

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MATADOR PRODUCTION
COMPANY TO RE-OPEN CASE NO. 21796 FOR
COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO.**

Case No. _____

APPLICATION

Matador Production Company applies for an order re-opening Case No. 21796 for the pooling of additional uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Section 3 and the E/2E/2 of Section 10, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the E/2E/2 of Section 3 and the E/2E/2 of Section 10, and has the right to drill a well thereon.
2. Applicant proposes to drill the Nina Cortell Fed. Com. Well No. 128H to a depth sufficient to test the Bone Spring formation, with a first take point in the SE/4SE/4 of Section 10 and a last take point in the NE/4NE/4 of Section 3. Pooling was granted by the Division by Order No. R-21667.
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 3 and the E/2E/2 of Section 10 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 well or to otherwise commit their interests to the well, 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

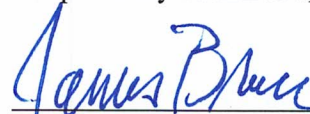
formation underlying the E/2E/2 of Section 3 and the E/2E/2 of Section 10, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Section 3 and the E/2E/2 of Section 10 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 3 and the E/2E/2 of Section 10;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling, completing, and equipping the well, and allocating the cost thereof among the well's 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for Matador Production Company