

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

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING
UNIT AND COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

CASE NO. _____
(formerly Case No. 22492)

APPLICATION

Matador Production Company, (“Matador”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division for an order (a) approving a 780.68 acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of S/2 of Sections 1 and 2, Township 21 South, Range 28 East, and Lots 17-18, NE/4 SW/4 and SE/4 SW/4 of Section 6, Township 21 South, Range 29 East, NMPM, Eddy County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. In support of this application, Matador states:

1. An affiliate of Matador Production Company (OGRID No. 228937) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Matador seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Simon Camamile 0206 Fed Com #136H** to be drilled from a surface location within SW/4 SW/4 of Section 2, T-21-S, R-28-E to a bottom hole location within NE/4 SW/4 of Section 6, T-21-S, R-29-E. The completed interval for this well will be within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to allow inclusion of this additional acreage in the spacing unit under NMRA 19.15.16.15.B.

3. This 780.68-acre horizontal well spacing unit will overlap the following proposed horizontal well spacing units covering portions of the subject acreage:

- A 390.36-acre, more or less, horizontal well spacing unit comprised of the N/2 SW/4 and N/2 SE/4 of Sections 1 and 2, Township 21 South, Range 28 East, and Lot 17 and NE/4 SW/4 of Section 6, Township 21 South, Range 29 East, to be dedicated to the proposed Simon Camamile 0206 Fed Com #115 and #125H wells, and
- A 390.32-acre, more or less, horizontal well spacing unit comprised of the S/2 SW/4 and S/2 SE/4 of Sections 1 and 2, Township 21 South, Range 28 East, and Lot 18 and SE/4 SW/4 of Section 6, Township 21 South, Range 29 East to be dedicated to the proposed Simon Camamile 0206 Fed Com #116H and #126H wells.

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

5. Approval of this overlapping horizontal well spacing unit and the pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Matador requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 7, 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 Matador Production Company operator of this spacing unit and the horizontal well to be drilled thereon;

- C. Authorizing Matador 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% penalty for the risk assumed by Matador in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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