

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4255
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

December 2, 1998

VIA FACSIMILE

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

URGENT

Re: **Matador Petroleum Corporation's Response
to Texaco's Motion to Continue Cases 12034 and 12051**

Dear Mr. Stogner:

On behalf of Matador Petroleum Corporation, this morning I received Texaco's Motion to Continue the referenced cases which are currently set for hearing tomorrow morning. Matador's witnesses are already in route to Santa Fe for the hearing tomorrow. Matador is opposed to a continuance and would like your permission to put its case on. I have enclosed a Response to Texaco's Motion for your consideration. We would appreciate hearing your decision as soon as possible.

Very truly yours,



W. Thomas Kellahin

ccx: William F. Carr, Esq.
Attorney for Texaco
Matador Petroleum Corporation
Attn: Barry Osborne, Esq.

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

**IN THE MATTER OF THE APPLICATION OF CASE NO. 12034
MATADOR PETROLEUM CORPORATION FOR
APPROVAL OF AN UNORTHODOX GAS WELL
LOCATION AND TO AMEND ORDER NO. R-10872-B
TO APPROVE A STANDARD 600.01-ACRE
GAS PRORATION AND SPACING UNIT,
EDDY COUNTY, NEW MEXICO.**

**IN THE MATTER OF THE APPLICATION OF CASE NO. 12051
TEXACO EXPLORATION AND PRODUCTION INC. FOR
COMPULSORY POOLING, AN UNORTHODOX WELL LOCATION
AND A NON-STANDARD PRORATION UNIT,
EDDY COUNTY, NEW MEXICO**

RESPONSE TO MOTION FOR CONTINUANCE

Comes now Matador Petroleum Corporation ("Matador"), by its attorneys, Kellahin and Kellahin, and responds to Texaco Exploration and Production Inc.'s ("Texaco") motion to continue the referenced cases now scheduled for hearing on December 3, 1998. Texaco's motion to continue should be denied.

And in support states:

RELEVANT FACTS

1. By letter dated July 30, 1998, Texaco proposed its Rocky Arroyo Federal Com Well No. 1 as a Morrow well to be dedicated to a non-standard spacing and proration unit consisting of the northern third and the middle third of Section 1.

NMOCD Cases 12034 and 12051
Matador Petroleum Corporation's
Response to Motion to Continue
Page -2-

2. On August 12, 1998, Matador filed its application in Case 12034 seeking an amendment to Order R-10872-B so as to dedicate this middle third of Section 1 to the southern third of Section 1 in order comply with Finding (10) of Order R-10872 by forming a standard spacing and proration unit pursuant to the rules and regulations governing the Catclaw Draw-Morrow Gas Pool.

3. On August 25, 1998, Texaco's filed its compulsory pooling application based upon its July 30, 1998 well and spacing unit proposal and the application was docketed as Case 12051.

4. On August 26, 1998, Texaco asked the Division to consolidate its case with the Matador Case and asked that the consolidated cases be heard on September 17, 1998.

5. On September 1, 1998, Matador concurred in the consolidation and, by agreement of counsel, these cases were continued to October 8, 1998.

6. On September 9, 1998, at the request of Mewbourne Oil Corporation's attorney and with the concurrence of counsel, these two cases were continued to November 5, 1998.

7. These cases are currently set for hearing on December 3, 1998

8. On October 28, 1998, Texaco's counsel delivered to Matador's counsel a subpoena seeking data to be produced on November 3, 1998. Texaco sought Matador's hearing exhibits and nothing else. Texaco had other subpoenas issued to Devon and to Mewbourne who are not represented by Matador's counsel.

9. On or before November 3, 1998, Matador's counsel advised Texaco's counsel what was Texaco actually seeking and was lead to believe that Texaco wanted the logs on the Devon well and the Mewbourne well. Matador's counsel advised Texaco's counsel that Matador would attempt to get that data without a subpoena in exchange to Texaco providing pressure and production data on its Lever's Well No. 2.

10. On Tuesday, November 25, 1998, counsel for Texaco advised counsel for Matador that Texaco had finally sent him the pressure and production data on the Levers Well No 2 and he was ready to exchange data in preparation for the hearing on December 3, 1998.

NMOCD Cases 12034 and 12051
Matador Petroleum Corporation's
Response to Motion to Continue
Page -3-

11. On Tuesday, November 25, 1998, data was exchanged but Texaco failed to provide the agreed upon pressure data.

12. On Monday, November 30, 1998, Counsel for Texaco provided pressure data and Counsel for Mewbourne provided pressure and production data on the Mewbourne well.

ARGUMENT

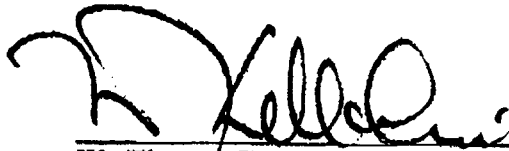
Texaco's motion to continue is nothing more than a "last minute" blatant attempt to delay the Division's December 3, 1998 hearing. Texaco has had more than three months to get ready for this hearing. Its failure to get ready is its own fault and not that of Matador. If Texaco thought that it needed its data sooner why did it wait more than a month to do anything about it?

A delay benefits Texaco because it can continue to delay Matador's efforts to drill a drainage protection well to protect the southern two-thirds of this section from drainage by the Texaco Levers Well No. 2 in the adjoining spacing unit to the south.

Why did Texaco wait until the day before the hearing to file its motion? What prevented it from filing a motion last week prior to Matador spending time and money to bring its witness to Santa Fe? Texaco should not be rewarded for its lack of diligence.

NMOCD Cases 12034 and 12051
Matador Petroleum Corporation's
Response to Motion to Continue
Page -4-

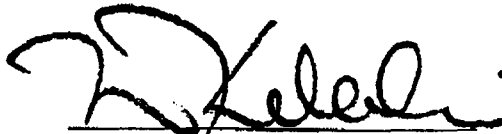
WHEREFORE Matador Petroleum Corporation requests that the Division Hearing Examiner deny Texaco's motion to continue, require that these cases consolidated at Texaco' request be heard on December 3, 1998 and allow Matador to present its case without further delay.



W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87505

CERTIFICATE OF SERVICE

I certify that a copy of this pleading was transmitted by facsimile to counsel for applicant this 2nd day of December, 1998.



W. Thomas Kellahin