

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 16182

APPLICATION

Matador Production Company applies for an order (i) approving a 160 acre non-standard oil spacing and proration unit in the Wolfcamp formation comprised of the E/2W/2 of Section 17, Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

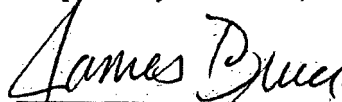
1. Applicant is an operator in the E/2W/2 of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill the Leslie Fed. Com. Well No. 202H to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate the E/2W/2 of Section 17 to the well in the Wolfcamp formation to form a non-standard 160 acre oil spacing and proration unit (project area). The well is a horizontal well, with a surface location in the SE/4SW/4, and a bottomhole location in the NE/4NW/4, of Section 17.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 17 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 E/2W/2 of Section 17, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, and the pooling of all mineral interests in the Wolfcamp formation underlying the E/2W/2 of Section 17, 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 Wolfcamp formation in the E/2W/2 of Section 17;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the E/2W/2 of Section 17;
- 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,



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