

**I. B. FEDERAL COM #1 WELL
COMMUNICATION SUMMARY REGARDING SECTION 20, T-22-S, R-23-E, EDDY COUNTY, NEW MEXICO**

<u>DATE</u>	<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>DESCRIPTION</u>
10/12/00	letter	Matador – Virant	Chevron- Vaden	Proposal to acquire Chevron's leasehold position in the N/2 of Section 20, T-22-S, R-23-E.
10/27/00	letter	Matador – Virant	Chevron – Vaden	Transmittal of well proposal, AFE & JOA.
12/7/00	phone	Chevron – Vaden	Matador – Virant	Indicated Chevron has been advised not to dispose of any assets because of the pending merger with Texaco. Mr. Vaden also indicated it will be necessary to initiate pooling procedures in order to force a decision.
12/22/00	letter	Matador – Virant	Chevron – Vaden	Letter repropoing the I.B. Federal Com #1 Well providing for a 640-acre spacing unit as opposed to the 320-acre spacing unit originally proposed.
1/9/01	phone	Matador – Virant	Chevron – Vaden	Advised Chevron's position had not changed.
1/12/01	phone	Chevron – Vaden	Matador – Virant	Discussion of December 22 letter.
1/15/01	phone	Chevron – Vaden	Matador – Virant	Advised Chevron's position with regard to the IB Federal Com #1 Well has not been determined yet.
1/22/01	phone	Matador – Virant	Chevron – Vaden	Chevron was advised of filing of forced pooling application regarding the IB Federal Com #1 Well.
1/27/01	meeting	Matador – Virant, Burke	Chevron – Hild, Vaden, Campbell, Thornton	Discussion of operational issues including water disposal and gas marketing.

BEFORE THE

OIL CONSERVATION DIVISION

Case No. 12594 Exhibit No. 3

Submitted By:

Matador Petroleum Corp.

Hearing Date: February 22, 2001

<u>DATE</u>	<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>DESCRIPTION</u>
1/27/01	lunch	Matador – Virant	Chevron – Vaden	Discussion of earlier meeting and reiteration that the only difference between original proposal (10-27-00) and resubmitted proposal (12-22-00) other than unit size was that the surface location was changing due to surface restrictions but the bottom hole location remained the same.
1/30/01	letter	Matador – Virant	Chevron – Vaden	Confirmation of discussion that bottom hole location in the original proposal (10-27-00) will not change, but that the surface location in the second well proposal on (12/22/00) was changed due to surface restrictions.
2/12/01	phone	Chevron – Thornton	Matador – Virant	Conversations concerning operational issues.
2/15/01	phone	Chevron – Thornton	Matador – Virant	Conversation concerning operational issues relating to water disposal, gas marketing and acreage factor.
2/16/01	letter	Kerr McGee – Foerster	Matador – Virant	Letter proposing an acreage factor of 0.415 for the above captioned well in exchange for not objecting to the unorthodox location for the captioned well.
2/16/01	phone	Matador – Virant	Kerr McGee – Foerster	Discussion of proposal concerning acreage factor.
2/16/01	phone	Matador – Virant	Chevron – Campbell	Discussion of Kerr McGee's letter dated February 16, 2001 regarding a proposed acreage factor of 0.415 for the above captioned well.
2/16/01	phone	Matador – Virant	Marathon – Kloosterman	Discussion of Kerr McGee's letter dated February 16, 2001 regarding a proposed acreage factor of 0.415 for the above captioned well.
2/19/01	phone	Matador – Virant	Chevron – Vaden	Left message regarding final status of hearing.
2/19/01	phone	Matador – Virant	Kerr McGee-Foerster	Discussion of proposal concerning acreage factor.