

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 15595

APPLICATION

Matador Production Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying the N½ of Section 14, Township 23 South, Range 27 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 N½ of Section 14, and has the right to drill a well thereon.
2. Applicant proposes to drill its Kathy Coleman 14-23S-27E RB Well No. 206H to a depth sufficient to test the Wolfcamp formation (Forehand Ranch-Wolfcamp Gas Pool). Applicant seeks to dedicate the well to the N½ of Section 14 to form a standard 320 acre gas spacing and proration unit in the Wolfcamp formation. The well is a horizontal well, with a surface location 1881 feet from the north line and 335 feet from the east line, a first perforation 2311 feet from the north line and 330 feet from the east line, a final perforation 2311 feet from the north line and 330 feet from the west line, and a terminus 2311 feet from the north line and 240 feet from the west line, of Section 14. The producing interval of the well is unorthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 14 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

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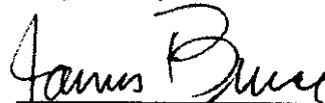
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 14, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the N½ of Section 14, and approval of the unorthodox 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 N½ of Section 14;
- 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 its 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. 15595:

Application of Matador Production Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation (Forehand Ranch-Wolfcamp Gas Pool) underlying the N/2 of Section 14, Township 23 South, Range 27 East, NMPM, to form a standard 320 acre gas spacing and proration unit. The unit will be dedicated to the Kathy Coleman 14-23S-27E RB Well No. 206H. The well is a horizontal well, with a surface location 1881 feet from the north line and 335 feet from the east line, a first perforation 2311 feet from the north line and 330 feet from the east line, a final perforation 2311 feet from the north line and 330 feet from the west line, and a terminus 2311 feet from the north line and 240 feet from the west line, of Section 14. The producing interval of the well will be unorthodox. 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 applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 3 miles south-southeast of Otis, New Mexico.

15595

Parties Being Pooled

| Name | Address | City/State/ Zip |
|--|-------------------------|------------------------|
| Yates Industries, LLC/ EOG Resources LLC | 1111 Bagby, Sky Lobby 2 | Houston, TX 77002 |
| Mulberry Partners II, LP | PO Box 1290 | Artesia, NM 88211 |
| Abo Petroleum Corporation | P.O. Box 900 | Artesia, NM 88211 |
| Richard Yates/ Tulipan LLC | 428 Sandoval, #200 | Santa Fe, NM 87501 |
| Oxy Y-1 Company/ Yates Drilling | P.O. Box 4294 | Houston, TX 77210-4294 |
| Petro Quatro | 428 Sandoval, #200 | Santa Fe, NM 87501 |
| Yates Petroleum Corporation/ EOG Resources | 1111 Bagby, Sky Lobby 2 | Houston, TX 77002 |

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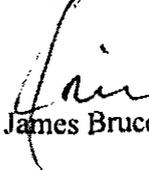
November 1, 2016

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, is an application for compulsory pooling and an unorthodox well location, together with a proposed advertisement. Please set this matter for the December 1, 2016 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Matador Production Company