

*Record in Case 12034***KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4265
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)

September 1, 1998

VIA FACSIMILE

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

Re: NMOCD Case 12034 Matador Petroleum Corporation
for an unorthodox well location and to amend Order R-10872-B
Eddy County, New Mexico

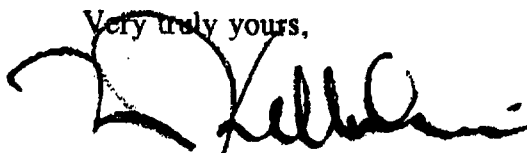
Dear Mr. Stogner:

I represent Matador Petroleum Corporation whose referenced case is pending hearing on your September 3, 1998 docket. Matador is seeking to add the center one-third of an irregular section to an existing non-standard spacing unit consisting of the southern one-third of this section.

Mr. William F. Carr, on behalf of Texaco Exploration and Production Inc., has filed a compulsory pooling application which is to be set for hearing on the September 17, 1998 docket. Texaco is seeking to pool the northern one-third with the center one-third of this section.

These cases should be consolidated for hearing. I propose that these two cases be consolidated and continued to the October 8, 1998 docket in order to provide an opportunity for the parties and attorneys to consider various options to settle this controversy.

Very truly yours,


W. Thomas Kellahin

cfx: William F. Carr, Esq., Attorney for Texaco
Matador Petroleum Corporation

Attn: Barry Osborne

cc: Thomas J. Horn, Esq., Attorney for Mewbourne

Carr answered
9-2-98
M. Stogner