscus State Com. 08-19S-35E RN Well No. 124H. The well is a horizontal well with a surface location 200 feet from the south line and 352 feet from the east line of adjoining Section 5. The penetration point will be 330 feet from the north line and 350 feet from the east line, with a final perforation 330 feet from the south line and 350 feet from the east line, and a terminus 260 feet from the south line and 350 feet from the ^{east} south line, of Section 8. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The unit is located approximately 12-1/2 miles west-northwest of Monument, New Mexico.

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