

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

**APPLICATION OF READ & STEVENS, INC.
FOR CREATION OF A SPECIAL
WOLFBONE POOL IN SECTIONS 4, 5, 8,
AND 9 IN TOWNSHIP 20 SOUTH, RANGE 34
EAST, NMPM, LEA COUNTY, NEW
MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to Order No. R-23089, ¶ 21, Read & Stevens, Inc. (“Read & Stevens”), through undersigned counsel, submits this application with the Division for an order creating a special Wolfbone Pool within Sections 4, 5, 8, and 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, as defined below (the “Subject Acreage”). In addition, to accommodate the creation of this special pool, Read & Stevens seeks to vertically contract the base of the Teas; Bone Spring, East Pool (Pool Code 96637) upwards to the top of the Third Bone Spring Sand interval, and to vertically contract the top of the Tonto; Wolfcamp Pool (Pool Code 59500) downwards to the base of the Wolfcamp A interval, all within the Subject Acreage as provided below. In support, Read & Stevens states, as follows.

1. Read & Stevens files this application for creation of a special Wolfbone pool within the Subject Acreage in response to the Division’s guidance issued in Order No. R-23089, ¶ 21, attached as **Exhibit A**.

2. The Division issued Order No. R-23089 on April 8, 2024, denying two sets of applications seeking compulsory pooling for separate spacing units within the Subject Acreage in the Bone Spring and Wolfcamp formations.

3. One set of applications were filed by Cimarex Energy Company (“Cimarex”). It filed a total of sixteen applications (“Cimarex Applications”) to compulsory pool uncommitted oil and gas mineral owners within its proposed spacing units as reflected in Cimarex’s exhibits.

4. Cimarex’s applications were filed under Case Nos. 23448-23455 and 23594-23601.

5. Read & Stevens filed a second set of competing compulsory pooling applications targeting the same acreage. It filed a total of sixteen applications to compulsory pool uncommitted oil and gas mineral owners in its proposed spacing units within the same acreage as reflected in Read & Stevens’ exhibits.

6. Read & Stevens applications were filed under Case Nos. 23508-23523.

7. Under their respective applications, both parties propose to develop Sections 5 and 8, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. Cimarex’s plan for these lands is named “Mighty Pheasant” and Read & Stevens’ plan is named “Joker.”

8. Both parties are also propose to develop Sections 4 and 9, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. Cimarex’s plan for these lands is named “Loosey Goosey” and Read & Stevens’ plan is named “Bane.” Collectively, Sections 4, 5, 8, and 9 are referred to as the “Subject Acreage.”

9. Cimarex's applications propose drilling twelve wells per section with all twelve wells being distributed solely within the Lower Bone Spring formation intervals within the Subject Acreage.

10. Read & Stevens' applications propose drilling twenty-four wells per section distributed between the Lower Bone Spring formation and the Upper Wolfcamp formation intervals within the Subject Acreage.

11. Read & Stevens also proposes to designate Permian Resources Operating, LLC (OGRID No. 372165) as the operator of its proposed horizontal spacing units and of the proposed initial wells under each of its applications.

12. Read & Stevens is a wholly owned subsidiary of Permian Resources Operating, LLC.

13. After a hearing on the merits in these cases before Division legal and technical examiners on August 9, 2023, through August 11, 2023, the Division took these contested cases under advisement.

14. Following the hearing, the parties submitted closing briefs and findings of fact and conclusions of law that are part of the hearing record.

15. It is undisputed that there is a difference in ownership between the Bone Spring formation and Wolfcamp formation within the Subject Acreage. *See* Cimarex's Closing Statement with Findings of Fact and Conclusions of Law ("Cimarex's Findings"), ¶¶ 27-28;¹ Permian Resources' Proposed Findings and Conclusions ("Permian's Findings"), ¶¶ 6-11.²

¹ https://ocdimage.emnrd.nm.gov/Imaging/FileStore/santafe/cf/20230922/23448_09_22_2023_10_42_33.pdf.

² https://ocdimage.emnrd.nm.gov/Imaging/FileStore/santafe/cf/20230922/23448_09_22_2023_10_05_46.pdf.

16. Cimarex's proposed wells target the Third Bone Spring Sand interval but, by design, would also drain the Wolfcamp XY/A interval. *See* Cimarex's Findings, ¶ 23. As a consequence, Wolfcamp owners under Cimarex's plan would not be allocated production in accordance with their ownership percentages in the Wolfcamp (Read & Stevens' Findings, ¶¶ 12, 44, 46) or would be apportioned only approximately 27.2% of the production. *Id.* ¶¶ 47-48; *see also* Cimarex's Findings ¶ 23.

17. In addition to violating the requirement of the Oil & Gas Act to allocate production among owners "to the respective tracts within the unit in the proportion that the number of surface acres included within each tract bears to the number of surface acres included in the entire unit," NMSA 1978 § 70-2-17(C), Read & Stevens disputes the technical justification for Cimarex's proposed allocation.

18. In contrast, Read & Stevens' proposed wells will simultaneously co-develop the Third Bone Spring Sand interval and Wolfcamp XY/A intervals together, which is expected to stimulate production of incremental reserves substantially beyond what would be produced by targeting the Third Bone Spring Sand interval by itself, as Cimarex proposes. Read & Stevens' Findings, ¶¶ 19, 68-69; *compare* Read & Stevens Exhibit F-8³ (showing cumulative production plot showing 70,000 bbl production uplift over first 40 days of production for co-developed Third Bone Spring Sand/Wolfcamp development) *to* Updated Exhibit F-8 (showing 360,000 bbl production uplift for co-development through March 2024), attached as **Exhibit B**.

19. On April 8, 2024, the Division issued Order No. R-23809 denying both sets of applications after concluding that "[n]either application can be approved while

³ https://ocdimage.emnrd.nm.gov/Imaging/FileStore/santafe/cf/20230714/23508_07_14_2023_08_32_12.pdf.

remaining in compliance with OCD rules and regulations that require pool segregation, prevent[ion of] waste and protect[ion of] correlative rights.” See Ex. A, ¶ 20.

20. The Division found that because the Subject Acreage “lacks natural barriers that would prevent communication between the Third Bone Spring Sand and Upper Wolfcamp [i.e., the targeted Wolfcamp XY/A interval],” the wells proposed by both Cimarex and Read & Stevens to be completed in the Lower Bone Spring and Upper Wolfcamp “will share production from both the Bone Spring and Wolfcamp formations.” See **Exhibit A**, ¶¶ 6-10.

21. The Division noted that neither Cimarex nor Read & Stevens requested a special pool order to account for a common source of supply from the Third Bone Spring Sand and Wolfcamp XY/A intervals within the Subject Acreage. *Id.* ¶¶ 11-12.

22. The Division determined that the Third Bone Spring Sand and Wolfcamp XY/A meet the definition of a “common source of supply” and must be developed as a single “pool,” as defined under the Oil and Gas Act. *Id.* ¶¶ 6, 13-19. But because each zone is currently designated by the Division to be in separate Bone Spring and Wolfcamp pools, neither set of applications submitted by Cimarex or Read & Stevens can be approved. *Id.* ¶ 20.

23. The Division therefore denied both Cimarex’s applications and Read & Stevens’ applications and closed the hearing record unless and until either or both companies propose a special Wolfbone pool, “that would account for the lack of [natural barriers] between the Bone Spring and Wolfcamp formations in this area.” *Id.* ¶ 21.

24. Pursuant to Order No. R-23089, the Division will reopen the hearing record on both sets of applications upon submission of a proposal to create a special Wolfbone pool by either or both companies by incorporating supporting evidence and testimony already in the hearing record. *Id.* ¶¶ 21-22.

25. In accordance with that provision and guidance, Read & Stevens submits the following proposal for creation of a special Wolfbone pool within the Subject Acreage.

SPECIAL WOLFBONE POOL PROPOSAL

26. Read & Stevens proposes and requests the Division issue an order creating a special Wolfbone pool, to be named the Gotham; Wolfbone Pool, that would comprise approximately 2,562.40 acres, more or less, in Lea County, New Mexico, as follows:

Township 20 South, Range 34 East

Section 4:	All
Section 5:	All
Section 8:	All
Section 9:	All

27. The Subject Acreage is comprised entirely of federal minerals under federal lease NMNM 101115, NMLC 0-065607, NMLC 0-064194. The record title owners under these federal leases are identified and listed in Read & Stevens Exhibit C-7.⁴

28. The vertical extent of the proposed Gotham; Wolfbone Pool will be from the stratigraphic equivalent of the top of the Third Bone Spring Sand interval, located at approximately 10,598 feet measured depth, to the stratigraphic equivalent of the base of

⁴ https://ocdimage.emnrd.nm.gov/Imaging/FileStore/santafe/cf/20230714/23508_07_14_2023_08_32_12.pdf.

the Wolfcamp A interval, located at approximately 11,236 feet measured depth, as found in the five-inch Dual Lateral Micro Log SFL in the Matador 5 Federal #1 well (API No. 30-025-31056).⁵

29. Formation of a special Gotham; Wolfbone Pool within the Subject Acreage incorporates a depth severance created by ownership instruments that is located at the division between the base of the Bone Spring formation and the top of the Wolfcamp formation. Accordingly, the ownership depth severance is found at a stratigraphic equivalent of approximately 10,876 feet, measured depth, as found in the five-inch Dual Lateral Micro Log SFL in the Matador 5 Federal #1 well (API No. 30-025-31056).

30. Under the Oil & Gas Act and governing regulations, a “Pool” is defined as:

[A]n underground reservoir containing a common accumulation of oil or gas. Each zone of a general structure, which zone is completely separated from other zones in the structure, is covered by the word pool as used in 19.15.2 NMAC through 19.15.39 NMAC. “Pool” is synonymous with “common source of supply” and with “common reservoir.”

19.15.2.7.P(5) NMAC.

31. Within the Subject Acreage, the Third Bone Spring Sand, which would comprise the upper portion of the proposed special Gotham; Wolfbone Pool, is separated from the overlying Third Bone Spring Carbonate/Harkey interval by tight carbonate rock that serves as a natural “frac baffle,” or barrier, between the Third Bone Spring Sand and the overlying Third Bone Spring Carbonate/Harkey intervals. *See*

⁵ <https://ocdimage.emnrd.nm.gov/imaging/WellFileView.aspx?RefType=WL&RefID=30025310560000>.

Cimarex Case Nos. 23594-23601, Tab 3, ¶ 12;⁶ *see also id.* Ex. B-7; Hrg. Tr. Vol. 1, 174:3-7, dated 8/9/23.⁷

32. Within the Subject Acreage, the Third Bone Spring Sand and Wolfcamp XY/A intervals are not separated by a frac baffle or natural barrier and, therefore, constitute a common source of supply or common reservoir within the Subject Acreage. *See* Cimarex Case Nos. 23594-23601, Tab 3, ¶ 21; *see also id.* Cimarex Ex. B-21.

33. Within the Subject Acreage, the Wolfcamp shale within the Wolfcamp A is the primary source rock that contributes oil to the Third Bone Spring Sand/Wolfcamp XY/A common reservoir within the Subject Area. *See* Hrg. Tr. Vol. 2, 81:1-4,⁸ dated 8/10/23; *id.* 197:12-20, 199:15-200:7.

34. Accordingly, the Third Bone Spring Sand and Wolfcamp XY/A intervals should be combined into a single special pool within the Subject Acreage to be named the Gotham; Wolfbone Pool.

35. To accommodate the creation of this special pool, Read & Stevens requests the Division issue an Order vertically contracting the base of the Teas; Bone Spring, East Pool (Pool Code 96637) within the Subject Acreage upwards to above the stratigraphic equivalent of the top of the Third Bone Spring Sand, located at approximately 10,598 feet measured depth, as found in the five-inch Dual Lateral Micro Log SFL in the Matador 5 Federal #1 well (API No. 30-025-31056).

⁶ https://ocdimage.emnrd.nm.gov/Imaging/FileStore/santafe/cf/20230803/23448_08_03_2023_07_26_52.pdf.

⁷ https://ocdimage.emnrd.nm.gov/Imaging/FileStore/santafeadmin/cf/20230828/23448_08_28_2023_08_01_40.pdf.

⁸ https://ocdimage.emnrd.nm.gov/Imaging/FileStore/santafeadmin/cf/20230828/23448_08_28_2023_08_10_15.pdf.

36. In addition, Read & Stevens requests the Division issue an Order vertically contracting the top of the Tonto; Wolfcamp Pool (Pool Code 59500) within the Subject Acreage downwards to below the stratigraphic equivalent of the base of the Wolfcamp A, located at approximately 11,236 feet measured depth, as found in the five-inch Dual Lateral Micro Log SFL in the Matador 5 Federal #1 well (API No. 30-025-31056).

37. Creating the proposed special Gotham; Wolfbone Pool within the Subject Acreage, and vertically contracting the offsetting Teas; Bone Spring, East Pool (Pool Code 96637) and the Tonto; Wolfcamp Pool (Pool Code 59500), as described, will allow Read & Stevens' proposed development to meet the requirements of the Oil & Gas Act, as outlined in Order No. R-23089. *See* Exhibit A ¶¶ 15-17.

38. In contrast, because an ownership depth severance exists within the proposed special Gotham; Wolfbone Pool and because Cimarex proposes to develop only the Third Bone Spring Sand interval within it, Cimarex's proposal will impair the correlative rights of owners within the Wolfcamp XY/A portion of the special pool.⁹ *See* Permian's Findings, ¶¶ 6-12, 45-48, 68-71; *see also* § 70-2-17(C) (requiring pooling orders to allocate production among owners "to the respective tracts within the unit in the proportion that the number of surface acres included within each tract bears to the number of surface acres included in the entire unit").

39. Cimarex acknowledges that where an ownership depth severance exists within a pool it is necessary to propose and develop wells in spacing units on both sides

⁹ Read & Stevens understands Order No. R-23089 provides that the parties are not to submit revised proposals or development plans and that the hearing record will be reopened only for purposes of considering a proposed special Wolfbone pool within the Subject Acreage.

of the depth severance “to account for” the different owners and ownership interests on either side of the ownership break that is not accounted for in Cimarex’s proposal. *See* Hrg. Tr. Vol. 1, 210:10-212:21, dated 8/9/23 (“So even if you did reevaluate or expand the pool, like doing a Wolfbone or something like that, you still have that ownership severance that you would have to account for. And under permit [sic] interpretations of the statute and regulations, you account for a severance by—you know, if you want to produce below the severance, you have to do a separate well bore as I am sure you know. So, we have this issue of how to produce from the—if you did [Cimarex’s] option two, how to produce from the Third Bone Spring and the upper Wolfcamp.”)

40. To avoid impairment of correlative rights and to comply with the Division’s conclusions under Order No. R-23089, Read & Stevens requests the Division create a special Gotham; Wolfbone Pool within the Subject Acreage and contract the vertically offsetting Teas; Bone Spring, East Pool (Pool Code 96637) and the Tonto; Wolfcamp Pool (Pool Code 59500), as proposed, subject to modification under the Division’s discretion.

41. Notice of this proposal will be provided to all owners of a working interest within the Subject Acreage, and all Division-designated operators, or working interest owners as to tracts that do not have a designated operator, within one-mile of the Subject Acreage.

42. Approval of this application protects correlative rights, prevents waste, and will avoid the drilling of unnecessary wells.

WHEREFORE, Read & Stevens, Inc. requests that this application be set for a hearing before an Examiner of the Oil Conservation Division on June 27, 2024, and, after notice and hearing as required by law, the Division enter an Order:

- A. Re-opening the hearing record under Order No. R-23089 for the purpose of considering the creation of a Wolfbone Pool, as proposed herein;
- B. Creating a special Gotham; Wolfbone Pool within Sections 4, 5, 8, and 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, as defined herein;
- C. Vertically contracting the base of the Teas; Bone Spring, East Pool (Pool Code 96637) upwards to the top of the Third Bone Spring Sand interval within the Subject Acreage, as proposed herein;
- D. Vertically contracting the top of the Tonto; Wolfcamp Pool (Pool Code 59500) downwards to the base of the Wolfcamp A interval within the Subject Acreage, as proposed herein;
- E. Approving Read & Stevens' applications under Case Nos. 23508-23523;
- D. Denying Cimarex's competing applications in Case Nos. 23448-23455 and 23508-23523; and
- E. Providing any such additional relief deemed necessary and supported by the evidence within the discretion of the Division.

Respectfully submitted,

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**ATTORNEYS FOR READ & STEVENS, INC. AND
PERMIAN RESOURCES OPERATING, LLC**

EXHIBIT A

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

IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
CIMAREX ENERGY COMPANY

CASE NOS. 23448 - 23455

IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
CIMAREX ENERGY COMPANY

CASE NOS. 23594 - 23601

IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
READ & STEVENS, INC

CASE NOS. 23508 - 23523

ORDER NO. R-23089

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through legal and technical Hearing Examiners on August 9, 2023, through August 11, 2023, and after considering the administrative record including the sworn testimony, evidence, and recommendations of the Hearing Examiners, issues the following Order.

FINDINGS OF FACT

1. Cimarex Energy Company (“Cimarex”) submitted a total of sixteen applications (“Cimarex Applications”) to compulsory pool the uncommitted oil and gas interests within the spacing unit as seen in Cimarex’ exhibits.
2. Read & Stevens, Inc. (“Read & Stevens”) submitted a total of sixteen applications (“Read & Stevens Applications”) to compulsory pool the uncommitted oil and gas interests within the spacing unit as seen in Read & Stevens’ exhibits.
3. Both parties are proposing to develop Sections 5 and 8, Township 20 South, Range 34 East. Cimarex’ plan for these lands is named “Mighty Pheasant” and Read & Stevens’ plan is named “Joker.” Both parties are also proposing to develop Sections 4 and 9, Township 20 South, Range 34 East. Cimarex’ plan for these lands is named “Loosey Goosey” and Read & Stevens’ plan is named “Bane.”.
4. Cimarex’ applications proposed drilling twelve wells per section with all twelve wells being distributed between the Bone Spring formation intervals.
5. Read & Stevens’ applications proposed drilling twenty-four wells per section with those twenty-four wells being distributed between the Bone Springs formation and the Wolfcamp formation intervals.

6. The lands proposed for drilling by both parties lacks natural barriers that would prevent communication between the Third Bone Spring Sand and Upper Wolfcamp, thereby creating a single reservoir or common source of supply located predominantly in the Third Bone Spring Sand.

7. Cimarex' geologist Staci Mueller affidavit testimony paragraph twelve states:

There are no indications of any major geomechanical changes/frac baffles in between Cimarex's 3rd Sand target and Permian Resources' Wolfcamp Sands target, indicating that these two intervals are most likely one shared reservoir tank.

8. Read & Stevens' Reservoir Engineer John Fechtel testified that:

The – both wells developed in the third bone sand and the wells developed in the XY will share – have some resources from either formation.”

(See Tr. (DD 8-10-23) 181: 2-4)

9. Read & Stevens' Geologist Ira Bradford was questioned about the substantial communication issues and testified:

Q: So, Mr. Bradford, you talked a little bit about that you do agree with Ms. Mueller that there is substantial communication between the third Bone Spring and the upper Wolfcamp; is that correct?

A: Yes.

(See Tr. (DD 8-10-23) 206: 11-1)

10. Cimarex and Read & Stevens both acknowledged that wells completed in the Bone Spring and Wolfcamp formations will share production from both the Bone Spring and Wolfcamp formations.

11. Neither Cimarex nor Read & Stevens requested in their applications or at hearing the creation of a special pool to accommodate the communication of the Bone Springs and Wolfcamp formations such that there is a common supply.

12. Neither applicant requested a special pool order accounting for the common source of supply, or provided notice of a special pool request.

CONCLUSIONS OF LAW

13. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

14. A "Pool" is defined as "an underground reservoir containing a common accumulation of oil or gas. Each zone of a general structure, which zone is completely separated from other zones in the structure, is covered by the word pool as used in 19.15.2 NMAC through 19.15.39 NMAC. "Pool" is synonymous with "common source of supply" and with "common reservoir." 19.15.2.7.P(5) NMAC.
15. NMSA 1978, Section 70-2-12 B of the Oil and Gas Act requires OCD:
 - (2) to prevent crude petroleum oil, natural gas or water from escaping from strata in which it is found into other strata;
 - (7) to require wells to be drilled, operated and produced in such manner as to prevent injury to neighboring leases or properties;
 - (12) to determine the limits of any pool producing crude petroleum oil or natural gas or both and from time to time redetermine the limits;
16. 19.15.16.9 NMAC requires that during the drilling of an oil well, injection well or other service well, the operator shall seal and separate the oil, gas and water strata above the producing or injection horizon to prevent their contents from passing into other strata.
17. 19.15.12.9 NMAC requires that an operator shall produce each pool as a single common source of supply and complete, case, maintain and operate wells in the pool so as to prevent communication within the well bore with other pools. An operator shall at all times segregate oil or gas produced from each pool. The combination commingling of production, before marketing, with production from other pools without division approval is prohibited.
18. OCD has the authority to create special pool orders when required pursuant to 19.15.2.9 NMAC, when proper notice has been satisfied.
19. The evidence currently in the record before OCD indicates that Read & Stevens' and Cimarex' proposals would lead to either impairment of correlative rights or illegal allocation. Both parties testify that their production would extend outside of their respective pools and impact other pools, as such both requests extend outside of a standard compulsory pooling request.
20. Neither application can be approved while remaining in compliance with OCD rules and regulations that require pool segregation, prevent waste and protect correlative rights.

ORDER

21. OCD hereby denies both applications except insofar as either applicant or both applicants choose to propose a special pool, a Wolfbone pool, that would account for the lack of frac baffles between the Bone Spring and Wolfcamp formations in

this area. The record is left open for such a proposal and will prompt a reopening of the hearing record on both applications.

22. It is not necessary for the parties to repeat the testimony or resubmit the exhibits regarding their original proposed plans; they may refer to existing evidence to the extent needed to justify the special pool request.
23. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



DYLAN M. FUGE
DIRECTOR (Acting)
DMF/jag

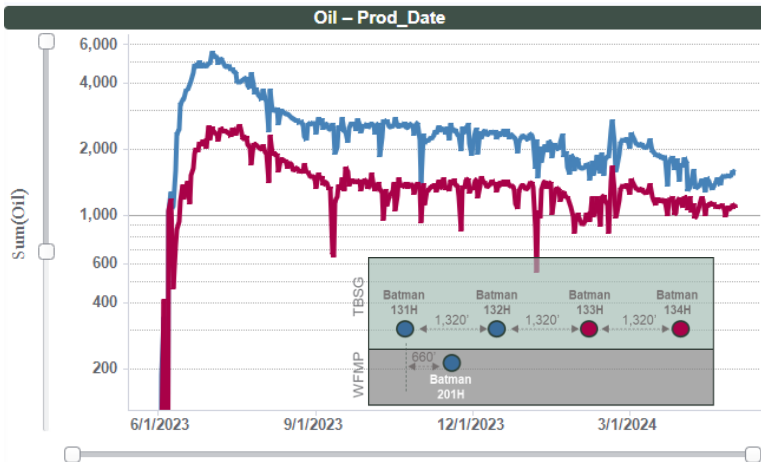
Date: 4/8/24



A Closer Look at Batman Results

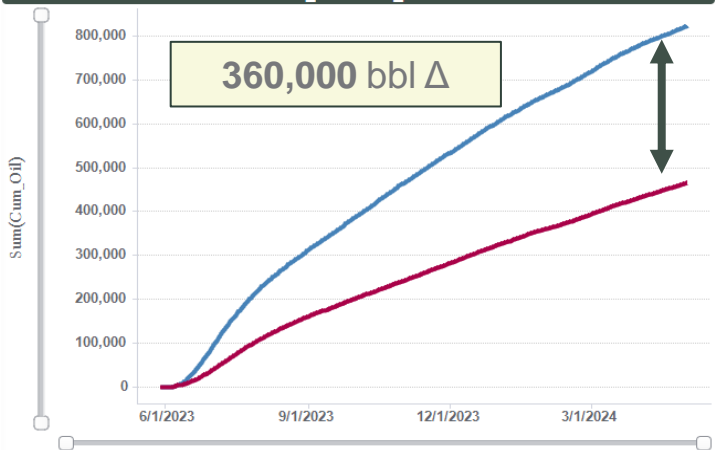
Co-Developed TBSG/WFMP_A Materially Outperforming

Well Performance By Appraised Development



Prod_Date

Cum_Oil - Prod_Date

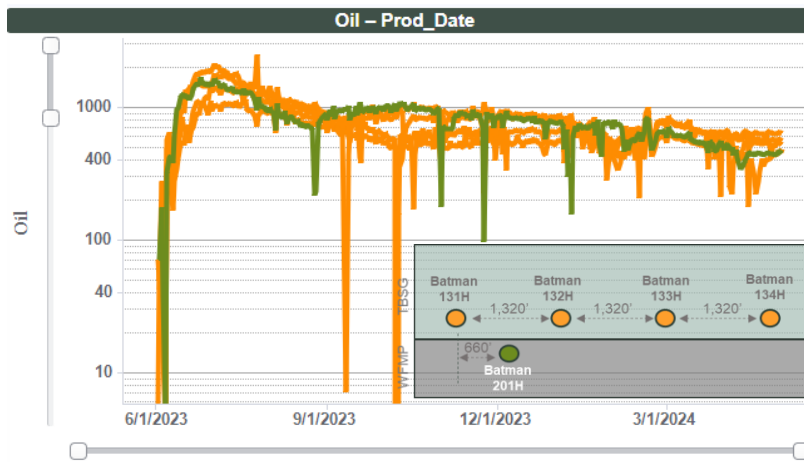


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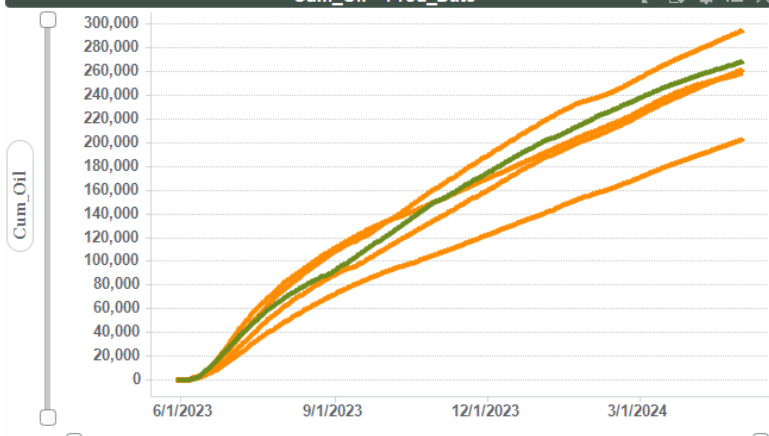
- Combined Batman TBSG Only
- Combined Batman TBSG/WFMP_A Co-Dev

Well Performance By Formation



Prod_Date

Cum_Oil - Prod_Date



Prod_Date

CASE _____ : **Application of Read & Stevens, Inc. for Creation of a Special Wolfbone Pool in Sections 4, 5, 8 and 9 in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pursuant to Order No. R-23089, ¶ 21, creating a special Wolfbone Pool within Sections 4, 5, 8, and 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, as defined below (the “Subject Acreage”). The vertical extent of the proposed Gotham; Wolfbone Pool will be from the stratigraphic equivalent of the top of the Third Bone Spring Sand interval, located at approximately 10,598 feet measured depth, to the stratigraphic equivalent of the base of the Wolfcamp A interval, located at approximately 11,236 feet measured depth, as found in the five-inch Dual Lateral Micro Log SFL in the Matador 5 Federal #1 well (API No. 30-025-31056). To accommodate the creation of this special pool, Read & Stevens requests the Division issue an Order vertically contracting the base of the Teas; Bone Spring, East Pool (Pool Code 96637) within the Subject Acreage upwards to above the stratigraphic equivalent of the top of the Third Bone Spring Sand, located at approximately 10,598 feet measured depth, as found in the five-inch Dual Lateral Micro Log SFL in the Matador 5 Federal #1 well (API No. 30-025-31056). In addition, Read & Stevens requests the Division issue an Order vertically contracting the top of the Tonto; Wolfcamp Pool (Pool Code 59500) within the Subject Acreage downwards to below the stratigraphic equivalent of the base of the Wolfcamp A, located at approximately 11,236 feet measured depth, as found in the five-inch Dual Lateral Micro Log SFL in the Matador 5 Federal #1 well (API No. 30-025-31056). Said area is located approximately 27 miles southwest of Hobbs, New Mexico.