



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 2, 1999

Matador Petroleum Corporation
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Telefax No. (505) 982-2047

Administrative Order NSL-4324

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator Matador Petroleum Corporation ("Matador") dated June 29, 1999; (ii) your meeting in Santa Fe with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the New Mexico Oil Conservation Division ("Division") on Friday, July 2, 1999; and (iii) the Division's records in Santa Fe: all concerning Matador's request to recompleting its Maduro Federal Unit Well No. 4 (**API No. 30-025-30840**), located 460 feet from the North line and 1980 feet from the East line (Unit B) of Section 29, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, from the deeper Morrow formation up-hole into the Atoka formation.

According to the Division's well records, the Maduro Federal Unit Well No. 4 was drilled in 1989 by Union Oil Company of California to a total depth of 13,750 feet and was subsequently completed in the Gem-Morrow Gas Pool at an unorthodox gas well location within a standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 29 (approved by Division Order No. R-8973, issued in Case No. 9705 dated August 11, 1989).

It is our understanding that Matador intends to abandon the Morrow interval in this well at this time and attempt a recompletion up-hole into the Undesignated Tonto-Atoka Gas Pool, whereby the N/2 of Section 29 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit. Pursuant to Division Rule 104.C(2)(b) this location is also considered to be unorthodox.

This application has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Atoka gas well location for Matador's Maduro Federal Unit Well No. 4 is hereby approved.

Further, Division Order No. R-8973 shall be placed in abeyance until further notice.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad