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MODRALL SPERLING

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September 27, 2016

Case 15559

Florene Davidson
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

**Re: APPLICATION OF MATADOR PRODUCTION COMPANY
FOR COMPULSARY POOLING AND APPROVAL OF AN
UNORTHODOX LOCATION, EDDY COUNTY, NEW MEXICO**

Dear Ms. Davidson:

Enclosed please find three copies of the following:

1. Application

Thank you for your assistance. Please contact me if you have any questions.

Sincerely,



Jennifer L. Bradfute

JLB/zc
Enclosure

Modrall Sperling
Roehl Harris & Sisk
P.A.

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

2015 SEP 29 11:09:13

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

CASE NO. 15559

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 N/2 of Section 5, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico, and (2) 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 N/2 of Section 5 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 **Jimmy Kone 05-24S-28E RB #226H** well to a depth sufficient to test the Wolfcamp formation. This well is a horizontal well with a surface

location 2502 feet from the South line, 190 feet from the East line (Section 5), and a terminus 2316 feet from the North line, 240 feet from the West line (Section 5).

4. This project area is within the Culebra Bluff, Wolfcamp, South (Gas) Pool, (pool code 75750). 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 **Jimmy Kone 05-24S-28E RB #226H** well will be unorthodox as follows:

- a. First Perforation Point: 2303 feet from the North line and 330 feet from the East line of Section 5;
- b. Last Perforation Point: 2315 feet from the North line and 330 feet from the West line of Section 5.

6. 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.

7. 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.

8. 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.

9. Notice of this application is being given in accordance with Division rules.

WHEREFORE, Matador Production Company requests this application be set for hearing before an Examiner of the Oil Conservation Division on October 27, 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 N/2 of Section 5, Township 24 South, Range 28 East, NMPM, 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;

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; and

F. Approving the well's non-standard location.

Respectfully submitted,

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

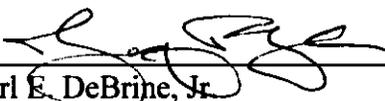
By: 
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Telephone: 505.848.1800
Attorneys for Applicant

EXHIBIT A
MATADOR PRODUCTION COMPANY'S NOTICE LIST

PARTIES TO BE POOLED:

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

CASE NO. 15559 : Application of Matador Production Company for compulsory pooling and approval of a non-standard location, 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 N/2 of Section 5, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) approving a non-standard location. This proposed standard spacing and proration unit will be the project area for the **Jimmy Kone 05-24S-28E RB #226H** well, to be horizontally drilled. The location of this well will be unorthodox, located closer than 660' from the boundary of the project area for the well, with a first perforation point located 2303 feet from the North line and 330 feet from the East line of Section 5 and a last perforation point located 2315 feet from the North line and 330 feet from the West line of Section 5. 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. Said area is located approximately 5 miles from Malaga, New Mexico.