

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

**APPLICATION OF MATADOR
PRODUCTION COMPANY
FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT, COMPULSORY
POOLING, AND NON-STANDARD LOCATION
LEA COUNTY, NEW MEXICO.**

CASE NO. 15366

A. Application

B. Prehearing Statement

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| Exhibit 1 | C-102 Form/Locator Map |
| Exhibit 2 | Summary of Working Interests |
| Exhibit 3 | Compulsory Pooling List |
| Exhibit 4 | Well Proposal Letters and a copy of the AFE |
| Exhibit 5 | Affidavit, notice letters, proof of mailing (compulsory pooling) |
| Exhibit 6 | Structure Map |
| Exhibit 7 | Cross Section |
| Exhibit 8 | Isopach Map |
| Exhibit 9 | Completion (well diagram) |

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LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Matador Production Company ("Matador"), OGRID Number 228937, through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico; (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit; and (3) approving a non-standard location. In support of this application, Matador states as follows:

1. Matador is an interest owner in the subject lands and has the right to drill a well thereon.
2. Matador seeks to dedicate the W/2 E/2 of Section 16 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").
3. Matador proposes to drill the Cimarron State 16-19S-34E RN #133H well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface

location 250 feet from the North line, 1015 feet from the East line (Section 16), and a terminus 240 feet from the South line, 1506 feet from the East line (Section 16).

4. This project area is within the Quail Ridge, Bone Springs pool (pool code 50460). This pool is governed by rule 19.15.15.9 NMAC, requiring an initial well on a 40-acre unit that is located no closer than 330 feet to the boundary of the spacing unit on which the well is located. In addition for horizontal wells, every point of the completed interval must meet the minimum setback requirement from the outer boundaries of the project area. 19.15.16.15(B)(2). The completed interval for the Cimarron State 16-19S-34E RN #133H well is as follows:

- a. Beginning of Producing Interval: 330 feet from the North line and 1506 feet from the East line of Section 16;
- b. End of Producing Interval: 330 feet from the South line and 1506 feet from the East line of Section 16.

5. Included in Exhibit A is the list of persons who are entitled to notice of the non-standard location under Subsection A of 19.15.4.12 NMCA. Copies of this application, including all attachments, are being mailed to each affected person and offset operator via certified mail-return receipt requested, pursuant to Rule 19.15.4.12A(2)(a). Each person entitled to notice is being informed that if it has an objection to this application, the objection must be filed in writing with the Division's Santa Fe office within twenty (20) days from the date this notice was mailed.

6. Matador sought, but has been unable to obtain a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interests to the well.

7. Approval of the non-standard unit and the pooling of all interests in the Bone Spring formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

8. Notice of this application is being given in accordance with Division rules as shown on Exhibit A.

WHEREFORE, Matador Production Company requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 3, 2015, and after notice and hearing as required by law, the Division enter its order:

A. Creating a non-standard oil spacing and proration unit ("project area") in the Bone Spring formation comprised of W/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit/project area;

C. Approval of a non-standard location;

D. Designating Matador as operator of this unit and the well to be drilled thereon;

E. Authorizing Matador to recover its costs of drilling, equipping and completing this well;

F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

G. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: _____

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Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Attorneys for Applicant

EXHIBIT A
MATADOR PRODUCTION COMPANY'S NOTICE LIST

PARTIES TO BE POOLED:

Phil C. Vogel 1.6%
5611 Glen Pines Drive
Houston, Texas 77069

Mark A. Trieb 1.6%
1717 Art Plz Ste 2001
Dallas, Texas 75201

Amtex Energy 46.4%
P.O. Box 3418
Midland, Texas 79702

Stewart Royalty 0.40%
P.O. Box 50690
Midland, Texas 79710

OFFSETS:

Seely Oil Co.
815 W. 10th St.
Ft. Worth, TX 76102

Magnum Hunter Production, Inc.
- 909 Lake Carolyn Pkwy, Suite 600
Irving, TX 75039

- 600 N. Marienfeld Street
Suite 600
Midland, TX 79701

Apache Corp.
303 Veterans Airpark Lane
Suite 3000
Midland, TX 79705

United States Department of the Interior
Bureau of Land Management
P.O. Box 27115
Santa Fe, NM 87502-0115

Amtex Energy
P.O. Box 3418
Midland, Texas 79702

Stewart Royalty
P.O. Box 50690
Midland, Texas 79710

Mark A. Trieb
1717 Art Plz Ste 2001
Dallas, Texas 75201

Phil C. Vogel
5611 Glen Pines Drive
Houston, Texas 77069

XTO Energy
382 Road 3100
Aztec, NM 87410

Devon Energy Production Company, LP
333 W. Sheridan Ave.
Oklahoma City, OK 73102

EOG Resources
P.O. Box 2267
Midland, TX 79702

Wainoco Oil & Gas Company
2828 N. Harwood, Suite 1300
Dallas, TX 75201

Harvey E. Yates Co.
P.O. Box 1933
Roswell, NM 88202

Nadel and Gussman, LLC,
P.O. Box 1933
Roswell, NM 88202

CASE NO. _____: Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico; (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit; and (3) approving a non-standard location. This proposed non-standard spacing and proration unit will be the project area for the Cimarron State 16-19S-34E RN #133H well, to be horizontally drilled. The producing area for this well will be unorthodox, located less than 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well, and a 200% charge for risk involved in drilling said well. The Cimarron State 16-19S-34E RN #133H well is located approximately 25 miles east of Hobbs, New Mexico.