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September 27, 2016

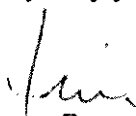
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 15563

Dear Florene:

Enclosed for filing, on behalf of Matador Production Company, is an application for a compulsory pooling, *etc.* together with a proposed advertisement. Please set this matter for the October 27, 2016 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Matador Production Company

Parties Being Pooled

BC Operating, Inc.

2.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 15563

APPLICATION

Matador Production Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying Lots 1-4 and the E½W½ (the W½) of Section 30, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and approving an unorthodox gas well location, and in support thereof, states:

1. Applicant is an operator in the W½ of Section 30, and has the right to drill a well thereon.
2. Applicant proposes to drill its Jim Tom Lontos 30-23S-28E RB Well No. 221H to a depth sufficient to test the Wolfcamp formation (East Black River-Wolfcamp Gas Pool). Applicant seeks to dedicate the well to the W½ of Section 30 to form a standard 318.94 acre gas spacing and proration unit. The well is a horizontal well with a surface location 492 feet from the south line and 467 feet from the west line of Section 30. The producing interval will be unorthodox, with the first perforation 330 feet from the south and west lines, and the last perforation 330 feet from the north and west lines, of Section 30
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 30 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

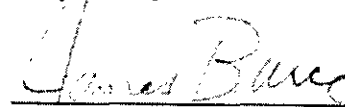
Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 30, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 30, and approval of the unorthodox well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Wolfcamp formation underlying the W½ of Section 30;
- B. Approving the unorthodox gas well location;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. 15563 :

Application of Matador Production Company for compulsory pooling and approval of an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying Lots 1-4 and the E/2W/2 (the W/2) of Section 30, Township 23 South, Range 28 East, NMPM (East Black River-Wolfcamp Gas Pool), to form a standard 318.94 acre gas spacing and proration unit. The unit will be dedicated to the Jim Tom Lontos 30-23S-28E RB Well No. 221H, a horizontal well with a surface location 492 feet from the south line and 467 feet from the west line of Section 30. The producing interval will be unorthodox, with the first perforation 330 feet from the south and west lines, and the last perforation 330 feet from the north and west lines, of Section 30. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The unit is located approximately 2 miles southwest of Loving, New Mexico.

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