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July 1, 2016

Florene Davidson
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 15514

Re: Application of Matador Production Company for Compulsory
Pooling, Eddy County, New Mexico

Dear Ms. Davidson:

Enclosed for filing, please find three copies of Matador's Application to
begin proceedings for project area: Dr. Schivner Federal 01-24S-28E RB No.
208H.

Should you have questions, please do not hesitate to contact me.

Sincerely,

Jennifer L. Bradfute

JLB/zc
Enclosures
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STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

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APPLICATION OF MATADOR
PRODUCTON COMPANY
FOR COMPULSORY
POOLING, EDDY COUNTY,
NEW MEXICO.

CASE NO. 15514

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) pooling all mineral interests in the Wolfcamp formation underlying the 320-acre, more or less, spacing and proration unit comprised of the S/2 of Section 1, Township 24 South, Range 28 East, Eddy County, New Mexico. 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 S/2 of Section 1 to the proposed well to form a standard 320-acre, more or less, gas spacing and proration unit (the "project area").
3. Matador proposes to drill the **Dr. Scrivner Federal 01-24S-28E RB No. 208H** well to a depth sufficient to test the Wolfcamp formation. This well is a horizontal well with a surface location 631 feet from the South line, 662 feet from the East line (Section 1), and a terminus 330 feet from the South line, 240 feet from the West line (Section 1).

4. This project area is within the Pierce Crossing, Wolfcamp Northwest pool (pool code 96712). This pool is governed by rule 19.15.15.10(B) NMAC, concerning gas wells located in Eddy County, which requires 320-acre spacing and wells to be located no closer than 660 feet from the outer boundary of the quarter section.

5. The completed interval for the Dr. Scrivner Federal 01-24S-28E RB No. 208H well will be unorthodox as follows:

- a. First Perforation Point: 330 feet from the South line and 330 feet from the East line of Section 1, Township 24 South, Range 28 East;
- b. Last Perforation Point: 330 feet from the South line and 330 feet from the West line of Section 1, Township 24 South, Range 28 East.

6. Matador has previously obtained approval, in **NSL-7429**, from the NMOCD to complete this well in above-listed unorthodox locations.

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

8. Approval of the pooling of all interests in the Wolfcamp formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

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

10. Notice of this application is being given in accordance with Division rules to the parties listed in Exhibit A.

WHEREFORE, Matador Production Company requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 4, 2016, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Wolfcamp formation underlying the standard, 320-acre, more or less, spacing and proration unit comprised of the S/2 of Section 1, Township 24 South, Range 28 East, Eddy County, New Mexico;

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

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

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

E. 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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Attorneys for Applicant

EXHIBIT A
MATADOR PRODUCTION COMPANY'S NOTICE LIST

PARTIES TO BE POOLED:

Santa Fe Energy Resources, Inc.
333 W. Sheridan Avenue
Oklahoma City, OK 73102

Fortson Oil Company
301 Commerce Suite 2900
Fort Worth, TX 76102

OFFSETS:

Kaiser Francis Oil Company
PO Box 21468
Tulsa, OK 74121

Chevron
1400 Smith
Houston, TX 77007

Devon Energy Production
333 West Sheridan Avenue
Oklahoma City, OK 73102

Dominion OK. TX. Exploration
14000 Quail Springs Pkwy Suite 600
Oklahoma City, OK 73134

Magnum Hunter
3500 William D. Tate Avenue Suite 200
Grapevine, TX 76051

Magnum Hunter
c/o Cimarex Energy Co. of Colorado
202 Cheyenne Ave., Suite 1000
Tulsa, OK 74103

Magnum Hunter
c/o Cimarex Energy Co.
600 N. Marienfeld St., Suite 600
Midland, TX 79701

Kaiser Francis Oil Company
PO Box 21468
Tulsa, OK 74121

Mewbourne Oil Company
3901 S. Broadway Ave.
Tyler, TX 75701

COG Production, LLC
400 North Marienfeld St., Ste. 200
Midland, TX 79701

CASE NO. 15514: Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) pooling all mineral interests in the Wolfcamp formation underlying the standard, 320-acre, more or less, spacing and proration unit comprised of the S/2 of Section 1, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. This proposed standard spacing and proration unit will be the project area for the **Dr. Scrivner Federal 01-24S-28E RB No. 208H** well, to be horizontally drilled. 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 Dr. Scrivner Federal 01-24S-28E RB No. 208H well is located approximately 5 miles southeast of Loving, New Mexico.