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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

June 4, 2002

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 12877

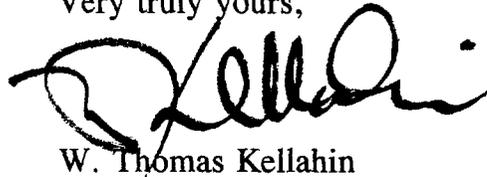
02 JUN -4 PM 4:21
OIL CONSERVATION DIV.

Re: Laughlin "5" Well No. 1
E/2SE/4 Section 5, T20S, R37E
Application of Matador E & P Company
for compulsory pooling
Lea County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Matador E & P Company, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for June 27, 2002. Also enclosed is our proposed advertisement of this case for the NMOCDD docket.

Very truly yours,



W. Thomas Kellahin

cc: Matador E & P Company
Attn: Mark Virant

CASE 12877. Application of Matador E & P Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted royalty and overriding royalty interest owners with respect to any production underlying the E/2SE/4 of Section 5, T20S, R37E, NMPM, Lea County, New Mexico to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently may include but is not necessarily limited to the Monument-Tubb Pool. Applicant further requested that the pooling of this unit be made as of the date of first production from its Laughlin "5" Well No. 1 drilled and completed at a standard well location in Unit P of said Section 5 and the designation of Matador Operating Company as the operator. Said unit is located approximately 10 miles southwest of Hobbs, New Mexico.

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

**IN THE MATTER OF THE APPLICATION
OF MATADOR E & P COMPANY
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.**

CASE NO. 12877

APPLICATION

Comes now MATADOR E & P COMPANY , by its attorneys, Kellahin & Kellahin, and in accordance with NMSA (1979) Section 70-2-17.C applies to the New Mexico Oil Conservation Division for an order pooling all uncommitted royalty and overriding royalty interest owners with respect to any production underlying the E/2SE/4 of Section 5, T20S, R37E, NMPM, Lea County, New Mexico to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently may include but is not necessarily limited to the Monument-Tubb Pool. Applicant further requested that the pooling of this unit be made as of the date of first production from its Laughlin "5" Well No. 1 drilled and completed at an standard well location in Unit P of said Section 5 and the designation of Matador Operating Company as the operator.

In support of its application, Matador E & P Company, ("Matador") states:

1. Matador has a working interest ownership in the oil and gas minerals from the surface to the base of the Drinkard formation underlying the E/2SE/4 of Section 5, T20S, R37E, NMPM, Lea County, New Mexico.
2. The subject tract is located within one-mile of the current boundary of the Monument Tubb Pool which is currently spacing on 80-acre spacing unit.
3. This spacing unit consists of certain fee leases which do not contain voluntary pooling clauses which would allow for the consolidation and proportionate allocation of the royalty or overriding interests to form a voluntary unit of 80-acres in compliance with Division rules.

4. Matador has attempted to contact all 59 royalty and overriding royalty interest owners to has obtained written approval from 40 owners agreeing to pool their respective interest in these two leases together for a voluntary 80-acre spacing unit for the subject well

5. Despite its good faith efforts, Matador has been unable to obtain a written voluntary agreement from those remaining 19 royalty and overriding royalty interest owners.

6. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Matador needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

7. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for June 27, 2002.

WHEREFORE, applicant requests that this application be set for hearing of June 27, 2002 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interests described in the appropriate spacing unit for the drilling of the subject well at a standard gas well location upon terms and conditions which include:

(1) Designation of Matador Operating Company as operator

(2) Provisions for pooling all nonconsenting royalty interests and overriding royalty interests underlying this spacing unit for any and all production from the Monument Tubb Pool and any other spacing on 80 acre spacing units so that said owners shall share in any said production on a proportionate basis.

(3) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

LAUGHLIN 5 #1 - POOLING AGREEMENTS - NOT RECEIVED

| | | |
|---|---------|-------------------|
| Susan Lee Bourgeois | Royalty | 0.00026041 |
| James E. Campion | Royalty | 0.00130209 |
| Robert M. Eisendrath, Jr. Trust | Royalty | 0.00076125 |
| William R Hill | Royalty | 0.00130208 |
| James Ballard Henderson and Dr. Charles Thomas Henderson & Hosfeldt Family Partners | Royalty | 0.00101562 |
| Mary Alice Field Ingram | Royalty | 0.00067708 |
| JACO Production Company | Royalty | 0.00011553 |
| Dean Laughlin | Royalty | 0.00039063 |
| Kevin Laughlin | Royalty | 0.00097656 |
| Rosalie Jeanette McCann | Royalty | 0.00097656 |
| Stanley James McKinney | Royalty | 0.00195313 |
| Candice Ramsey | Royalty | 0.00026041 |
| Bank of America, NA, Escrow | Royalty | 0.00097657 |
| Ricci Wes Shanks | Royalty | 0.00117187 |
| Estate of Margaret Jane Smith | Royalty | 0.00195313 |
| Estate of James Merriman Stevens | Royalty | 0.00130208 |
| UNSIGNED INTEREST | | 0.00195313 |
| | | |
| Occidental Permian Ltd.Pnrshp | ORRI | 0.05000000 |
| UNSIGNED INTEREST | | 0.05000000 |

