

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

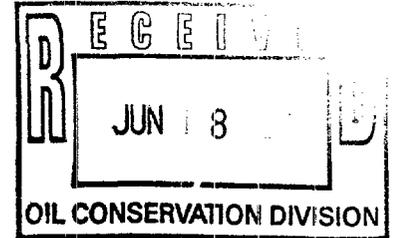
JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

June 18, 1996

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505



C. 2 2 11566

Re: Chevron Federal "7" Well No. 1
N/2 Sec. 7-16S-28E, NMPM
Application of Matador Petroleum Corporation
for an Unorthodox Gas Well Location,
Eddy County, New Mexico

Dear Mr. Stogner:

On behalf of Matador Petroleum Corporation, please find enclosed our Application for an Unorthodox Gas Well Location for its Chevron Federal Well No. 1 which we request be set for hearing on the next available Examiner's docket now scheduled for July 11, 1996. Also enclosed is our proposed notice for the advertisement.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and to cross-examine witnesses either in support of or in opposition to the Application.

Oil Conservation Division

June 18, 1996

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Pursuant to the Division's Memorandum 2-90, all interested parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, July 5, 1996, with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with a large initial "W" and a distinct "Kellahin" ending in a period.

W. Thomas Kellahin

cc: Matador Petroleum Corporation

cc: **CERTIFIED MAIL:**

All parties shown in application

Proposed notification/advertisement for OCD docket

Case 11566. Application of Matador Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to re-enter and deepen its Chevron Federal "7" Well No. 1 at an unorthodox gas well location 663 feet from the North line and 665 feet from the East line (Unit A) Section 7, Township 16 South, Range 28 East, NMPM. If the subject well is capable of production from any formation from the top of the Wolfcamp to the top of the Morrow formation, then the N/2 of said Section 7 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit, including but not limited to the Diamond Mound Atoka Gas Pool and the Diamond Mound Morrow Gas Pool

Said well is located approximately 13 miles northeast from Artesia, New Mexico.

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

IN THE MATTER OF THE APPLICATION OF
MATADOR PETROLEUM CORPORATION FOR
APPROVAL OF AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO

CASE: 11566

APPLICATION

Comes now MATADOR PETROLEUM CORPORATION, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval to re-enter and deepen its Chevron Federal "7" Well No. 1 at an unorthodox gas well location 663 feet from the North line and 665 feet from the East line (Unit A) Section 7, Township 16 South, Range 28 East, NMPM. If the subject well is capable of production from any formation from the top of the Wolfcamp to the top of the Morrow formation, then the N/2 of said Section 7 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

In support thereof, Applicant states:

1. Applicant, Matador Petroleum Corporation, has the right to drill and test for gas production in the N/2 Section 7, T16S, R28E, N.M.P.M., Eddy County, New Mexico. See Exhibit "A" attached.

2. Matador proposes to re-enter and deepen its Chevron Federal Well No. 1 at its existing unorthodox gas well location 663 feet from the North line and 665 feet from the East line of said Section 7.

3. In the event the subject well is produced from any formation from the top of the Wolfcamp to the top of the Morrow, then the N/2 of said Section 7 is to be dedicated as a standard 320-acre gas spacing and proration unit.

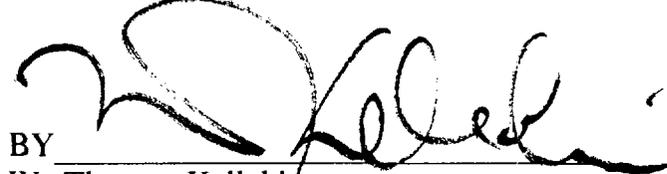
4. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

5. Matador requests that this application be set for hearing in Santa Fe New Mexico on July 11, 1996 before the Division's Examiner.

6. Notification of this application is being sent to the offsetting operators/owners as set forth on Exhibit "B" attached.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN



BY

W. Thomas Kellahin

KELLAHIN & KELLAHIN

P. O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

ATTORNEYS FOR APPLICANT

DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Instructions on back

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name CHEVRON '7' FEDERAL			6 Well Number 1
7 OGRID No. 014245		8 Operator Name MATADOR OPERATING COMPANY			9 Elevation 3638'

" SURFACE LOCATION

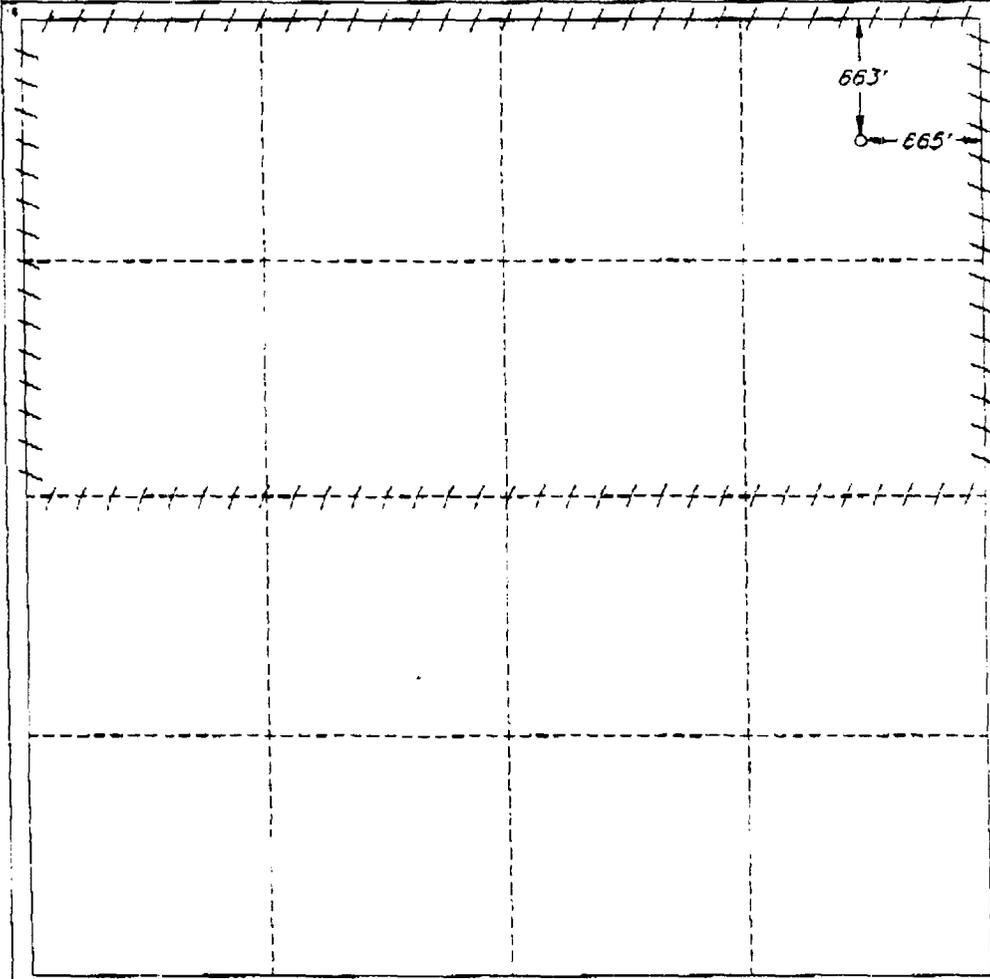
UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
A	7	16 SOUTH	28 EAST, N.M.P.M.		663'	NORTH	665'	EAST	EDDY

" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County

10 Dedicated Acres 320	11 Joint or Infill	12 Consolidation Code	13 Order No.
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

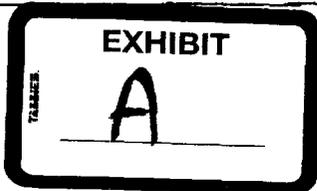
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *[Signature]*
 Printed Name: **R. F. Burke**
 Title: **Operations Manager**
 Date: **June 18, 1996**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: **JUNE 13, 1996**
 Signature and Seal of Professional Surveyor: *[Signature]*
 State of New Mexico
 V. LYNN BRINE
 No. 7820
 Certificate No. **7920**
 JOB #45955-39-NE / V.H.B.



Matador Petroleum Corporation
OCD Application
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EXHIBIT "B"

UMC Petroleum Corporation
1201 Louisiana, Ste 1400
Houston, Texas 77002

Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88220

Bureau of Land Management
1474 Rodeo Road
Santa Fe, New Mexico 87502