

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

JUL 10 2018 PM02:49

**APPLICATION OF MATADOR PRODUCTION COMPANY
FOR APPROVAL OF EXPANSION OF THE
NORTHEAST KEMNITZ UNIT, LEA COUNTY,
NEW MEXICO.**

CASE NO. 16343

APPLICATION

Matador Production Company, ("Matador") through its undersigned attorneys, hereby files this application with the Oil Conservation Division to expand the geographic area of the Northeast Kemnitz Unit by approximately 1,760 acres of land. In support of this application, Matador states:

1. The Northeast Kemnitz Unit was approved by the Oil Conservation Commission in 1976 through Order No. R-5232. Order R-5232 approved the Northeast Kemnitz Unit Agreement and proposed unit, which consisted of approximately 3520.0 acres of State land, comprised of the following acreage:

Township 16 South - Range 34 East N.M.P.M.

Section 9: E/2,E/2W/2
Section 14: S/2
Section 15: All
Section 16: All
Section 22: N/2
Section 23: All
Section 24: SW/4
Section 26: N/2
Section 36: All

3. The unitized interval for the Northeast Kemnitz Unit includes all depths.

4. Matador is the successor operator of the Unit. Matador has met with the State Land Office about expanding the Northeast Kemnitz Unit to include an additional 1,760 acres of State lands.

5. The Unit Area will now consist of approximately 5,280 acres. The expansion area consists of approximately 1,760 acres comprised of the following State lands in Lea County, New Mexico:

Township 16 South - Range 34 East N.M.P.M.

Section 22: S/2
Section 26: SW/4
Section 27: All
Section 28: E/2
Section 34: W/2

6. The unitized interval for the expanded Northeast Kemnitz Unit remains all depths.

7. Matador will remain the designated operator under the revised Unit Agreement and the effective date of the expanded Northeast Kemnitz Unit will remain the same as designated in Order R-5232.

8. Matador has received preliminary approval of the Unit Agreement for the expanded Northeast Kemnitz Unit from the State Land Office.

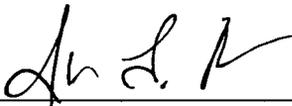
9. Notice of this Application has been provided to the working interest owners, royalty owners, and overriding royalty interest owners within the Unit Area. Notice of this Application has also been sent to the operator or working interest owners in the SE/4 of Section 26 and the E/2 of Section 34.

10. Approval of this Application will be in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Matador Production Company requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on August 9, 2018, and that after notice and hearing this Application be approved.

Respectfully submitted,

HOLLAND & HART LLP

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**ATTORNEYS FOR MATADOR PRODUCTION
COMPANY**

CASE No. 76343 **Application Of Matador Production Company For Approval Of The Expansion of the Northeast Kemnitz Unit, Lea County, New Mexico.** Applicant seeks approval to expand the geographic area of the Northeast Kemnitz Unit by 1,760 acres of land. Said Unit currently consists of approximately 3,520 acres of State lands in Lea County, New Mexico. The total unit acreage will include 5,280 acres. Matador seeks to expand the Unit to include the following State lands situated in Lea County, New Mexico:

Township 16 South - Range 34 East N.M.P.M.

Section 22: S/2

Section 26: SW/4

Section 27: All

Section 28: E/2

Section 34: W/2

The unitized interval includes all depths. The Northeast Kemnitz Expansion Area is approximately 11 miles southeast of Lovington, New Mexico.