

HOLLAND & HART LLP



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November 15, 2005

HAND-DELIVERED

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

Case 13604

2005 NOV 15 PM 4 40

Re: In The Matter Of The Application Of Matrix New Mexico Holdings, L.L.C. To Amend Order No. R-12291 To Modify The Proposed Well Location For The Townsend Well No. 2 To A Non-Standard Location, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Matrix New Mexico Holdings, L.L.C. in the above-referenced case as well as a copy of a legal advertisement. Matrix New Mexico Holdings, L.L.C. requests that this matter be placed on the docket for the December 15, 2005 Examiner hearings.

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Fred Bryla
Matrix New Mexico Holdings, L.L.C.
5725 Commonwealth Blvd.
Sugar Land, Texas 77479

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

**IN THE MATTER OF THE APPLICATION OF MATRIX NEW MEXICO HOLDINGS,
L.L.C. TO AMEND ORDER NO. R-12291 TO MODIFY THE PROPOSED WELL
LOCATION FOR THE TOWNSEND WELL NO. 2 TO A NON-STANDARD LOCATION,
LEA COUNTY, NEW MEXICO.**

CASE NO. 13604

APPLICATION

MATRIX NEW MEXICO HOLDINGS, L.L.C. ("Matrix") through its undersigned attorneys, seeks the amendment of Order No. R-12291 entered on February 25, 2005 to modify the proposed well location for the Townsend Well No. 2 to a non-standard location. Order No. R-12291 pooled all uncommitted mineral interests from the surface to the base of the Wolfcamp formation underlying the Se/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, to form a standard 40-acre spacing and proration unit ("the Unit") for any formations and/or pools spaced on 40 acres within this vertical extend which presently include, but are not necessarily limited to the Undesignated Bronco-Wolfcamp Pool. The Unit is dedicated to the Townsend Well No. 2 which was proposed to be drilled at a standard oil well location within the SE/4 NE/4 of Section 10. Matrix now proposes to drill the well at a non-standard location, and in support thereof states:

1. Matrix submitted an administrative application to the Oil Conservation Division on November 2, 2005 for an unorthodox well location for its Townsend Well No. 2 to be drilled in the Wolfcamp formation 1475 feet from the North line and 780 feet from the East line of Section 10. This location in the Bronco-Wolfcamp Pool is unorthodox because it is governed by the Division's statewide rules which provides for wells on 40-acre spacing units to be located no closer than 330 feet to the nearest side boundary of the dedicated tract. The proposed well location is only 155 feet from the north boundary of the spacing unit.

2. The unorthodox location is required by geological conditions in the Wolfcamp formation. Moving to the proposed unorthodox location will result in the greatest potential relative amplitude.

3. Accordingly, amending the Order to provide for the non-standard location will result in more efficient recovery of oil.

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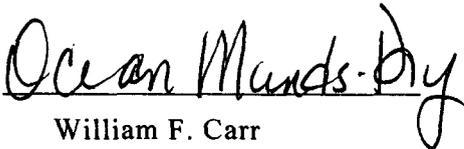
4. In accordance with Division Rules, notice of this application has been provided to the affected interest owners identified on Exhibit A to this application.

5. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Matrix New Mexico Holdings, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 15, 2005 and, after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr
Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MATRIX NEW
MEXICO HOLDINGS, L.L.C.

EXHIBIT A

**IN THE MATTER OF THE APPLICATION OF MATRIX NEW MEXICO HOLDINGS,
L.L.C. TO AMEND ORDER NO. R-12291 TO MODIFY THE PROPOSED WELL
LOCATION FOR THE TOWNSEND WELL NO. 2 TO A NON-STANDARD LOCATION,
LEA COUNTY, NEW MEXICO.**

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1415 23rd Street
Canyon, Texas 79015
Attn: Chris Bright

Bronco Projects, L.L.C.
35755 Stenzel Road
Brookshire, Texas 77432
Attn: George Joseph

Duck Hook II, LC
3401 94th Street
Lubbock, Texas 79423
Attn: Mike Chase

Eric Fox
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Attn: Gary Greenstreet

Jens H. Mortensen, Jr.
12301 Rooth Road
McAllen, Texas 78504

Larami, Ltd.
545 North Upper Broadway, # 507
Corpus Christi, Texas 78476
Attn: George Placke

Lindsay Production & Royalties
122 East Pecan Street, Suite 500
San Antonio, Texas 78250
Attn: Sidney Lindsay

The Nordan Trust
122 East Pecan Street, Suite 500
San Antonio, Texas 78250
Attn: Louis Belinski

OGI, Ltd.
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Corpus Christi, Texas 78476
Attn: George Placke

Sunlight Exploration, Inc.
1415 23rd Street
Canyon, Texas 79015
Attn: Chris Bright

Mr. Leroy Townsend
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Scottsdale, Arizona 85250

WFV Partnership
Post Office Box 64953
Lubbock, Texas 79464
Attn: Terry Wynn

Estate of Calvin D. Townsend
Address Unknown

CASE 13604:

In The Matter Of The Application Of Matrix New Mexico Holdings, L.L.C. To Amend Order No. R-12291 To Modify The Proposed Well Location For The Townsend Well No. 2 To A Non-Standard Location, Lea County, New Mexico. Applicant in the above-styled cause seeks the amendment of Order No. R-12291 entered on February 25, 2005 that pooled uncommitted interests from the surface through the Wolfcamp formation in the SE/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Bronco-Wolfcamp Pool. Applicant seeks to amend the location of its Townsend Well No. 2 to be drilled at a non-standard location 1475 feet from the North line and 780 feet from the East line of said Section 10 to a depth sufficient to test all formations through the Wolfcamp formation. Said area is located approximately 3 miles southwest of Bronco, Texas.



CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL AFFECTED INTEREST OWNERS:

Re: In The Matter Of The Application Of Matrix New Mexico Holdings, L.L.C. To Amend Order No. R-12291 To Modify The Proposed Well Location For The Townsend Well No. 2 To A Non-Standard Location, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Matrix New Mexico Holdings, L.L.C. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an amendment to Order No. R-12291 which pooled all uncommitted mineral interests from the surface to the base of the Wolfcamp formation in SE/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Bronco-Wolfcamp Pool. Applicant seeks to amend the location of its Townsend Well No. 2 to be drilled at a non-standard location 1475 feet from the North line and 780 feet from the East line of said Section 10 to a depth sufficient to test all formations through the Wolfcamp formation.

This application has been set for hearing before a Division Examiner on December 15, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement three days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

Ocean Munds-Dry

ATTORNEY FOR MATRIX NEW MEXICO HOLDINGS, L.L.C.

cc: Fred Bryla
Matrix New Mexico Holdings. L.L.C.