

**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 Wolfcamp formation underlying a (proximity tract) horizontal spacing unit comprised of the E/2 of Section 8 and the E/2 of Section 17, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the E/2 of Section 8 and the E/2 of Section 17, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to test the Wolfcamp formation:

(a) the Hibiscus 0817 State Well No. 207H, with a first take point in the NW/4NE/4 of Section 8 and a last take point in the SW/4SE/4 of Section 17; and

(b) the Hibiscus 0817 State Well No. 208H, with a first take point in the NE/4NE/4 of Section 8 and a last take point in the SE/4SE/4 of Section 17

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2 of Section 8 and the E/2 of Section 17 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 Wolfcamp

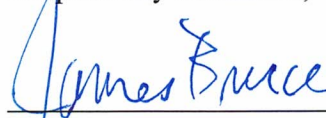
formation underlying the E/2 of Section 8 and the E/2 of Section 17, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the E/2 of Section 8 and the E/2 of Section 17 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 interests in the Wolfcamp formation underlying the E/2 of Section 8 and the E/2 of Section 17;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping the wells, and allocating the cost thereof 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, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



---

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Matador Production Company