

**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.**

CASE NO. 20690

APPLICATION

Matador Production Company ("Matador" or "Applicant"), 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 Wolfcamp formation underlying a standard 480-acre horizontal spacing unit comprised of the SW/4 of Section 29 and the S/2 of Section 30, Township 22 South, Range 27 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. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:
 - The **Hazel Inez #203H Well** to be horizontally drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 29 to bottom hole location in the NW/4 SW/4 (Unit L) of Section 30.
 - The **Hazel Inez #204H Well** to be horizontally drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 29 to bottom hole location in the SW/4 SW/4 (Unit M) of Section 30.

3. Pursuant to the Special Rules for the Purple Sage; Wolfcamp (Gas) (Pool Code 98220), the completed interval for these wells will comply with the 330-foot setback requirement.

4. Applicant 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 Applicant 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 Applicant should be designated the operator of this proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- 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% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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**ATTORNEYS FOR MATADOR PRODUCTION
COMPANY**

CASE _____:

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 Wolfcamp formation underlying a standard 480-acre horizontal spacing unit comprised of the SW/4 of Section 29 and the S/2 of Section 30, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. The above-referenced unit will be dedicated to the following proposed initial wells:

- The **Hazel Inez #203H Well** to be horizontally drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 29 to bottom hole location in the NW/4 SW/4 (Unit L) of Section 30.
- The **Hazel Inez #204H Well** to be horizontally drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 29 to bottom hole location in the SW/4 SW/4 (Unit M) of Section 30.

The completed interval for each well will comply with the 330-foot setback requirement contained in the Special Rules for the Wolfcamp Purple Sage Gas Pool. Also to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 2 miles east of Carlsbad, New Mexico.