

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

**IN THE MATTER OF THE APPLICATION
OF MATADOR PETROLEUM CORPORATION,
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

12519

CO SEC 26
M 14: 15
OIL CONSERVATION DIV

APPLICATION

MATADOR PETROLEUM CORPORATION ("Matador"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 320-acre spacing in the E/2 which includes but is not necessarily limited to the Wilson-Morrow Gas Pool; in all formations developed on 160-acre spacing in the SE/4 which includes but is not necessarily limited to the Undesignated West Osudo-Morrow Gas Pool; in all formations developed on 80-acre spacing under the S/2 SE/4, and in all formations developed on 40-acre spacing under the SW/4 SE/4 which includes but is not necessarily limited to the Wilson-Strawn Pool, of Section 12, Township 21 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Matador is a working interest owner in the E/2 of Section 12 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Mary State Com (12) Well No. 1 to be drilled at a standard location 660 feet from the

South line and 1980 feet from the East line of said Section 12, to an approximate depth of 12,900 feet to test any and all formations from the surface to the base of the Morrow formation.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the subject spacing units identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Matador Petroleum Corporation should be designated the operator of the well to be drilled.

WHEREFORE, Matador Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 19, 2000, and, after notice and hearing as required by law, the Division enter its order:

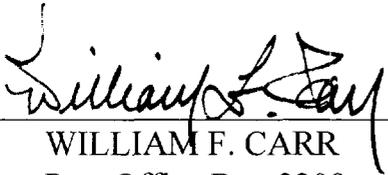
- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Matador Petroleum Corporation operator of these units and the well to be drilled thereon,
- C. authorizing Matador to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to

the COPAS accounting procedures, and

- E. imposing a penalty for the risk assumed by the Matador in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
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Santa Fe, New Mexico 87504
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ATTORNEYS FOR MATADOR PETROLEUM
CORPORATION

EXHIBIT A

**APPLICATION OF
MATADOR PETROLEUM CORPORATION
FOR COMPULSORY POOLING
E/2 OF SECTION 12, TOWNSHIP 21 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO**

EOG Resources, Inc.
4000 North Big Spring
Midland, Texas 79705

ATTN: Larry Cunningham

Devon Energy Production Company, L.L.P.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

ATTN: Ken Gray

Nearburg Exploration Company, L.L.C.
300 North "A" Street, Suite 120
Building 2
Midland, Texas 79705

ATTN: Duke Roush

Santa Fe Snyder Corporation
550 West Texas, Suite 1330
Midland, Texas 79701

ATTN: Curtis Smith

Parks & Luttrell Energy, Inc.
1221 Lamar, Suite 1328
Houston, Texas 77010

ATTN: Pete Preston

Asher Fund 1990 Ltd.
A Texas Limited Partnership
20770 Highway 281 North, Suite 108
San Antonio, Texas 78258

ATTN: Mark Seaman

Texaco Exploration and Production Inc.
Post Office Box 3109
Midland, Texas 79702

ATTN: Michael R. Mullins

CASE 12519

Application of Matador Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the E/2 which includes but is not necessarily limited to the Wilson-Morrow Gas Pool, in all formations developed on 160-acre spacing in the SE/4 which includes but is not necessarily limited to the Undesignated West Osudo-Morrow Gas Pool, in all formations developed on 80-acre spacing in the S/2 SE/4, and in all formations developed on 40-acre spacing in the SW/4 SE/4 which includes but is not necessarily limited to the Wilson-Strawn Pool, all in Section 12 Township 21 South, Range 34 East, NMPM. Said unit is to be dedicated to its Mary State Com (12) Well No. 1 to be drilled at a standard location 660 feet from the South line and 1980 feet from the East line of said Section 12 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 17 miles west/northwest of Eunice, New Mexico.