

*Rec'd in
Case 12105*

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SANTA FE, NEW MEXICO 87504-2265

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

M.S.

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,

[Handwritten signature of W. Thomas Kellahin]
W. Thomas Kellahin

*Carr concurred
9-2-98
M. Stogner*

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

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