

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

**APPLICATION OF MATADOR PRODUCTION COMPANY FOR COMPULSORY
POOLING AND APPROVAL OF AN UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO.**

CASE NO. 15498

APPLICATION

Matador Production Company, ("Matador") (OGRID No. 228937), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) pooling all mineral interests in the Wolfcamp formation underlying the 320-acre, more or less, spacing and proration unit comprised of the N/2 of Section 13, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico; and (2) approving an unorthodox well location for the proposed well. In support of its application, Matador states:

1. Matador Production Company's affiliate entity, MRC Delaware Resources, LLC, is a working interest owner in the N/2 of Section 13, and has the right to drill thereon.

2. Matador proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Brantley State Com 13-24S-27E RB No. 221H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 18, Township 24 South, Range 28 East to a non-standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 13, Township 24 South, Range 27 East.

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3. This project area is located within the Black River; Wolfcamp, East (Gas) Pool (97442). This pool is subject to the statewide rules for defined gas pools in Eddy County which requires 320-acre spacing and wells to be located no closer than 660 feet to the outer boundary of the quarter section 19.15.15.10(B) NMAC. Rules 19.15.15.13(B) and 19.15.4.12(A)(2) NMAC allow the Director to grant an exception to the well location requirements.

5. The proposed **Brantley State Com 13-24S-27E RB No. 221H Well** will be unorthodox because the completed interval for this well will be closer than 660 feet to the outer boundary as required by Rule 19.15.15.10(B)(1). The completed interval for this well will commence 330 feet from the from the North line and 330 from the East line (Unit A) to a location 330 feet from the North Line and 330 feet from the West line (Unit D) of Section13. The completed interval therefore encroaches on the spacing and proration units to the North, East, Northeast, West, and Northwest.

6. Matador 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.

7. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.


8. In order to permit Matador to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in this spacing unit should be pooled and Matador Production Company should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Matador requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 9, 2016, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving a 320-acre standard spacing and proration unit in the Wolfcamp formation, comprised of the N/2 of Section 13, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico;
- B. Pooling all uncommitted mineral interests in the spacing and proration unit;
- C. Designating Matador Production Company operator of this spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Matador Production Company to recover its costs of drilling, completing, and equipping the well;
- E. 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;
- F. 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; and
- G. Approving the unorthodox well location for this initial well.

Respectfully submitted,

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**ATTORNEYS FOR
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CASE 15498

Application of Matador Production Company for compulsory pooling and approval of an unorthodox well location, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the Wolfcamp formation underlying the spacing unit comprised of the N/2 of Section 13, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico. Said unit is to be dedicated to applicant's proposed **Brantley State Com 13-24S-27E RB No. 221H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 18, Township 24 South, Range 28 East to a non-standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 13, Township 24 South, Range 27 East. The completed interval for this well will commence 330 feet from the North line and 330 from the East line (Unit A) to a location 330 feet from the North Line and 330 feet from the West line (Unit D) of Section 13, thereby encroaching on the spacing units to the North, East, Northeast, West, and Northwest. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as 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. Said area is located approximately 17 miles southeast of Carlsbad, New Mexico.