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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

August 24, 2001

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

01 AUG 24 PM 1:51
OIL CONSERVATION DIV

Re: Request of Matador Petroleum Corporation
for Extension of Date for Commencement of Well
Pursuant to Compulsory Pooling Order R-11589
Case 12594 (IB Federal Com Well No. 1)
Section 20, T22S, R23E, NMPM
Eddy County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Matador Petroleum Corporation and in accordance with the provisions of the referenced order (copy enclosed), I am requesting an extension of the commencement date for this well to December 1, 2001 and in support state:

- (1) The order was entered effective May 29, 2001 and provides that this well shall be commenced on or before September 1, 2001;
- (2) On June 29, 2001, Chevron USA Inc. ("Chevron") filed an application for a DeNovo hearing;
- (3) Chevron's DeNovo application has not yet been heard by the Commission and will not be heard prior to September 1, 2001;
- (4) By letter dated August 13, 2001, Chevron requested that the Division not grant any extension of the commencement date;

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(5) Matador contends that Chevron's request is unreasonable because it will cause Matador's pooling order to expire and allow Chevron to prevail without a hearing before the Commission;

(6) Matador has proposed to Chevron a settlement of Chevron's concerns about this compulsory pooling order and is awaiting a response from Chevron;

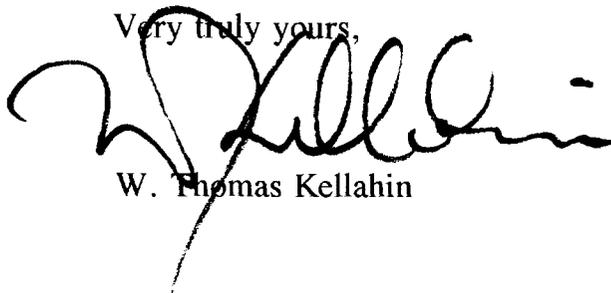
(7) Whether this matter must be decided by the Commission or can be resolved by the parties, such a decision or resolution cannot take place until after September 1, 2001;

(8) An extension of the commencement date until December 1, 2001 will maintain the status quo;

(9) If the commencement date is not extended, then Matador, through no fault of its own, will have to file a new compulsory pooling case which only serves to unnecessarily delay a final resolution of this matter.

Should you grant this extension, I have enclosed for your consideration a proposed letter which will authorize the requested extension. Should you decide to deny this request, I would appreciate being advised immediately so that Matador can timely file to re-instate this pooling order which will otherwise expire.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

cc: David Brooks, Esq.
Attorney for the Division
David R. Catanach (NMOCD Hearing Examiner)
William F. Carr, Esq.
Attorney for Chevron USA Inc.
Matador Petroleum Corporation
Attn: Mark Virant