

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

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

CASE NO. _____

APPLICATION

Matador Production Company (“Matador” or “Applicant”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 16 and 21, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. In support of its application, Matador states:

1. An affiliate entity of Matador (OGRID No. 228937) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial **Cimarron 1621 Fed Com #132H well**, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 16 to a bottom hole location in SE/4 SW/4 (Unit N) of Section 21.
3. The completed intervals for the well will comply with the setback requirements.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working 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 Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed horizontal well and this horizontal spacing unit.


7. This application competes with the *Application of E.G.L. Resources, Inc. for compulsory pooling, Lea County, New Mexico* in Case No. 21646, and Matador requests these cases be set on a contested docket.

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

- A. Pooling all uncommitted interests in the horizontal spacing unit in the Bone Spring formation and approving the initial well thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing 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% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR MATADOR PRODUCTION
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