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May 15, 2018

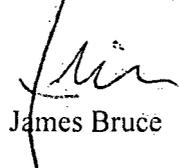
16211

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 a non-standard spacing and proration unit and compulsory pooling, together with a proposed advertisement. Please set this matter for the June 14, 2018 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Matador Production Company

Parties Being Pooled

Centennial Resource Development, Inc.
Suite 1800
1001 Seventeenth Street
Denver, Colorado 80202

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

MAY 15 2018 PM05:04

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

Case No. 16211

APPLICATION

Matador Production Company applies for an order (i) approving a 160-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the $W\frac{1}{2}$ of Section 7, Township 22 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 $W\frac{1}{2}$ of Section 7, and has the right to drill a well thereon.
2. Applicant proposes to drill the Gains Baty State Com. Well No. 113H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the $W\frac{1}{2}$ of Section 7 to the well to form a non-standard 160-acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a horizontal well with a surface location in the $NW\frac{1}{4}$ and a terminus in the $SW\frac{1}{4}$ of Section 7. The producing interval will be orthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the $W\frac{1}{2}$ of Section 7 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 well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

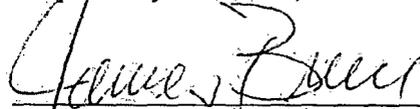
Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the W½E½ of Section 7, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, and the pooling of all mineral interests in the Bone Spring formation underlying the W½E½ of Section 7, 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. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W½E½ of Section 7;
- B. Pooling all mineral interests in the Bone Spring formation underlying the W½E½ of Section 7;
- C. Designating applicant 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,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. 16211:

Application of Matador Production Company for a non-standard 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 W/2E/2 of Section 7, Township 22 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). The unit will be dedicated to the Gains Baty State Com. Well No. 113H, a horizontal well with a surface location in the NW/4NE/4, and a terminus in the SW/4SE/4, of Section 7. The producing interval will be orthodox. 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 applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 10-1/2 miles southwest of Oil Center, New Mexico.

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