

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. _____

APPLICATION

Matador Production Company applies for an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 27 and the W/2W/2 of Section 34, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the W/2W/2 of Section 27 and the W/2W/2 of Section 34, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Electra Special 3427 Fed. Com. Well Nos. 111H, 125H, and 131H to depths sufficient to test the Bone Spring formation, and dedicate the W/2W/2 of Section 27 and the W/2W/2 of Section 34 to the wells. The wells have first take points in the SW/4SW/4 of Section 34 and last take points in the NW/4NW/4 of Section 27.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2W/2 of Section 27 and the W/2W/2 of Section 34 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring

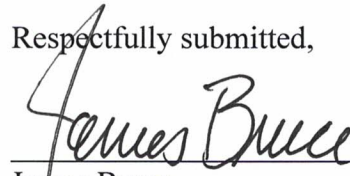
formation underlying the W/2W/2 of Section 27 and the W/2W/2 of Section 34, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Bone Spring formation underlying the W/2W/2 of Section 27 and the W/2W/2 of Section 34 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interest owners in the Bone Spring formation underlying the W/2W/2 of Section 27 and the W/2W/2 of Section 34;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the costs among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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