

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. _____

APPLICATION

Matador Production Company applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Section 29 and the E/2E/2 of Section 32, Township 26 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the E/2E/2 of Section 29 and the E/2E/2 of Section 32, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Roberne Fed. Com. Well Nos. 104H, 114H, 124H, and 134H to depths sufficient to test the Bone Spring formation, and dedicate the E/2E/2 of Section 29 and the E/2E/2 of Section 32 to the wells. The wells have first take points in the NE/4NE/4 of Section 329 and last take points in Lot 1 of Section 32.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2E/2 of Section 29 and the E/2E/2 of Section 32 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 uncommitted mineral interest owners in the Bone

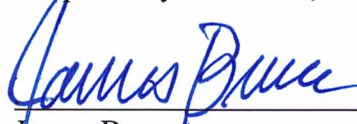
Spring formation underlying the E/2E/2 of Section 29 and the E/2E/2 of Section 32, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Bone Spring formation underlying the E/2E/2 of Section 29 and the E/2E/2 of Section 32 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 uncommitted mineral interest owners in the Bone Spring formation underlying the E/2E/2 of Section 29 and the E/2E/2 of Section 32;
- 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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