

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

APPLICATION OF MATADOR PETROLEUM CORPORATION FOR COMPULSORY POOLING  
AND AN UNORTHODOX SUBSURFACE WELL LOCATION  
EDDY COUNTY, NEW MEXICO. CASE NO. 12594

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MATADOR PETROLEUM CORPORATION, as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Matador Petroleum Corporation  
8340 Meadow Road Ste 158  
Dallas, Texas 75231  
(214) 987-3650  
attn: Barry Osborne

ATTORNEY

W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

OPPOSITION OR OTHER PARTY

Chevron USA Production Company

Kerr-McGee Corporation

ATTORNEY

William F. Carr, Esq.

James Bruce, Esq.

**STATEMENT OF CASE**

Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying Section 20, T22S, R23E, NMPM, Eddy County, New Mexico, Applicant needs an order of the Division pooling the identified and described mineral interests for a standard 640-acre spacing and proration unit for any gas production from the Indian Basin Gas Pool and the E/2 to form a standard 320-acre gas spacing and proration unit for any gas production below the top of the Wolfcamp formations spaced on 320-acre gas spacing.

Applicant requests an order pooling the mineral interest of described in this spacing unit for its I. B. Federal Com Well No. 1 located at an unorthodox subsurface gas well location 660 feet from the North line and 660 feet from the East line (Unit A) of Section 19 all formation from the top of the Wolfcamp to the base of the Morrow formation upon terms and conditions which include:

- (1) Matador Petroleum Corporation be named operator;
- (2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) A provision for overhead rates and a method for adjusting those rates in accordance with COPAS accounting procedures;
- (5) For such other and further relief as may be proper.

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**PROPOSED EVIDENCE**

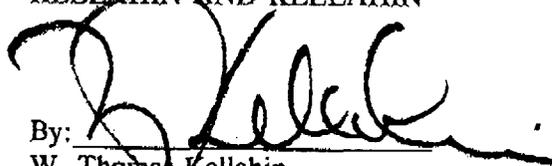
**APPLICANT:**

WITNESSES	EST. TIME	EXHIBITS
Mark Virant (land)	15 min.	@ 3 exhibits
Martin Emery (geologist)	20 Min.	@ 4 exhibits

**PROCEDURAL MATTERS**

None anticipated at this time.

KELLAHIN AND KELLAHIN



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