

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13604
ORDER NO. R-12291-A**

**APPLICATION OF MATRIX NEW MEXICO HOLDINGS, L.L.C. TO AMEND
DIVISION COMPULSORY POOLING ORDER R-12291 TO MODIFY THE
PROPOSED WELL LOCATION TO A NON-STANDARD LOCATION, LEA
COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came for hearing at 8:15 a.m. on December 15, 2005, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 27th day of December, 2005, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Oil Conservation Division ("Division") has jurisdiction of this case and of the subject matter.

(2) By Order No. R-12291 issued in Case No. 13420 on February 25, 2005, the Division, upon the application of Matrix New Mexico Holdings, L.L.C. ("Matrix" or "applicant"), pooled all uncommitted mineral interests from the surface to the base of the Wolfcamp formation underlying the SE/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, in the following manner:

the SE/4 NE/4, forming a standard 40-acre oil spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent, which presently include, but are not necessarily limited to, the Undesignated Bronco-Wolfcamp Pool (7600).

This unit was dedicated to the applicant's proposed Townsend Well No. 2 to be drilled at a standard well location within the SE/4 NE/4 (Unit H) of Section 10.

(3) Matrix New Mexico Operating Company, L.L.C. was designated as operator of the well and of the Unit.

(4) To date, Matrix has not yet commenced drilling the well. The compulsory pooling remains in effect because Matrix requested and obtained an extension from the Division director.

(5) Matrix has now decided based on a geologic determination to move the well location further north to a non-standard location. The currently proposed location is 1,475 feet from the North line and 780 feet from the East line of Section 10.

(6) Matrix applied administratively for permission to drill this well at the non-standard oil well location and was granted permission with Division administrative Order NSL-5300 on November 14, 2005.

(7) In this case, Matrix is seeking to amend compulsory pooling order R-12291 to change the well location as approved in NSL-5300.

(8) This case was presented by affidavit in accordance with Division Rule 1207(A)(1)(b). The applicant was represented at the hearing through legal counsel.

(9) Matrix has notified all affected parties of this application and of this hearing.

(10) No interest owner or other party appeared at the hearing in opposition to the application.

(11) Granting of this application will protect correlative rights and prevent waste.

(12) The application should be approved.

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IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Matrix New Mexico Holdings, L.L.C., ordering paragraph (1) of Division Order No. R-12291 is hereby amended, changing the drilling location of the Townsend Well No. 2 from a standard oil well location to the following non-standard oil well location: 1,475 feet from the North line and 780 feet from the East line of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico.

(2) Division Order No. R-12291 shall remain in full force and effect except to the extent amended hereby.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



for

MARK E. FESMIRE, P.E.
Director



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