

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruce@aol.com](mailto:jamesbruce@aol.com)

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Case 15534  
5

July 19, 2016

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Matador Production Company and Mewbourne Oil Company, is an application for pool creation, *etc.*, together with a proposed advertisement. Please set this matter for the August 18, 2016 Examiner hearing

The parties being notified are set forth on Attachment A hereto.

Thank you.

Very/truly yours,

  
James Bruce

Attorney for Applicants

WOLFCAMP OPERATORS EDDY COUNTY AREA (+1 Mile)

EOG Resources Inc (7377)

P.O. Box 2267

Midland, TX 79702

Cimarex Energy Co. Of Colorado (162683)

202 S. Cheyenne Ave

STE 1000

Tulsa, OK 74103

Cimarex Energy Co. (215099)

600 N Marienfeld Street

Midland, TX 79701

Finley Resources Inc. (180387)

PO Box 2200

Fort Worth, TX 76113

Read & Stevens Inc (18917)

P.O. Box 1518

Roswell, NM 88202

Legacy Reserves Operating, LP (240974)

P.O. Box 10848

Midland, TX 79702

Westbrook Oil Corp (36671)

PO Box 2264

Hobbs, NM 88241

Lanexco Inc (13046)

PO Box 2730

Midland, TX 79702

Guardian Operating Corp. (287300)

6824 Island Cir.

Midland, TX 79707

COG Operating LLC (229137)

One Concho Center

Midland, TX 79701

COG Production, LLC (217955)

Attachment

A handwritten mark, possibly a signature or initials, consisting of a large, stylized 'A' or '7' with a horizontal line extending to the right.

600 W. Illinois Ave  
Midland, TX 79701

Devon Energy Production Company, LP (6137)  
333 W. Sheridan Avenue  
Oklahoma City, OK 73102

BC Operating, Inc (160825)  
P.O. Box 50820  
Midland, TX 79710

Caza Operating, LLC (249099)  
200 N Lorraine  
Midland, TX 79701

Yates Petroleum Corporation (25575)  
105 S 4<sup>th</sup> St  
Artesia, NM 88210

RKI Exploration & Production, LLC (246289)  
210 Park Avenue  
Suite 900  
Oklahoma City, OK 73102

XTO Energy, Inc (5380)  
PO Box 6501  
Englewood, CO 80155

Wildcat Energy LLC (209564)  
PO Box 13323  
Odessa, TX 79768

Chevron Midcontinent, L.P. (241333)  
1400 Smith  
Houston, TX 77002

Chevron USA Inc (4323)  
1400 Smith  
Houston, TX 77002

Chi Operating Inc (4378)  
PO Box 1799  
Midland, TX 79702

Linn Operating, Inc (269324)  
600 Travis Street  
Suite 5100  
Houston, TX 77002

Murchison Oil & Gas Inc (15363)  
Legacy Tower One  
Plano, TX 75024

Mack Energy Corp (13837)  
PO Box 960  
11344 Lovington Hwy  
Artesia, NM 88211

BOPCO, LP (260737)  
6 Desta Drive, STE 3700  
PO Box 2760  
Midland, TX 79702

BTA Oil Producers, LLC (260297)  
104 S. Pecos  
Midland, TX 79701

CONOCOPHILLIPS COMPANY (217817)  
3401 E 30<sup>th</sup> Street  
Farmington, NM 87402

Lynx Petroleum Consultants, Inc.[175071]  
Box 1708  
Hobbs, NM 88241-1708

H. L. Brown Operating, LLC[213179]  
300 W. Louisiana  
Midland, TX 79701

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

RECEIVED OGD  
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APPLICATION OF MATADOR PRODUCTION COMPANY AND MEWBOURNE OIL COMPANY TO ESTABLISH THE DOWNEY GAS POOL IN THE WOLFCAMP FORMATION FOR TOWNSHIPS 22 THROUGH 26 SOUTH AND RANGES 25 EAST THROUGH 31 EAST, NMPM, EDDY COUNTY, NEW MEXCO, AND TO ESTABLISH SPECIAL POOL RULES FOR SAID POOL

CASE NO. 1553<sup>5</sup>

APPLICATION

Matador Production Company ("Matador") and Mewbourne Oil Company ("Mewbourne," and together with Matador the "Applicants"), by its undersigned attorneys, hereby make application to the Oil Conservation Division for an order to: (1) establish a new pool for the production of hydrocarbons from the Wolfcamp formation, and (2) adopting Special Pool Rules and Regulations for the new pool that provide for 320-acre spacing and proration units, and special well location requirements, and in support of this application state:

1. Matador drilled, completed, and operates the following horizontal wells from various depths within the Wolfcamp formation:

- |   |   |
|---|---|
| i. B Banker 33 23S 28E RB #221H<br>API: 30-015-43306<br>Location: A-33-23S-28E        | v. Guitar 10 24S 28E RB #202H<br>API: 30-015-42660<br>Location: H-10-24S-28E            |
| ii. Charlie Sweeney 31 23 28 RB<br>#201H<br>API: 30-015-43695<br>Location: 30-23S-28E | vi. Guitar 10 24S 28E RB #222H<br>API: 30-015-43693<br>Location: H-10-24S-28E           |
| iii. Dr. K 24 23S 27E RB #203<br>API: 30-015-43378<br>Location: I-23-23S-27E          | vii. Janie Conner 13 24S 28E RB<br>#224H<br>API: 30-015-43037<br>Location: P-14-24S-28E |
| iv. Dr. K 24 23S 27E RB #206<br>API: 30-015-43379<br>Location: I-23-23S-27E           | viii. Janie Conner 13 24S 28E RB#<br>204H   |

\* drilled, but not yet completed (As of 7/18/16)

- API: 30-015-43317  
Location: P-14-24S-28E
- ix. Janie Conner 14 24S 28E RB #207H  
API: 30-015-43615  
Location: I-14-24S-28E
- x. Janie Conner 13 24S 28E RB #201H\*  
API: 30-015-43463  
Location: 14-24S-28E
- xi. Janie Conner 13 24S 28E RB #221H\*  
API: 30-015-43756  
Location: 14-24S-28E
- xii. Jimmy Kone 05 24S 28E RB #208H  
API: 30-015-43389  
Location: 04-24S-28E
- xiii. Jimmy Kone 05 24S 28E RB #228H  
API: 30-015-43542  
Location: 04-24S-28E
- xiv. Paul 25 24S 28E RB #221H  
API: 30-015-43018
- Location: 25-24S-28E
- xv. Rustler Breaks 12 24 27 #001H  
API: 30-015-41775  
Location: P-12-24S-27E
- xvi. Scott Walker State 36 22S 27E RB #204H  
API: 30-015-43162  
Location: M-12-22S-27E
- xvii. Tiger 14 24S 28E RB #224H  
API: 30-015-42873  
Location: P-14-24S-28E
- xviii. Tiger 14 24S 28E RB #204H  
API: 30-015-43087  
Location: P-14-24S-28E
- xix. Tiger 14 24S 28E RB #227H  
API: 30-015-43505  
Location: I-14-24S-28E
- xx. Jimmy Kone 05 24S 28E RB #203H  
API: 30-015-43475  
Location: 05-24S-28E

2. Mewbourne drilled, completed, and operates the following horizontal wells from various depths within the Wolfcamp formation:

- i. Malaga 30 Federal COM #001H  
API: 30-015-40287  
Location: I-30-24S-29E
- ii. San Lorenzo 15 DM Fee Com #1H  
API: 30-015-40402  
Location: D-15-25S-28E
- iii. San Lorenzo 15 OB #1H  
API: 30-015-40403  
Location: O-15-25S-28E
- iv. Delaware Ranch 14 CN Fee COM #001H  
API: 30-015-40438  
Location: C-14-26S-28E
- v. San Lorenzo 22/27 LE #2H  
API: 30-015-41153  
Location L-22-25S-28E
- vi. San Lorenzo 9 OB Fee #1H  
API: 30-015-41304  
Location: O-9-25S-28E

\* drilled, but not yet completed (As of 7/18/16)

- |   |   |
|---|---|
| <p>vii. Owl Draw 23 DM Federal COM #001H<br/>API: 30-015-41448<br/>Location: M-14-26S-27E</p>     | <p>API: 30-015-42936<br/>Location: D-3-24S-28E</p>  |
| <p>viii. Salt Draw 2 CN Fee #002H<br/>API: 30-015-41729<br/>Location: 3-02-25S-28E</p>            | <p>xvii. Sterling Pound 20 29 W2DE State COM #001H<br/>API: 30-015-42974<br/>Location: C-20-23S-27E</p> |
| <p>ix. Layla 35 MD FEE #002H<br/>API: 30-015-41730<br/>Location: M-35-23S-28E</p>                 | <p>xviii. Bebop36 W1MD State #002H<br/>API: 30-015-43320<br/>Location: M-36-25S-31E</p>                 |
| <p>x. Delaware Ranch 12 MD Federal COM #001H<br/>API: 30-015-42081<br/>Location: M-12-26S-28E</p> | <p>xix. Viper 29/32 W0LM Fed Com #1H<br/>API: 30-015-43498<br/>Location: L-29-24S-27E</p>               |
| <p>xi. Layla 35 W20B FEE #003H<br/>API: 30-015-42407<br/>Location: O-35-23S-28E</p>               | <p>xx. Yardbirds 34 W2NC Fee #1H*<br/>API: 30-015-41309<br/>Location: N-34-23S-28E</p>                  |
| <p>xii. Owl Draw 22 W1AP Federal COM #001H<br/>API: 30-015-42475<br/>Location: P-15-26S-27E</p>   | <p>xxi. Goose 29/28 W2BA State Com #1H*<br/>API: 30-015-43452<br/>Location: B-29-23S-27E</p>            |
| <p>xiii. Speedwagon 27 W2DM Fee #1H<br/>API: 30-015-42695<br/>Location: D-27-23S-28E</p>          | <p>xxii. Yardbirds 34 W2OB Fee #1H*<br/>API: 30-015-43464<br/>Location: O-34-23S-28E</p>                |
| <p>xiv. Jester 19 30 W0AH Federal COM #001H<br/>API: 30-015-42830<br/>Location: A-19-23S-27E</p>  | <p>xxiii. Foreigner 33/4 W2LM*<br/>API: 30-015-43494<br/>Location: L-33-23S-28E</p>                     |
| <p>xv. Jester 19 30 W2DE Federal COM #001H<br/>API: 30-015-42831<br/>Location: 1-19-23S-27E</p>   | <p>xxiv. Devon 6 Fee #2H*<br/>API: 30-015-43661<br/>Location: A-6-25S-28E</p>                           |
| <p>xvi. Yardbirds 3 W2DM Fee #1H</p>  | <p>xxv. Fuller 13/24 W1LM Fed Com #3H*<br/>API: 30-015-43517<br/>Location: L-13-26S-29E</p>             |
| <p>xxvi. Foreigner 33/4 W2JO Fee #1H*<br/>API: 30-015-43499<br/>Location: J-33-23S-28E</p>        |   |

\* drilled, but not yet completed (As of 7/18/16)

xxvii. Commodore 30 W2PA Federal #1H\*  
API: 30-015-43296  
Location: A-31-24S-27E

xxviii. Owl Draw 27/22 W2NC Fed Com #2H\*  
API: 30-015-43684  
Location: N-27-26S-27E

3. The Applicants have technical data which shows that the Wolfcamp formation, defined as and by the Oxy Benelli #1, API: 30-015-34881, located at 990' FNL & 660' FWL in Section 8-T25S-R28E, Eddy County, New Mexico, from the stratigraphic equivalent of a base of 11,525 feet to the stratigraphic equivalent of a top of 9204 feet (the "Wolfcamp Formation"), produces from a gas pool and that all wells that produce in the Wolfcamp Formation throughout the following Townships and Ranges, NMPM, Eddy County, New Mexico (the "Eddy County Area") produce hydrocarbons from the same reservoir and pool:

Township 22S Range 25E	Township 24S Range 29E
Township 22S Range 26E	Township 24S Range 30E
Township 22S Range 27E	Township 24S Range 31E
Township 22S Range 28E	Township 25S Range 25E
Township 23S Range 25E	Township 25S Range 26E
Township 23S Range 26E	Township 25S Range 27E
Township 23S Range 27E	Township 25S Range 28E
Township 23S Range 28E	Township 25S Range 29E
Township 23S Range 29E	Township 25S Range 30E
Township 24S Range 25E	Township 25S Range 31E
Township 24S Range 26E	Township 26S Range 25E
Township 24S Range 27E	Township 26S Range 26E
Township 24S Range 28E	Township 26S Range 27E

\* drilled, but not yet completed (As of 7/18/16)



Township 26S Range 28E

Township 26S Range 30E

Township 26S Range 29E

Township 26S Range 31E

4. As a result of the discovery of the character of the hydrocarbons, and horizontal technology, and in the interest of waste and the protection of correlative rights, the establishment of a new pool for the production from the Wolfcamp Formation in the Eddy County Area is needed.
5. The Applicants seek the adoption of Special Pool Rules and Regulation for the proposed Downey Wolfcamp Gas Pool which provide for:
  - i. Gas spacing units in the Wolfcamp Formation comprised of 320 surface contiguous acres, more or less, comprising a half of a single section, being a legal subdivision of the U.S. Public Lands Survey;
  - ii. Wells to be located no closer than 330 feet to the outer boundary of the spacing unit on which the well is located; and
  - iii. No limitation on the density or allowable of wells within any such spacing unit.
6. Applicants request that any pre-existing or overlapping pools or well designations throughout the Eddy County Area are hereby amended as follows:
  - i. The following pools and wells within said pools should be reclassified as producing from the proposed Downey Wolfcamp Gas Pool:

[72122] Big Sinks

[97136] Brushy Draw Wolfcamp

[72123] Big Sinks South

[74160] Carlsbad Wolfcamp East

[72240] Black River Wolfcamp

[74200] Carlsbad Wolfcamp South

[97442] Black River Wolfcamp East  
G

[74270] Cass Draw Wolfcamp

[72897] Brushy Draw Wolfcamp

\* drilled, but not yet completed (As of 7/18/16)

[97022] Cass Draw Wolfcamp North	[96712] Pierce Crossing Wolfcamp NW Gas
[96846] Corral Draw Wolfcamp North	[97157] Remuda Wolfcamp
[97719] CP Hill	[84330] Ross Draw Wolfcamp
[75460] Crooked Creek	[97078] Ross Draw Wolfcamp SW
[97102] Crow Flats Wolfcamp	[84335] Ross Ranch
[75750] Culebra Bluff Wolfcamp South Gas	[84407] Sage Draw Wolfcamp
[91162] Eddy Undesignated Wolfcamp	[96890] Sage Draw Wolfcamp East
[76780] Forehand Ranch Wolfcamp Gas	[96333] Sulphate Draw NW
[96409] Forehand Ranch Wolfcamp Southwest	[85780] Sulphate Draw Wolfcamp
[96606] Happy Valley Wolfcamp	[98125] WC-015-G-06-S232704H Upper Wolfcamp
[97625] Hay Hollow Wolfcamp West	[98164] WC 015 G 07 S242712P UPR Wolfcamp
[97050] Laguna Grande Wolfcamp	[97517] WC Black River Wolfcamp
[97573] Lost Tank	[97693] WC Black River Wolfcamp SW
[97950] Milepost	[97669] WC Laguna Creek Wolfcamp
[97045] Owen_Mesa_Wolfcamp	[97618] WC McGruder Wolfcamp
[82540] Paduca South	[97721] WC Salt Draw Wolfcamp
[82840] Phantom Draw	[97668] WC Wolfcamp
[96402] Pierce Crossing North	[98115] WC-015-G-06-S232607A Wolfcamp
[50373] Pierce Crossing Wolfcamp	[98145] WC-015 G-06 S252935B Upper Wolfcamp

\* drilled, but not yet completed (As of 7/18/16)

[98126] WC-015 G-07 S252906P  
Upper Wolfcamp

[98138] WC-015 G-07 S252923A  
UPR Wolfcamp

[98099]WC-015-G-07-S252935N  
Wolfcamp

[97954]WC-015-G-07-S262814C  
Wolfcamp

[98106] WC-015 G-07 S262925D  
Upper Wolfcamp

[98122]WC-015-G-08-S253003O  
Wolfcamp

[98153]WC-015S222931C  
Wolfcamp

[98170]WC-015 S232606O  
Wolfcamp

[98140]WC-015S262714M  
Wolfcamp

[98017]WC-015 S262728A  
Wolfcamp

[97592] White City South

[87285] White City Wolfcamp

[97766] White City Wolfcamp SW

[97759]Wildcat S222710M  
Wolfcamp

[97882] Wildcat S262616A  
Wolfcamp

[97489] Wildcat Wolfcamp

[96794] Wildcat Wolfcamp

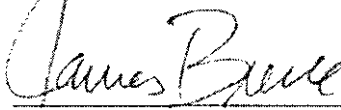
- ii. Any well within the Eddy County Area that is currently on production shall not otherwise be affected by this application. although the Operator of such a well may take action to increasing the size of spacing unit by application to the Oil Conservation Division.
  - iii. Any future Wolfcamp wells drilled within the proposed Eddy County Area will be assigned to the Downey Wolfcamp Gas Pool.
7. Applicants request that the proposed Downey Wolfcamp Gas Pool may be expanded beyond the proposed Eddy County Area by hearing, notice, and a showing that the Wolfcamp Formation extends beyond the current Eddy County Area.
  8. Approval of this application for new pool creation and the adoption of special spacing and well location rules will enable the Applicants to efficiently produce the reserves from

\* drilled, but not yet completed (As of 7/18/16)

this reservoir and will otherwise be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Matador and Mewbourne request that this application be set for hearing before an Examiner of the Oil Conservation Division on August 18, 2016, that notice be given as required by law and the rules of the Division and that the application be approved.

Respectfully submitted,

A handwritten signature in cursive script, reading "James Bruce", written over a horizontal line.

James Bruce

Post Office Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

Attorney for Applicants

Dana Arnold

Operations and Regulatory Counsel

Matador Production Company

5400 LBJ Freeway

Suite 1500

Dallas, Texas 75240

Office: (972) 371-5284

PROPOSED ADVERTISEMENT

Case No. 15535:

***Application of Matador Production Company and Mewbourne Oil Company for pool creation, pool reclassification, and special pool rules, Eddy County, New Mexico.*** Applicants seek an order creating a new pool, designated the Downey-Wolfcamp Gas Pool, covering the Wolfcamp formation in Townships 22 through 26 South, and Ranges 25 East Through 31 East, NMPM, Eddy County, and instituting special rules and regulations for the pool including 320 acre spacing and special well locations requirements. All existing Wolfcamp pools, and wells within the existing pools, shall be re-classified as being within the Downey-Wolfcamp Gas Pool. The proposed pool is centered by the town of Malaga, New Mexico.

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