

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

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

CASE NO. 20125

**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 Kemnitz; Cisco Pool (Pool Code 35720) in the 160-acre horizontal spacing unit comprised of the W/2E/2 of Section 27, Township 16 South, Range 34 East, NMPM, Lea 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 **Northeast Kemnitz 27 State Com No. 233H Well**, which will be horizontally drilled from a surface location in the SW/4SE/4 (Unit O) of Section 22 to bottom hole location in the SW/4SE/4 (Unit O) of Section 27.
3. The completed interval for **Northeast Kemnitz 27 State Com No. 233H 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.

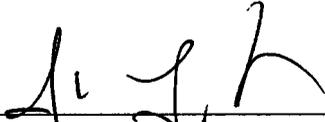
6. In order to permit Matador to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Matador Production Company should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Matador requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 6, 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,

HOLLAND & HART LLP

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**ATTORNEYS FOR MATADOR PRODUCTION  
COMPANY**

CASE \_\_\_\_\_:

**Application of Matador Production Company for compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Kemnitz; Cisco Pool (Pool Code 35720) underlying a 160-acre horizontal spacing unit comprised of the W/2 E/2 of Section 27, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed **Northeast Kemnitz 27 State Com No. 233H Well**, which will be horizontally drilled from a surface location in the SW/4SE/4 (Unit O) of Section 22 to bottom hole location in the SW/4SE/4 (Unit O) of Section 27. 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 12 miles southwest of Lovington, New Mexico.