

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:

Case No. 10853
Order No. R-10006

**APPLICATION OF MATADOR PETROLEUM CORPORATION FOR AN
UNORTHODOX GAS WELL LOCATION, CHAVES COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 21, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of October, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Matador Petroleum Corporation ("Matador"), seeks approval to drill within a 322.31-acre gas spacing and proration unit, comprising Lots 1 and 2, the NE/4, and E/2 NW/4 (N/2 equivalent) of Section 30, Township 15 South, Range 28 East, NMPM, Chaves County, New Mexico, its Julia "30" Federal Com. Well No. 1 at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of said Section 30.

(3) At the time of the hearing a request to move the proposed well site to a less unorthodox location, 660 feet from the North line and 860 feet from the East line in Unit "A", was made in order to satisfy a request by the U. S. Bureau of Land Management's Roswell Resource Area office to move off of the "660/660" location because of:

"...a sink hole or potential surface expression of a subsurface cave system at the southeast corner of (Matador's) currently staked location".

(4) The applicant further requests approval of said unorthodox gas well location as to all prospective pools and/or formations developed on 320-acre spacing.

(5) At the time of the hearing Matador limited their geological testimony and evidence to the Morrow formation.

(6) Pursuant to the Division records the proposed 322.31-acre unit is directly offset to the south by the Diamond Mound-Morrow Gas Pool. The next closest "Morrow Pool", other than the Diamond Mound-Morrow Gas Pool, to the proposed gas spacing unit is the Buffalo Valley-Pennsylvanian Gas Pool, which is over one-half mile to the northeast in the N/2 of Section 20, Township 15 South, Range 28 East, NMPM, Chaves County, New Mexico.

(7) Pursuant to Division General Rule 104.A(2) the proposed well is considered to be a development well to the Diamond Mound-Morrow Gas Pool, which is subject to the Division's Statewide Rules and Regulations which require 320-acre spacing and proration units with wells to be located no closer than 660 feet to the nearest side (long) boundary of the dedicated tract nor closer than 1980 feet from the nearest end boundary nor closer than 330 feet from any quarter-quarter section or subdivision inner boundary.

(8) The geological evidence presented by the applicant indicates that a well drilled at the proposed unorthodox gas well location should encounter a greater amount of gross sand thickness in the Middle Morrow Sandstone than a well drilled at a standard Morrow gas well location thereon, thereby increasing the likelihood of obtaining commercial gas production from the Morrow formation.

(9) No geologic support was offered by the applicant as to other formations and/or pools spaced on 320 acres to warrant approval of this unorthodox location in any zones other than the Morrow at this time.

(10) No offsetting operator and/or interest owner appeared at the hearing in opposition to this application.

(11) Division General Rule 104.F provides for an administrative review process for wells recompleted up-hole at an unorthodox location, said procedure would allow Matador in this instance to obtain approval in any effected shallower zone with relative ease. Correlative rights would be further protected in the future should another operator or leasehold interest, besides Matador, take over ownership of those properties directly off-setting this well.

(12) Matador's request to include all possible zones from the surface to the base of the Morrow formation is somewhat premature and unwarranted at this particular time. Approval of this application should therefore be restricted to the Morrow formation only.

(13) Such restricted approval will afford the applicant the opportunity to produce its just and equitable share of the gas in the Undesignated Diamond Mound-Morrow Gas Pool, 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.

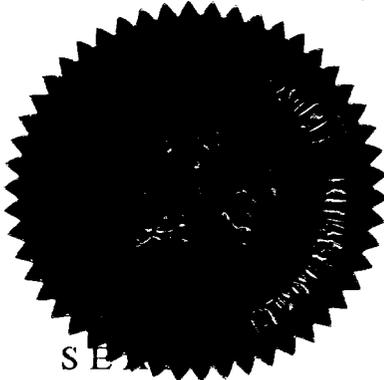
IT IS THEREFORE ORDERED THAT:

(1) The application of Matador Petroleum Corporation to drill its Julia "30" Federal Com. Well No. 1 at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 30, Township 15 South, Range 28 East, NMPM, to test only the Undesignated Diamond Mound-Morrow Gas Pool, Chaves County, New Mexico is hereby approved.

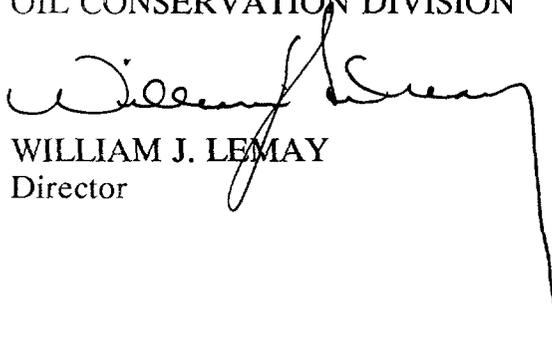
(2) Lots 1 and 2, the NE/4, and E/2 NW/4 (N/2 equivalent) of said Section 30 shall be dedicated to said well forming a 322.31-acre gas spacing and proration unit for said pool.

(3) Jurisdiction of this cause is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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

CASE NO. 10853
ORDER NO. R-10006-A

APPLICATION OF MATADOR PETROLEUM CORPORATION FOR AN
UNORTHODOX GAS WELL LOCATION, CHAVES COUNTY NEW MEXICO

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-10006 dated October 28, 1993, does not correctly state the intended order of the Division,

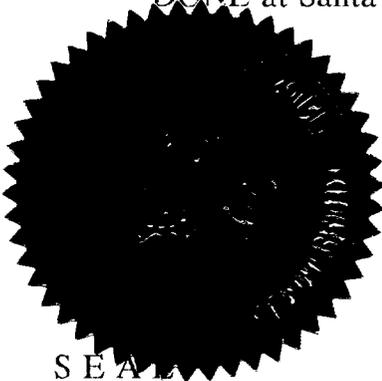
IT IS THEREFORE ORDERED THAT:

(1) Decretory Paragraph No. (1) on page 3 of said Order No. R-10006, be and the same, is hereby amended to read in its entirety as follows:

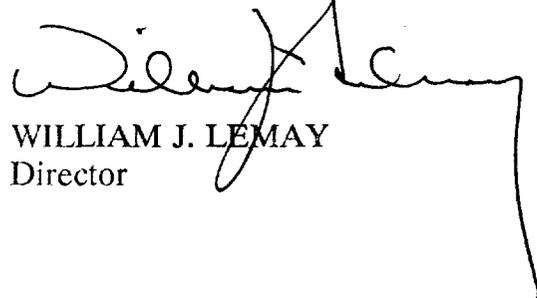
"(1) The application of Matador Petroleum Corporation to drill its Julia "30" Federal Com. Well No. 1 at an unorthodox gas well location 660 feet from the North line and 860 feet from the East line (Unit A) of Section 30, Township 15 South, Range 28 East, NMPM, to test only the Undesignated Diamond Mound-Morrow Gas Pool, Chaves County, New Mexico is hereby approved."

(2) The corrections set forth in this order be entered nunc pro tunc as of October 28, 1993.

DONE at Santa Fe, New Mexico, on this 3rd day of November, 1993.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director