

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

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING
UNIT AND 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 (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the W/2 SW/4 of Section 4 and the W/2 W/2 of Sections 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. 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 initially dedicate the above-referenced horizontal spacing unit to the proposed **Marlan Downey State Com #121H well**, to be horizontally drilled from a surface location in the N/2 SW/4 of Section 4 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 16.
3. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing units covering portions of the subject acreage:

- A 159.97-acre, more or less, horizontal well spacing unit comprised of the W/2 W/2 of Section 9, Township 23 South, Range 35 East, dedicated to the Marlan Downey State 09-23S-35E AR #111H well (API: 30-025-44201); and
- A 160.09-acre, more or less, horizontal well spacing unit comprised of the W/2 W/2 of Section 16, Township 23 South, Range 35 East, dedicated to the Pegasus 23-35-16 State #251H well (API: 30-025-44199).

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all working interest owners in the subject spacing unit.

5. The approval of this overlapping spacing unit and pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 1, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Applicant operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping 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% penalty for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP



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**ATTORNEYS FOR MATADOR PRODUCTION
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