

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

FEB 20 2018 PM04:11

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 16034

APPLICATION

Matador Production Company ("Matador") (OGRID No. 228937), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation underlying the 320.79-acre, more or less, spacing and proration unit comprised of the S/2 of Section 20, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, Matador states:

1. Matador Production Company's affiliate entities, MRC Delaware Resources, LLC and MRC Permian Company, are each working interest owners in the S/2 of Section 20 and have the right to drill thereon.

2. Matador proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Stebbins 20 Fed No. 204H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a non-standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 20.

3. This project area is located within the Burton Flat; Wolfcamp, East (Gas) Pool (Pool Code 73480). The completed interval for this well is unorthodox pursuant to the Division

Statewide Rules for gas wells; however, the Division has previously authorized the unorthodox location under Administrative Order NSL-7615.

4. Matador has sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit Matador to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in this standard spacing unit should be pooled and Matador Production Company should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Matador requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 22, 2018, and, after notice and hearing as required by law, the Division enter an order:

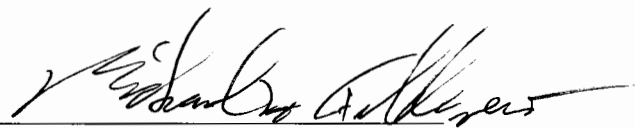
- A. Pooling all uncommitted mineral interests underlying the 320.79-acre, more or less, standard spacing and proration unit in the Wolfcamp formation, comprised of the S/2 of Section 20, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico;
- B. Designating Matador Production Company operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Matador Production Company to recover its costs of drilling, completing, and equipping the well;

- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% penalty for the risk assumed by Matador in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By:



Michael H. Feldewert
Adam G. Rankin
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com

**ATTORNEYS FOR
MATADOR PRODUCTION COMPANY**

CASE 16034

Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying a 320.79-acre, more or less, spacing and proration unit comprised of the S/2 of Section 20, Township 20 South, Range 29 East, Eddy County, New Mexico. Said spacing and proration unit is to be dedicated to applicant's proposed **Stebbins 20 Fed No. 204H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a non-standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 20. The completed interval for this well is unorthodox because it does not comply with the 660-foot setbacks for gas wells pursuant to the statewide rules. The Division has previously authorized the unorthodox location under Administrative Order NSL-7615. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles northeast of Carlsbad, NM.