



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

March 21, 1997

Matador Petroleum Corporation
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Administrative Order NSL-3776

Dear Mr. Kellahin:

Reference is made to your application on behalf of the operator, Matador Petroleum Corporation ("Matador"), dated March 11, 1997 for an unorthodox Atoka gas well location for the plugged and abandoned W. A. Moncrief State Well No. 1 (API No. 30-025-23754), located 660 feet from the North and East lines (Unit A) of Section 27, Township 15 South, Range 33 East, NMPM, Lea County, New Mexico.

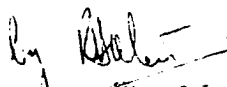
The State Well No. 1 was originally drilled to a total depth of 10,330 feet in 1971 in order to test the Devonian formation for oil whereby it tested dry and was plugged and abandoned. It is our understanding that Matador now intends to reenter said well and deepen it to the Atoka formation in order to test for gas within a proposed 320-acre gas spacing and proration unit comprising the N/2 of said Section 27.

The geologic interpretation submitted with this application indicates that this particular unorthodox Atoka gas well location is at a more favorable geologic position within the proposed dedicated acreage than a well at a location considered to be standard.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe