

**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 28 and 33, Township 24 South, Range 35 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 **Noel Fed Com #112H well** to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 33 to a bottom hole location in NE/4 NW/4 (Unit C) of Section 28.
3. Applicant’s proposed development of this horizontal spacing unit (and a companion case being filed contemporaneously herewith) is competing with the pooling applications filed by Tap Rock Resources, LLC, in Case Nos. 21609 and 21610 that are set on the January 7, 2021 Division docket.

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.

WHEREFORE, Applicant requests that this application be set for a 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 well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP



By: _____

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**ATTORNEYS FOR MATADOR PRODUCTION
COMPANY**

CASE _____: **Application of Matador Production Company for compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners 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 28 and 33, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial **Noel Fed Com #112H well** to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 33 to a bottom hole location in NE/4 NW/4 (Unit C) of Section 28. The completed interval of this well will comply with standard setback requirements for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 11 miles northwest of Jal, New Mexico.



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December __, 2020

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Matador Production Company for compulsory pooling, Lea County, New Mexico.
Noel Fed Com #112H well

Ladies & Gentlemen:

This letter is to advise you that Matador Production Company has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on January [REDACTED], 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Sara Hartsfield, at (972) 371-5446, or shartsfield@matadorresources.com.

Sincerely,

Kaitlyn A. Luck
ATTORNEY FOR MATADOR PRODUCTION
COMPANY