

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**Case No. 20108**APPLICATION**

Matador Production Company applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing comprised of the W/2SW/4 of Section 33, Township 24 South, Range 35 East, N.M.P.M. and Lot 4, SW/4NW/4, and W/2SW/4 (the W/2W/2) of Section 4, Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the W/2SW/4 of Section 33 and the W/2W/2 of Section 4, and has the right to drill a well thereon.
2. Applicant proposes to drill the Gaines Baty Fed. Com. 33 & 4-24S-35E AR Well No. 131H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the W/2SW/4 of Section 33 and the W/2W/2 of Section 4 to the well to form a 240.87-acre horizontal spacing unit in the Bone Spring formation. The well is a horizontal well with a first take point in the NW/4SW/4 of Section 33 and a final take point in the SW/4SW/4 of Section 4.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2SW/4 of Section 33 and the W/2W/2 of Section 4 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.

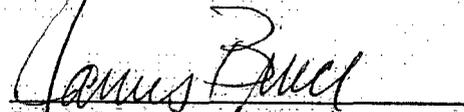
Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the W/2SW/4 of Section 33 and the W/2W/2 of Section 4, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the W/2SW/4 of Section 33 and the W/2W/2 of Section 4, 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. Pooling all mineral interests in the Bone Spring formation underlying the W/2SW/4 of Section 33 and the W/2W/2 of Section 4;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the costs among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. 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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PROPOSED ADVERTISEMENT

Case No. _____:

Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2SW/4 of Section 33, Township 24 South, Range 35 East, NMPM and Lot 4, SW/4NW/4, and W/2SW/4 (the W/2W/2) of Section 4, Township 25 South, Range 35 East, NMPM. The unit will be dedicated to the Gaines Baty Fed. Com. 33 & 4-24S-35E AR, Well No. 131H, a horizontal well with a first take point in the NW/4SW/4 of Section 33 and a final take point in the SW/4SW/4 of Section 4. 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 11 miles west-northwest of Jal, New Mexico.

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