

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

**APPLICATION OF MATADOR PRODUCTION COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

OCT 02 2018 PM 03:25

CASE NO. 16472

APPLICATION

Matador Production Company, ("Matador"), 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 pooling all uncommitted interests in the Bone Spring formation in the 317.32-acre horizontal spacing unit comprised of the N/2S/2 of Section 29 and the N/2S/2 of Section 30, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, Matador states:

1. An affiliate entity of Matador Production Company (OGRID No. 228937) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Matador seeks to dedicate the above-referenced horizontal spacing unit to its proposed **Leatherneck 30 Fed No. 123H Well**, which will be horizontally drilled from a surface location in the NW/4SW/4 (Lot 3) of Section 30 to bottom hole location in the NE/4SE/4 (Unit I) of Section 29.
3. The completed interval for **Leatherneck 30 Fed No. 123H Well** will remain within the standard setback as required by the Statewide rules for oil wells.
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.

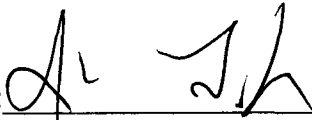
6. In order to permit Matador to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Matador Production Company should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Matador requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 1, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating Matador Production Company operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Matador to recover its costs of drilling, equipping and completing the well;
- D. 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
- E. 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 16472:

Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a 317.32-acre horizontal spacing unit comprised of the N/2S/2 of Section 29 and the N/2S/2 of Section 30, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. The above-referenced unit will be dedicated to the proposed **Leatherneck 30 Fed No. 123H Well**, which will be horizontally drilled from a surface location in the NW/4SW/4 (Lot 3) of Section 30 to bottom hole location in the NE/4SE/4 (Unit I) of Section 29. The completed interval for the well will remain within the standard setbacks as required by the Statewide rules for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 10 miles northeast of Carlsbad, New Mexico.