

**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
IN THE PURPLE SAGE POOL, A NON-STANDARD SPACING
AND PRORATION UNIT FOR COMPULSORY POOLING, AND
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 25954

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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) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 328.09-acre, more or less, spacing and proration unit in the Purple Sage Pool 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 mineral interests in the Wolfcamp 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. 203H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/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 Division's district office has placed this well in the Purple Sage Wolfcamp Gas Pool (Pool Code 98220), which is subject to Special Rules pursuant to Order R-14262. The Special Rules for the Purple Sage Pool require 320-acre standard spacing for all wells. Matador requests approval of a non-standard 328.09-acre spacing unit due to existing wells in the Wolfcamp formation in the S/2 S/2 of Sections 11 and 12 . The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules.

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 mineral interests in this non-standard spacing unit should be pooled and Matador Production Company should be designated the operator of this proposed horizontal well and spacing unit.

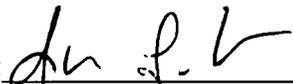
WHEREFORE, Matador requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 25, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Authorizing a 328.09 non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220) 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;
- B. Creating a non-standard 328.09 non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220) comprised of the N/2 S/2 of Section 11 and the N/2 S/2 of Section 12 for compulsory pooling;

- C. Pooling all uncommitted interests in the non-standard spacing and proration unit;
- D. Designating Matador Production Company operator of this non-standard spacing unit and the horizontal well to be drilled thereon;
- E. Authorizing Matador Production Company to recover its costs of drilling, completing, and equipping the well;
- F. 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
- G. 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,

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**ATTORNEYS FOR
MATADOR PRODUCTION COMPANY**

CASE 15951:

Application of Matador Production Company for a non-standard spacing and proration unit in the Purple Sage Pool, a non-standard spacing and proration unit for compulsory pooling, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 328.09-acre, more or less, spacing and proration unit in the Purple Sage Pool 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 mineral interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **David Edelstein State Com No. 203H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/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 330-foot standard offset required by the Special Rules for the Purple Sage Pool. 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.